



# The Corporation of the Town of Milton

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Report To: Council

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From: Glen Cowan, Chief Financial Officer / Treasurer

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Date: May 3, 2021

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Report No: CORS-025-21

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Subject: 2021 Final Tax Levy By-law and Tax Policy update

**Recommendation:** 1. **THAT the final tax rate by-law on today's agenda be considered for approval.**

## EXECUTIVE SUMMARY

Through this report, staff are recommending Council approve the 2021 local municipal tax rates. These rates are derived from the assessment values as provided by the Municipal Property Assessment Corporation (MPAC), the tax ratios established by the Region of Halton, and the Town's 2021 Budget.

This report also establishes the tax due dates for the remainder of 2021 and summarizes the tax policy approved by Halton Regional Council.

## REPORT

### Background

The Municipal Act, 2001 provides municipalities with the authority to levy property taxes in order to meet their financial obligations. In accordance with Section 312 of the Municipal Act, the Council of a local municipality is required to pass a by-law to levy a separate local tax rate on the assessment in each property class.

The draft by-law attached to this report as Appendix B, once approved by Council, will provide for a 2021 final tax levy, based on individual tax rate calculations for the upper and lower tiers as well as for the Province's education rate. Although the draft by-law outlines the tax rates for each of these three levels of government, local Council is only required to approve the local tax rates and installment due dates. The education tax rates are prescribed by the Province and the upper tier tax rates are approved by Regional Council.

### Discussion



**SECTION 1: Local Municipal Tax Rate Setting Overview**

- *Tax Ratio Overview*

The tax ratios indicate the tax burden borne by each tax class within the Region. Reducing a tax ratio in one class shifts the tax burden to all other classes since the annual amount to be raised through taxation has been set through the budget process. The authority to annually review and alter tax ratios falls to the upper tier.

The Region has approved the continuance of the 2020 Tax Ratios as follows:

Class	2020 Tax Ratios (Lower Tier and Upper Tier)	2020 Tax Ratios (Education)	2021 Tax Ratios (All*)
Residential	1.000000	1.000000	1.000000
Multi Residential	2.000000	2.000000	2.000000
New Multi Residential	1.000000	1.000000	1.000000
Commercial	1.456500	1.456500	1.456500
Commercial Small-scale	0.364125	0.364125	0.364125
Industrial occupied	2.090700	2.359900	2.090700
Industrial Small-scale	0.522675	0.522675	0.522675
Industrial vacant land	2.090700	2.090700	2.090700
Land awaiting development	0.750000	0.750000	0.750000
Pipeline	1.061700	1.061700	1.061700
Farmland	0.200000	0.250000	0.200000*
Managed Forest	0.250000	0.250000	0.250000

\* Upper and Lower Tier ratio shown for Farmland in 2021. Education ratio remains at 0.25

- *2021 Reduction and Discount Factors*

Section 313 of the Municipal Act, 2001 provides for subclasses to be taxed at a lower rate than the full tax rate for the broad class. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed by the Assessment Act shall be reduced by percentages prescribed by, or determined in accordance with regulations.

Below are the 2021 discount factors accordingly:

Class	Local	Region	Education
Farmlands	80%	80%	75%
Managed Forests	75%	75%	75%
Land awaiting Development	75%	75%	75%

- *2021 Unweighted Assessment*



# The Corporation of the Town of Milton

The Municipal Property Assessment Corporation (MPAC) is responsible for submitting to the Town the annual assessment roll. The unweighted assessment for 2021 as provided on that returned roll equals:

Class	2021 Unweighted Assessment
Residential	22,096,687,901
Multi-Residential	145,340,874
New Multi-Residential	12,194,400
Commercial	3,188,606,603
Commercial Small-scale	88,300
Industrial	650,802,870
Land awaiting development	14,171,000
Pipelines	108,852,000
Farmland	389,131,086
Managed Forests	41,696,699
<b>Total</b>	<b>26,647,571,733</b>

- *2021 Weighted Assessment Summary*

Combining the tax ratios from section 1) above with the unweighted taxable assessment described in section 2) results in the weighted assessment utilized for tax rate setting. As shown in the table below, the total 2021 weighted assessment of \$28,618,882,089 is higher than the 2020 amount as a result of a 3.08% increase in net assessment growth and no change related to phase-in valuation due to the delay in the 2021 reassessment.

Taxable Weighted Assessment Summary						
Class	2020 Tax Year	2020 Year End (Pre-flip)	% Change for in-Year Growth	2021 Tax Year	% Change related to Phase-in Valuation	Total % Change*
Residential	21,316,997,506	22,096,687,901	3.66	22,096,687,901	0.00	3.66
Multi-Residential	303,777,400	290,681,748	(4.31)	290,681,748	0.00	(4.31)
New Multi-Residential	12,530,800	12,194,400	(2.68)	12,194,400	0.00	(2.65)
Commercial	4,332,719,753	4,644,205,517	7.19	4,644,205,517	0.00	7.19
Commercial Small-scale	32,880	32,152	(2.21)	32,152	0.00	(2.21)
Industrial	1,579,284,433	1,360,633,560	(13.84)	1,360,633,560	0.00	(13.84)
Land awaiting development	12,261,000	10,628,250	(13.32)	10,628,250	0.00	(13.32)
Pipelines	114,190,082	115,568,168	1.21	115,568,168	0.00	1.21
Farmland	80,692,857	77,826,217	(3.55)	77,826,217	0.00	(3.55)



# The Corporation of the Town of Milton

Managed Forests	10,584,600	10,424,175	(1.52)	10,424,175	0.00	(1.52)
<b>Total</b>	<b>27,763,071,312</b>	<b>28,618,882,089</b>	<b>3.08%</b>	<b>28,618,882,089</b>	<b>0.00%</b>	<b>3.08%</b>

\* The % change columns may not total due to the use of different bases in each calculation

It should be noted that the 3.08% net assessment growth figure presented above consists of a gross assessment growth of 3.90% less 0.82% in losses of assessment value due to appeals and reconsiderations that occurred in 2020. The phase-in valuation change of 0.00% is due to the assessments reaching full value in 2020 and the delay of the 2021 reassessment as announced by the provincial government in March 2020 in response to the COVID-19 pandemic. Any change related to phase-in valuation in any normal year does not result in additional revenue to the Town, rather a redistribution of cost between property owners.

- *Town of Milton 2021 Budget*

On December 14, 2020, Milton Council approved the Municipal 2021 levy requirement of \$73,797,027 for Town Services including library. At time of budget approval, assessment growth of 3.0800% was assumed based on the latest information that was available at the time. Subsequent to budget approval, the final returned roll was received and the final assessment growth value of 3.0825% was identified.

As per CORS-059-20, any change in assessment growth should result in both an adjustment to the levy requirement along with an offsetting transfer with the tax stabilization reserve. This adjustment is intended to allow for consistency with the local tax rate change anticipated at the time that Council approved the budget. As such, the levy has been revised to \$73,798,793 in order to reflect the higher assessment growth realized and a transfer of \$1,766 to the tax stabilization reserve has been included. The final budget book has also been updated accordingly.

	2021 Approved Budget	2021 Final Levy
Assessment Growth	3.0800%	3.0825%
Tax Increase	3.93%	3.93%
Net Levy Requirement	\$73,797,027	\$73,798,793

- *Final 2021 Tax Rate Calculation*

Combining the output of each of the above sections, the following table summarizes the calculation of the 2021 tax rates and resulting allocation of the Town's 2021 net budget requirement by property tax class.



# The Corporation of the Town of Milton

2021 Local Municipal Tax Rate Calculation Summary					
Class	2021 Tax Ratio (Section 1)	2021 Unweighted Assessment (Section 2)	2021 Weighted Assessment (Section 3)	2021 Net Budget Requirement (Section 4)* \$	2021 Tax Rate (Net Budget / Unweighted Assessment)
Residential	1.000000	22,096,687,901	22,096,687,901	56,980,066	0.00257867
Multi-Residential	2.000000	145,340,874	290,681,748	749,574	0.00515735
New Multi-Residential	1.000000	12,194,400	12,194,400	31,445	0.00257867
Commercial	1.456500	3,188,606,603	4,644,205,517	11,975,896	0.00375584
Commercial Small-scale	0.364125	88,300	32,152	83	0.00093896
Industrial Occupied	2.090700	650,802,870	1,360,633,560	3,508,634	0.00539124
Land awaiting development	0.750000	14,171,000	10,628,250	27,407	0.00193401
Pipelines	1.061700	108,852,000	115,568,168	298,013	0.00273778
Farmland	0.200000	389,131,086	77,826,217	200,687	0.00051573
Managed Forests	0.250000	41,696,699	10,424,175	26,881	0.00064467
<b>Total</b>		<b>26,647,571,733</b>	<b>28,618,882,089</b>	<b>73,798,687</b>	

\*May contain differences due to rounding.

## Consolidated Final 2021 Tax Rate

The local municipal tax rates calculated above are combined with the Regional and Education rates set by Halton Region and the Province, respectively. Appendix B presents tax rates for each property class for each of the Town, Region and Province along with the tax rates required to raise the approved budget levy of the DBIA (Downtown Business Improvement Area).

The following table compares the total cost per \$100,000 of CVA for residential properties based on the final 2021 tax rates against the 2020 notional tax rate calculations. The \$683.33 cost per \$100,000 of residential assessment for 2021 represents a 2.19% increase over 2020. Of this amount, the local municipal share is \$257.87 per \$100,000 of residential assessment, which is an increase of 3.93% over the Town's 2020 cost. These percentage changes capture both the result of the changes in the budgeted levy as well as the results of the changes in tax policy.



Cost per \$100,000 of CVA for Residential Properties

	<u>2020 Taxes (Notional)</u>	<u>2021 Tax</u>	<u>Difference</u>
Local Services	248.12	257.87	9.75
Regional Services			
General & Waste Management	169.50	171.66	
Police	98.08	100.81	
Subtotal	267.58	272.47	4.89
Education <sup>1</sup>	153.00	153.00	0.00
<b>Total</b>	<b>668.70</b>	<b>683.33</b>	<b>14.64</b>

Schedule may not add due to rounding.

<sup>1</sup> Education reflects only final education rate prescribed in O.Reg.400/98 as updated on January 13, 2021 and aligns with figures presented in FN-12-20.

**SECTION 2: Tax Policy Overview**

In addition to setting tax ratios and upper tier tax rates, Regional Council also establishes tax policies, the capping program and the tax relief programs. Regional report FN-15-21 was approved on April 21, 2021, incorporating such policies and programs for 2021.

Halton Regional Report FN-15-21, is attached as an appendix to this report and outlines in detail the key areas that impact the 2021 tax policies. Also provided as Appendix A is an overview of tax policies, with specific Milton context and figures provided.

**SECTION 3: 2021 COVID-19 Property Tax Deferral Program (CORS-008-21)**

During the first Provincial state of emergency declared on March 17, 2020, the Town responded with several measures in relation to property tax collection. Through report CORS-020-20, relief was provided for penalties, interest and fees for the period up to June 30, 2020. Town Council subsequently approved CORS-032-2020, which delayed the final tax due dates and introduced an application-based 2020 COVID-19 deferral program.

While the Town's programs focused on timing relief in relation to property taxes, other levels of government have continued to provide income support to both business and residents through a variety of programs. At the Provincial level those programs included relief for eligible business in areas like personal protective equipment, property taxes and energy bills. At the Federal level those programs have included subsidies for items such as wages and rent, as well as income relief for individuals.

On January 12, 2021, the Province of Ontario declared a second state of emergency and introduced additional restrictions to reduce the spread of COVID-19. As a result, a number



of Milton businesses were forced to modify their service delivery and some residents continue to be financially impacted.

As such, on February 8, 2021, in recognition of the continued presence of financial impacts associated with COVID-19, Milton Council approved an application based deferral relief program for the 2021 property tax collection. Similar to the program utilized in the latter half of 2020, this application based deferral program will provide an avenue to target those property owners who remain under financial duress, while maintaining continuity of Town revenue from those that do not.

Through the program, no interest and penalty is applied in 2021 so long as payments are made accordingly to the individual property owner's deferral payment dates. At the time of writing this report, there are currently 9 properties on the 2021 COVID-19 Property Tax Deferral Program.

## Financial Impact

The Town of Milton's 2021 tax levy is \$73,798,793 and the 2021 Business Improvement Area tax levy is \$238,637. To meet financial obligations, staff are preparing to initiate the billing process for the 2021 final taxes. The installment due dates for the final 2021 billing are to be set as follows:

- **Regular Billing Program:** June 30, 2021; September 30, 2021
- **Monthly Pre Authorized Plan:** June 30, 2021; July 30, 2021; August 31, 2021; September 30, 2021; October 29, 2021
- **Due Date Pre Authorized Plan:** June 30, 2021; September 30, 2021

At a cost of \$257.87 per \$100,000 of residential assessment, the Town's local municipal tax rate remains amongst the lowest in the province and significantly lower than our peers within Halton Region and the GTA.

Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer



# The Corporation of the Town of Milton

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For questions, please contact: Lesley Payton, Manager Tax and Assessment Phone: Ext. 2141

## Attachments

Appendix A – Tax Policy Overview with Milton Context  
Appendix B – Draft 2021 Final Tax Rate By-law  
Appendix C – Halton Regional Report FN-15-21

CAO Approval  
Andrew M. Siltala  
Chief Administrative Officer

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## **Appendix A - Tax Policy Overview with Milton Context**

In addition to setting tax ratios and upper tier tax rates, Regional Council also establishes tax policies, the capping program and the tax relief programs. Regional report FN-15-21 was approved on April 21, 2021, incorporating such policies and programs for 2021.

Halton Regional Report FN-15-21 outlines in detail the key areas that impact the 2021 tax policies. FN-15-21 is attach as an appendix to this report, with relevant references related to tax policy noted below (with associated page references):

### **Capping Program (page 09 of FN-15-21)**

Commencing 1998, the Town of Milton provided protection to approximately 1,000 properties across all three property classes. In 2020, Milton had 4 properties remaining under protection (all 4 in the commercial class). In 2021, Milton no longer has any properties remaining under protection. These properties have been fully phased out from the capping program in 2021. Given the continued decline in the cost of the capping program in recent years, the Region has been funding the capping program through non-tax based funding so that properties experiencing a decrease in assessment can realize the full reduction rather than having a portion clawed back to fund the capping program. The Region will work with the local Halton municipalities on the distribution of the balance remaining on this funding account.

### **Relief for lower income seniors (page 14 of FN-15-21)**

The Town of Milton currently offers a program to assist lower income persons with their property taxes by allowing the ‘year over year’ tax increase to be deferred. This program is mandated by the Province through S.319 of the Municipal Act and is offered to both low income senior and low income persons with disabilities. The deferral is registered as a lien on title and must be paid back to the Municipality with interest at such time the applicant no longer owns the property. This mandatory deferral program has been in effect since 1998 and to date; the Town has not received any applications.

A second deferral program was introduced in 2016 and approved by the Region of Halton on March 23, 2016 and is being offered in addition to, and mutually exclusive of, the existing year over year deferral program referred to above. This program is referred to as the Older Adults Property Tax Deferral Program (OATDP).

Key highlights of the OATDP:

- Full deferral of the annual taxes levied.
- All registered owners of a property must apply and to qualify must be 65 years of age by the end of the current year and the combined annual gross income must not exceed \$52,800.

- If the registered owners elect to participate in the OATDP they are precluded from participating in the Town's current program.
- The deferral is interest free to the registered owner. Interest is paid by the Region to the participating municipality.
- When the owner of the property becomes ineligible, there is a one year grace period whereby taxes are deferred and the region continues to pay the interest.
- Full amount of deferred taxes is owing either at the end of the grace period or on the sale of the property, whichever is earlier.
- The program is administered by each participating local municipality.
- Annual renewal applications must be submitted.

To date, the Town of Milton has one active enrollment in this full tax levy deferral program.

### **Rebate for Charitable Organization Program (page 12 of FN-15-21)**

In alignment with the requirements of Section 361 of the Municipal Act, a rebate is provided for eligible charitable organizations. For 2021, the Region has approved a continuation of the existing program that provides a rebate of 40% of the current year's Commercial taxes, with no change in eligibility criteria. The cost of the charity rebate in 2020 for the Town of Milton was \$29,756.

### **Small-Scale Value-Added and Commercial Activities on Farms**

In 2018, the Province amended O.Reg.282/98 under the Assessment Act to provide for prescribed optional subclasses for small-scale on-farm business for industrial and commercial property classes. To qualify for the subclass, the industrial or commercial parcel on the property must satisfy the following requirements:

- For an industrial property, the land is primarily used to process or manufacture products produced from the land of the farming business.
- For a commercial property, the land is primarily used to sell farm products or derivatives of farm products produced from the land of the farming business.
- The industrial or commercial parcel would be in the farm property class if not for the activities occurring that are described above.
- The assessment of the commercial or industrial parcel cannot be equal to or greater than \$1.0 million.

There are currently 6 properties in Milton that qualify for these subclasses within the commercial property class. There are no industrial properties with these subclasses. Regional council approved the adoption of both the commercial and industrial subclasses for Tax Policy 2020 and onwards. The first \$50,000 of assessment within the commercial subclass, C7, will receive a 75% reduction in the municipal tax rate.



### **Postponement of the 2021 Reassessment (page 10 of FN-15-21)**

The Provincial government announced the delay of the 2021 reassessment to provide municipal governments with the capacity to focus on the COVID-19 pandemic. The reassessment would have otherwise updated the current value assessments for all Ontario properties to reflect their valuation as of January 1, 2019. Increases in assessment from the reassessment would have been phased in over a 4-year period reaching its full valuation in 2024. The last valuation date of a property's current value assessment currently remains as at January 1, 2016 and, excludes any in-year changes to a property. The current value assessment use for 2021 taxation is the same as what was used for 2020 taxation. Currently to date, there has been no announcement made regarding the timing of the next reassessment update.

### **Optional Small Business Property Subclass (page 11 of FN-15-21)**

On November 5, 2020, the Province released the 2020 Ontario Budget, which included proposed amendments to the Assessment Act, 1990 to create a new optional small business subclass. Recognizing the unique circumstances in municipalities across Ontario, the Province is providing municipalities the flexibility to determine the eligibility criteria for which properties would fall within the subclass. The Province is also reviewing whether the reductions, if any, provided through the subclass would be matched in the education tax rates.

The legislation to amend the Assessment Act and accompanying regulations have not yet been released to date. The Region of Halton, in collaboration with the Town of Milton and other Halton Municipalities (City of Burlington, Town of Halton Hills and Town of Oakville), will review the legislation once available. Town staff along with the Region and other Halton Municipalities will review the implications of adopting the optional subclass during 2021 once the regulations are released and any tax policy adjustment recommendations related to the optional small business subclass will be provided to Council consideration through 2022 Tax Policy. This will allow for a comprehensive review of the tax policy decisions the Province is providing through the amendments and regulation.



**THE CORPORATION OF THE TOWN OF MILTON**

**BY-LAW NO. XXX-2021**

BEING A BY-LAW TO PROVIDE FOR THE LEVY AND THE COLLECTION OF RATES OF LEVIES REQUIRED FOR THE TOWN OF MILTON FOR THE YEAR 2021 AND TO PROVIDE FOR THE MAILING OF NOTICES DEMANDING PAYMENT OF TAXES FOR THE YEAR 2021

**WHEREAS** section 3 of the Assessment Act, R.S.O. 1990, c. A.31, as amended, provides that all real property, with specific exceptions, is subject to assessment and taxation,

**WHEREAS** Section 312 of The *Municipal Act*, 2001, provides that the Council of a local municipality shall, after the adoption of estimates for the year, pass a by-law to levy a separate tax rate on the assessment in each property class (Appendix A attached hereto),

**AND WHEREAS** sections 307 and 308 of the said *Act* require tax rates to be established in the same proportion to tax ratios,

**AND WHEREAS** certain regulations require reductions in certain tax rates for certain classes or subclasses of property.

**AND WHEREAS** the Council of the Region of Halton shall pass the Regional Rating By-law, directing the Council of the Town of Milton to levy the 2021 tax rates as approved for Regional general and special purposes including Waste Management for leaf/yard services.

**AND WHEREAS** estimates for the upper and lower tier and for education purposes have been prepared showing the sum of \$217,526,716 is required to be raised for the lawful purpose of the Corporation of the Town of Milton for the year 2021 which estimates are made up as follows:

- |   |               |
|---|---------------|
| 1. Town of Milton                                       |               |
| • General Municipal Services                            | \$ 73,798,793 |
| 2. Region of Halton                                     |               |
| • General Regional Services                             | \$ 77,589,731 |
| • Enhanced Regional Services – leaf/Yard pickup (Urban) | \$ 347,343    |
| 3. Downtown Business Improvement Area                   | \$ 238,637    |
| 4. Education  | \$ 65,552,212 |

**AND WHEREAS** the following is a correct statement of the taxable assessment for the Town of Milton (Appendix B attached hereto):

1. Town of Milton	
• General Municipal Services	26,647,571,733
2. Region of Halton	
• General Regional Services	26,647,571,733
• Enhanced Regional Services–leaf/yard services (Urban)	23,534,547,279
3. Downtown Business Improvement Area	79,071,261
4. Education	26,647,571,733

**NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWN OF MILTON HEREBY ENACTS AS FOLLOWS:**

1. **THAT** from time to time, there may be charges, fees, costs or other expenses added onto the tax roll as set forth in the *Assessment Act* and *Municipal Act* and any other applicable Acts and the By-laws in force in this municipality. Such charges, fees, costs or other expenses shall be deemed to be taxes, collected as taxes, or collected in the same manner as municipal taxes, or dealt with in such fashion as may be specifically authorized by the applicable statute;
2. **AND THAT** the 2021 Interim tax levies, shall be shown as a reduction on the final tax levy;
3. **AND THAT** the 2021 tax rates detailed in Schedule “A” to this By-law be adopted and applied against the whole of the assessment for real property in each of the respective classes as detailed in Schedule “B” to this By-law;
4. **AND THAT** the net amount of taxes levied by this By-law, shall be due and payable in two installments, the first one being the 30<sup>th</sup> day of June, 2021 and the second one being the 30<sup>th</sup> day of September, 2021. The 2021 Interim due dates were February 26<sup>th</sup> 2021 and April 30<sup>th</sup>, 2021;
5. **AND THAT** the 2021 final due dates for the Pre-Authorized Tax Payment Program be established as follows:

**Monthly Pre Authorized Plan:** June 30, 2021; July 30, 2021; August 31, 2021; September 30, 2021; October 29, 2021.

**Due Date Pre Authorized Plan:** June 30, 2021; September 30, 2021

6. **AND THAT** notwithstanding sections 4 and 5, where the total final levy taxes to be imposed on a property would be less than five (5) dollars, the amount of actual taxes payable shall be zero;

7. **AND THAT** any installment or any part of any instalment of rates, taxes and assessments not paid on or before the day prescribed by the respective section of this By-law which sets out payment of such instalments, shall be subject to a penalty which shall be added to and collected with rates, taxes and assessments and which shall be a percentage charge of One and One Quarter per centum (1 ¼%) on the first day of default and a further One and One Quarter per centum (1 ¼%) for each calendar month thereafter in which default continues;
8. **AND THAT** the Treasurer or delegate are authorized to accept part payment from time to time on account of the oldest outstanding interest, then the oldest outstanding taxes, then penalty charges and then current years taxes due, or alternatively is authorized to refuse acceptance of any such part payment;
9. **AND THAT** the Treasurer is hereby authorized to send the notice provided for by Section 343(6) of *The Municipal Act, 2001*, to the address of the property shown on the Tax Roll or an alternate address as directed in writing by the person taxed;
10. **AND THAT** immediately after sending a tax bill, the Treasurer shall create a record of the date on which it was sent and this record is, in the absence of evidence to the contrary, proof that the tax bill was sent on that date;
11. **AND FURTHER THAT** taxes are payable at the Municipal Offices being 150 Mary St., Milton ON L9T 6Z5, or by mail to PO Box 400, Milton ON L9T 4Z1, or by other means that may be introduced from time to time by the Town of Milton.

**PASSED IN OPEN COUNCIL ON May 3, 2021.**

Gordon A. Krantz

Mayor

Meaghen Reid

Town Clerk

Schedule "A"  
By-law No. XXX-2021  
2021 Tax Rates

Description	General Municipal	General Regional	Regional Enhanced Waste	Education	Tax Rate	Tax Rate with Enhanced Waste
Residential/Farm	0.00257867	0.00271114	0.00001352	0.00153000	0.00681981	0.00683333
Multi-Residential	0.00515735	0.00542227	0.00002703	0.00153000	0.01210962	0.01213665
New Multi-Residential	0.00257867	0.00271114	0.00001352	0.00153000	0.00681981	0.00683333
Commercial	0.00375584	0.00394876	0.00001969	0.00770552	0.01541012	0.01542981
Commercial Occupied Small-Scale On-Farm	0.00093896	0.00098719	0.00000492	0.00220000	0.00412615	0.00413107
Land Awaiting Development	0.00193401	0.00203335	0.00001014	0.00114750	0.00511486	0.00512500
Industrial	0.00539124	0.00566816	0.00002826	0.00880000	0.01985939	0.01988765
Pipelines	0.00273778	0.00287840	0.00001435	0.00880000	0.01441618	0.01443054
Farmlands	0.00051573	0.00054223	0.00000270	0.00038250	0.00144046	0.00144316
Managed Forests	0.00064467	0.00067778	0.00000338	0.00038250	0.00170495	0.00170833
<b>Downtown Business Improvement Area</b>	<b>BIA Area 1</b>	<b>BIA Area 2</b>	<b>BIA Area 3</b>			
Commercial	0.00424452	0.00254671	0.00169781			
Industrial	0.00609271	0.00365562	0.00243708			

Schedule "B"  
By-law No. XXX-2021  
Returned Assessment for 2021 Taxation

<b>Description</b>	<b>2021 Assessment</b>
Residential/Farm	22,096,687,901
Multi-Residential	145,340,874
New Multi-Residential	12,194,400
Commercial	3,188,606,603
Commercial Small-Scale On-Farm Business	88,300
Land Awaiting Development	14,171,000
Industrial	650,802,870
Pipelines	108,852,000
Farmlands	389,131,086
Managed Forests	41,696,699
<b>Total Assessment</b>	<b>26,647,571,733</b>



Report To:	Regional Chair and Members of Regional Council
From:	Keshwer Patel, Commissioner, Finance and Regional Treasurer
Date:	April 21, 2021
Report No:	FN-15-21
Re:	2021 Tax Policy

**RECOMMENDATION**

1. THAT the following tax ratios be adopted for the 2021 taxation year:

Residential	1.0000
Multi-Residential	2.0000
New Multi-Residential	1.0000
Commercial	1.4565
Industrial	2.0907
Pipe Line	1.0617
Farm	0.2000
Managed Forests	0.2500
Landfill	1.4565

2. THAT the 2021 taxation rates for Regional services as set out in Attachment #1 to Report No. FN-15-21 re: “2021 Tax Policy” be adopted.
3. THAT the 2021 mandatory capping program for commercial and industrial properties be based on the criteria set out in Attachment #2 to Report No. FN-15-21.
4. THAT Halton Region continues to:
  - a. Provide a tax rebate for Registered Charitable Organizations under Section 361 of the *Municipal Act, 2001* at a rate of 40% of the current year’s taxes applicable to the space occupied;
  - b. Cost-share with the local municipalities for the property tax rebate program for older adults in the same proportion as their share of the total current year taxes subject to the rebate being established by by-law under Section 365 of the *Municipal Act, 2001*;

- c. Provide a full property tax deferral to low income older adults under the Older Adults Property Tax Deferral Program as set out in By-law No. 20-16, as amended;
  - d. Provide a property tax increase deferral on residential properties to low income older adults and persons with disabilities under Section 319 of the *Municipal Act, 2001*;
  - e. Provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by local municipalities' by-laws established under Section 365.2 of the *Municipal Act, 2001*;
  - f. The above rebates and deferrals will be funded through the Council-approved 2021 operating budget from Non Program.
5. THAT the Director of Legal Services be authorized to prepare all necessary by-laws to establish the aforesaid 2021 taxation rates, taxation policies, due date changes and property tax relief programs.
  6. THAT the Regional Clerk forward a copy of Report No. FN-15-21 and the related by-laws to the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville.

## REPORT

### **Executive Summary**

- Under the *Municipal Act, 2001*, Regional Council must annually approve tax policies to set the upper-tier rating by-laws, tax ratios, capping program and tax relief programs.
- Policy options are outlined in this report and the “2021 Current Value Assessment (CVA) and Tax Policy Reference Manual” is provided under separate cover to this report.
- The combined total assessment change for the 2021 taxation year is 1.41% which is comprised solely of the net in-year assessment growth. There is no phase-in valuation impact due to the Province’s postponement of the reassessment update.
- The Region’s tax impact, including Police, is 1.8%.

## **Background**

The purpose of this report is to provide Regional Council with recommendations regarding property taxation for 2021 and to obtain approval for the 2021 Regional property tax rates.

In accordance with the *Municipal Act, 2001*, Regional Council must approve Tax Policies for:

- Upper-tier tax ratio setting
- Upper-tier rating by-law(s)
- Capping by-law for commercial, industrial and multi-residential classes
- Relief program for low income older adults and disabled homeowners
- Rebate program for charitable organizations

Further, under separate cover to this report is the “2021 Current Value Assessment (CVA) and Tax Policy Reference Manual” to assist members of Regional Council and the public in understanding assessment and property tax in Ontario, and specifically in Halton Region. This manual is also available to the public through Halton’s web site.

## **Discussion**

The final Regional tax rates are calculated by taking the assessment information from the Municipal Property Assessment Corporation (MPAC), weighting the assessment based on the tax ratios and dividing the 2021 Regional levy requirement by the weighted assessment. The following provides the information on each of these components.

## Assessment Changes

As shown in the following table, the combined total assessment change for the 2021 taxation year is 1.41%, which is the change in the weighted taxable assessment from the tax roll used for the 2020 taxation year to the tax roll used for the 2021 taxation year.

<b>Taxable Weighted Assessment</b>						
<b>Class</b>	<b>2020 Tax Year</b>	<b>2020 Year End</b>	<b>% Change for In-Year Growth</b>	<b>2021 Tax Year</b>	<b>% Change related to Phase In Valuation</b>	<b>Total % Change</b>
Residential	\$ 125,703,374,574	\$ 128,041,297,872	1.86%	\$ 128,041,297,872	0.00%	1.86%
Multi-Residential	6,404,545,800	6,348,429,644	-0.88%	6,348,429,644	0.00%	-0.88%
New Multi-Residential	107,108,700	205,807,100	92.15%	205,807,100	0.00%	92.15%
Commercial	25,285,843,407	25,581,538,653	1.17%	25,581,538,653	0.00%	1.17%
Industrial	7,112,364,980	6,766,887,364	-4.86%	6,766,887,364	0.00%	-4.86%
Pipe Line	318,240,328	320,984,823	0.86%	320,984,823	0.00%	0.86%
Farm	203,160,227	203,018,167	-0.07%	203,018,167	0.00%	-0.07%
Managed Forests	15,252,301	14,909,526	-2.25%	14,909,526	0.00%	-2.25%
<b>Total</b>	<b>\$ 165,149,890,317</b>	<b>\$ 167,482,873,149</b>	<b>1.41%</b>	<b>\$ 167,482,873,149</b>	<b>0.00%</b>	<b>1.41%</b>

<b>Taxable Weighted Assessment</b>						
<b>Municipality</b>	<b>2020 Tax Year</b>	<b>2020 Year End</b>	<b>% Change for In-Year Growth</b>	<b>2021 Tax Year</b>	<b>% Change related to Phase In Valuation</b>	<b>Total % Change</b>
Burlington	\$ 51,528,399,576	\$ 51,702,172,206	0.34%	\$ 51,702,172,206	0.00%	0.34%
Halton Hills	15,237,201,855	15,383,644,635	0.96%	15,383,644,635	0.00%	0.96%
Milton	27,763,071,312	28,618,882,089	3.08%	28,618,882,089	0.00%	3.08%
Oakville	70,621,217,574	71,778,174,218	1.64%	71,778,174,218	0.00%	1.64%
<b>Total</b>	<b>\$ 165,149,890,317</b>	<b>\$ 167,482,873,149</b>	<b>1.41%</b>	<b>\$ 167,482,873,149</b>	<b>0.00%</b>	<b>1.41%</b>

The 1.41% increase solely relates to the net in-year growth in assessment in 2020. The phase-in valuation change of 0.0% is due to the assessments reaching full value in 2020 and the postponement of the 2021 reassessment, as announced by the Province in March 2020. This means that assessments used for the 2021 taxation year would continue to be based on the same valuation date that was in effect for the 2020 taxation year of January 1, 2016.

The net in-year assessment growth of 1.41% for 2020 incorporates all additional assessment generated from new development that has been valued by MPAC during the year. The increase in assessment is offset by reduced assessment values resulting from Assessment Review Board (ARB) appeal settlements and Requests for assessment Reconsideration settlements. The net in-year growth results in a reduction to the tax impact as per the 2021 Budget and Business Plan, which supports the costs of maintaining levels of service in a growing community.

In contrast, valuation changes based on MPAC's reassessment do not generate any additional tax revenue but rather result in a redistribution of the relative tax share among the property classes. As noted above, there are no valuation changes in 2021.

On March 24, 2021, the Province released the 2021 Budget *Ontario's Action Plan: Protecting People's Health and Our Economy*, which included an announcement that the Province is further postponing the property tax assessment and is currently undertaking a consultation with municipalities, taxpayers and other stakeholders. The results of the consultation, which includes the timing and valuation date for the next reassessment, will be communicated in the fall of 2021.<sup>1</sup>

### **2021 Regional Levy Requirement**

Regional Council approved the net Regional levy requirement of \$454,679,607 through Report No. FN-44-20 re: "2021 Budget and Business Plan and Disposition of the 2020 Surplus", which assumed 2020 in-year assessment growth of 1.70%.

The final assessment information from MPAC is finalized in December during the same week that Regional Council approves the budget. This can lead to variances between the budgeted and actual assessment growth. The actual 2020 in-year assessment growth was 1.41%, which is 0.29% lower than the budgeted assessment growth of 1.70%. In order to maintain the Council-approved 2021 tax increase of 1.8%, the net levy requirement is reduced to \$453,418,153 and a transfer from the Tax Stabilization reserve of \$1,261,454, approved through Report No. FN-44-20 re: "2021 Budget and Business Plan and Disposition of the 2020 Surplus", is required to fund the shortfall to maintain the 2021 Budget requirement of \$454,679,607.

	<b>2021 Budget</b>	<b>2021 Levy</b>	<b>Difference</b>
Assessment Growth	1.70%	1.41%	-0.29%
Tax Increase	1.80%	1.80%	0.00%
Net Levy Requirement	\$454,679,607	\$453,418,153	(\$1,261,454)

<sup>1</sup> <https://budget.ontario.ca/2021/chapter-1b.html#s-27>

## Tax Ratios

One of the limited tools provided by the Province to the municipalities in setting tax rates is adjusting tax ratios to address tax shifts created through reassessments. Regional staff are proposing no changes to the 2021 tax ratios.

Property Class	Ranges of Fairness (O. Reg. 386/98)	Halton Region Tax Ratios		Threshold Ratios (O. Reg. 73/03)
		2020	2021	
Residential	1.00*	1.0000	1.0000	
Multi-Residential	1.00 - 1.10	2.0000	2.0000	2.0000
New Multi-Residential	1.00 - 1.10	1.0000	1.0000	
Commercial	0.60 - 1.10	1.4565	1.4565	1.9800
Industrial	0.60 - 1.10	2.0907	2.0907	2.6300
Pipe Line	0.60 - 0.70	1.0617	1.0617	
Farm	0.0 - 0.25**	0.2000	0.2000	
Managed Forests	0.25***	0.2500	0.2500	
Landfill	0.60 - 1.10	1.4565	1.4565	25.0000

\*Section 308 of the *Municipal Act, 2001* sets the tax ratio for Residential as 1.0

\*\*Section 308.1 of the *Municipal Act, 2001* restricts the tax ratio for Farm to be 0.25 or lower

\*\*\*Section 308.1 of the *Municipal Act, 2001* sets the tax ratio for Managed Forests as 0.25

## 2021 Tax Rate

The table below shows the 2021 final tax rates calculated based on the assessment changes, 2021 levy requirements, and the tax ratios as discussed above. The blended Regional residential urban tax rate is 0.00271178, representing the 1.8% tax increase.

2021 Regional Residential Tax Rates		
Regional Services	2021 Levy	Residential Tax Rate *
General	\$ 256,364,241	0.00153069
Police	168,832,213	0.00100806
Waste Management		
Burlington	9,633,657	0.00018692
Halton Hills	2,908,930	0.00025274
Milton	5,280,813	0.00018590
Oakville	10,398,299	0.00014487
<b>Total **</b>	<b>\$ 453,418,153</b>	<b>0.00271178</b>

Schedule may not add due to rounding

\* Residential tax rate for urban properties

\*\* Total Tax Rate based on combined Waste Mgmt rate

There are three components to the Regional Levy: Regional General Services, Police Services and Waste Management Services. Regional General Services, including recycling and organics, and Police Services are funded by the entire assessment base. The balance of Waste Management Services is calculated on an area rating specific to

each local municipal assessment base under Section 326 of the *Municipal Act, 2001* as service levels vary by local municipality. Regional staff continue to review waste management services for harmonization opportunities to move toward a region-wide waste management tax rate in future years. Attachment #1 to this report contains the recommended Regional tax rates for 2021 for all property classes.

The Region received the final Education tax rates for 2021 from the Ministry of Finance through O. Reg. 46/21 which amended O. Reg. 400/98 of the *Education Act, 1990*. The following table summarizes the residential and business education rates applicable for the Region in 2021.

<b>Final Education Rates</b>	
<b>Property Class</b>	<b>2021 Tax Year</b>
Residential	0.00153000
Multi-Residential	0.00153000
New Multi-Residential	0.00153000
Commercial	0.00770552
Commercial - New Construction	0.00770552
Commercial - Small-Scale On-Farm Business	0.00220000
Industrial	0.00880000
Industrial - New Construction	0.00880000
Industrial - Small-Scale On-Farm Business	0.00220000
Pipe Line	0.00880000
Farm	0.00038250
Managed Forests	0.00038250
Landfill	0.00864766

## 2021 Tax Impact

The Region's tax increase for 2020 is 1.8%. The following table provides a summary of the combined Regional tax impact by municipality for an urban residential property per \$100,000 of current value assessment (CVA).

<b>Residential Tax Impacts per \$100,000 CVA</b>					
<b>2021 Taxes</b>	<b>Combined</b>				<b>Blended Regional Tax Only</b>
	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>	
<b>Regional Services:</b>					
General & Waste Management	\$ 171.76	\$ 178.34	\$ 171.66	\$ 167.56	\$ 170.37
Police	100.81	100.81	100.81	100.81	100.81
Sub-total	\$ 272.57	\$ 279.15	\$ 272.47	\$ 268.36	\$ 271.18
<b>Local Municipal Services:</b>					
General	348.02	364.28	257.87	300.15	
Hospital	6.00	-	-	-	
<b>Education</b>	153.00	153.00	153.00	153.00	
<b>Total</b>	<b>\$ 779.58</b>	<b>\$ 796.43</b>	<b>\$ 683.33</b>	<b>\$ 721.51</b>	<b>\$ 271.18</b>
<b>2020 Taxes</b>	<b>Combined</b>				<b>Blended Regional Tax Only</b>
	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>	
<b>Regional Services:</b>					
General & Waste Management	\$ 169.55	\$ 176.08	\$ 169.50	\$ 165.37	\$ 168.18
Police	98.08	98.08	98.08	98.08	98.08
Sub-total	\$ 267.62	\$ 274.15	\$ 267.58	\$ 263.45	\$ 266.25
<b>Local Municipal Services:</b>					
General	333.92	349.29	248.12	293.52	
Hospital	6.02	2.20	-	-	
<b>Education</b>	153.00	153.00	153.00	153.00	
<b>Total</b>	<b>\$ 760.56</b>	<b>\$ 778.65</b>	<b>\$ 668.70</b>	<b>\$ 709.97</b>	<b>\$ 266.25</b>
Dollar Impact on Total Taxes	\$ 19.02	\$ 17.78	\$ 14.63	\$ 11.54	\$ 4.92
Percentage Impact on Total Taxes	2.5%	2.3%	2.2%	1.6%	1.8%

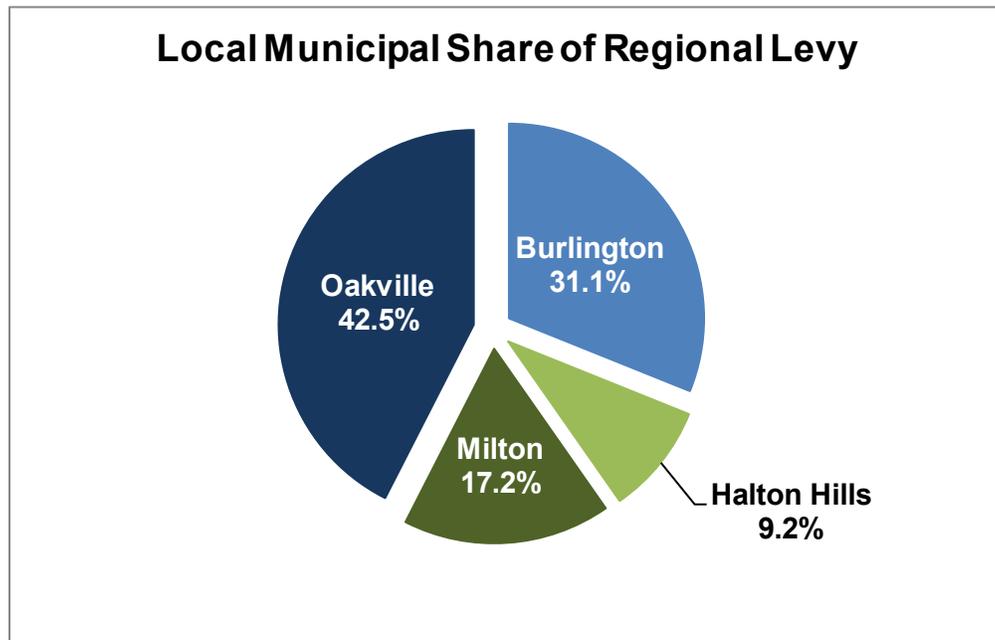
Schedule may not add due to rounding

## 2021 Tax Allocation

The following table sets out the percentage breakdown of the final 2021 taxes for Regional, Local and Education taxes for an urban residential property in each local municipality.

<b>Percentage Share of Residential Taxes by Municipality</b>				
	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>
<b>Region</b>	35.0%	35.1%	39.9%	37.2%
<b>Local</b>	45.4%	45.7%	37.7%	41.6%
<b>Education</b>	19.6%	19.2%	22.4%	21.2%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The following chart illustrates the percentage share of Regional levy by local municipality.



### **Provincial Capping Program**

The objective of the provincially mandated capping program is to limit assessment-related tax increases on properties in the commercial, industrial and multi-residential classes to a maximum percentage each year. The program was originally implemented in 1998 when CVA began as a transitional mechanism to mitigate significant tax impacts. The ability to exclude properties that have reached CVA level taxes eliminated capped properties in the multi-residential class in 2009 and also significantly reduced the number of capped properties in the commercial and industrial classes.

Under s. 329.1 of the *Municipal Act, 2001*, municipalities, other than a lower-tier municipality, have the ability to establish the capping criteria up to certain thresholds. Accordingly, Regional Council approved through Report No. FN-11-17 re: "2017 Tax Policy" to further reduce the cost of capping by increasing the annual cap and the capping thresholds as enabled through O. Reg. 102/16. Similarly, further amendments to O. Reg. 73/03 (through O. Reg. 131/17) provide municipalities increased flexibility to accelerate progress to CVA level taxes and to exit or phase-out from the program under certain conditions. The list of capping parameters that are being recommended for the 2021 taxation year are set out in Attachment #2 to this report. The following is a summary of the capping program by property class.

Property Class	2020		2021	
	# of Properties	Cost of Program	# of Properties	Cost of Program
Commercial	4	\$ 2,588	0	\$ -
Industrial	3	3,734	0	-
Total	7	\$ 6,322	0	\$ -

The number of properties capped in 2021 compared to 2020 has declined to 0 in both the commercial and industrial property classes, resulting in no capping costs in 2021. Staff will include a bylaw in the 2022 Tax Policy report that will allow the region to exit Part IX of the Municipal Act that specifies the capping provisions.

### **Postponement of the 2021 Reassessment**

In their *March 2020 Economic and Fiscal Update*, the Provincial government announced the postponement of the 2021 reassessment. This was done to provide municipal governments with the capacity to focus on the COVID-19 pandemic. Originally, the reassessment would have updated the current value assessments for all Ontario properties to reflect their valuation as of January 1, 2019. For any increases in assessment, this would have been phased in over a 4-year period, reaching full valuation in 2024. Any decreases in assessment would have been reflected immediately in 2021.

With this postponement, the valuation date of a property's current value assessment remains as at January 1, 2016 and, excluding any in-year changes to a property, the current value assessment used for 2021 taxation is the same as what was used for 2020 taxation.

As noted previously, in March 2021, the Province's 2021 Budget *Ontario's Action Plan: Protecting People's Health and Our Economy* announced that Ontario is implementing a further postponement of the property tax reassessment. Through the Property Assessment and Taxation Review, a consultation with municipalities, taxpayers and other stakeholders will be conducted. Included in the consultation will be the timing and valuation date of the next reassessment. The results of the consultation will be communicated in the fall of 2021.

### **Proposed Changes Announced in the 2020 Ontario Budget**

In November 2020, the Minister of Finance released the 2020 Ontario Budget, which included proposed changes to various property tax-related items, including:

- Business Education Tax Rates
- Optional Small Business Property Subclass
- Assessment Tools for Redevelopment Areas
- Business Vacancy Rebate and Reduction Programs
- Tax Exemption for the Army, Navy, and Air Force in Canada

These are discussed in more detail below.

## ***Business Education Tax Rates***

For the 2021 taxation year, the Province has limited Business Education Tax (BET) rates for commercial and industrial properties to 0.88%. Within Halton Region, this reduction will benefit the industrial property owners who, in 2020, had an education tax rate of 1.098184%. Commercial property owners had an education tax rate of 0.770552% in 2020 and hence were already below 0.88%. As noted in the 2021 Tax Rate section above, the industrial education rate for Halton Region has been reduced to 0.88% for the 2021 taxation year.

To prevent any negative financial impacts on school boards and lower- and single-tier municipalities as a result of the reductions, the Province noted that it would adjust payments to school boards as well as maintain the BET rates at the 2020 rate for properties whose payments-in-lieu of education taxes the lower- and single-tier municipalities are permitted to retain. The reduction in BET rates do not impact the Region.

## ***Optional Small Business Property Subclass***

Through the 2020 Ontario Budget, the Province announced proposed amendments to the *Assessment Act, 1990* to create an optional small business subclass. Recognizing the unique circumstances in municipalities across Ontario, the Province is providing municipalities the flexibility to determine the eligibility criteria for which properties would fall within the subclass. The Province is also reviewing whether the reductions provided through the subclass would be matched in the education tax rates.

As of the finalizing of this report, regulations have not been published or made available to municipalities with respect to this change. As such, Regional staff are proposing to review and analyze the implications of adopting the subclass during 2021 once the regulations and clear parameters on the implementation of this option are released by the Province. Any tax policy adjustment recommendations related to the new optional small business subclass will be provided for Council consideration through the 2022 Tax Policy report. This aligns with the approach of other regional/single-tier municipalities, such as Peel<sup>2</sup>, Niagara<sup>3</sup>, Toronto<sup>4</sup>, and York<sup>5</sup>.

## ***Assessment Tools for Redevelopment Areas***

The Province is currently performing a review on the property tax and assessment system in Ontario. As part of that review, concerns have been raised about the impact redevelopments can have on assessment and the additional property tax burden this

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<sup>2</sup> Peel – [13.3 - Property Tax Policy Review](#)

<sup>3</sup> Niagara – [CSD 12-2021 - Optional Small Business Tax Subclass Overview](#)

<sup>4</sup> Toronto – [BN#18 - Small Business Tax Class](#)

<sup>5</sup> York - [1.1.1 - COVID-19 Property Tax Relief Measures for Businesses](#)

imposes on small businesses. The Province is proposing to amend the *Assessment Act, 1990* to provide optional new assessment tools to address these concerns. As of the finalizing of this report, no amendments to the *Assessment Act, 1990* have been made with respect to this change.

### ***Business Vacancy Rebate and Reduction Programs***

Amendments to the *Municipal Act, 2001* are being proposed to streamline the process around any changes a municipality wants to make to the business vacancy rebate and reduction programs. Currently, municipalities need to submit their requested changes to the Province, which are then formalized by amending O. Reg. 580/17. The Province is proposing that these changes going forward could be implemented through municipal by-law. This change will not affect the Region as the vacancy rebate and reduction programs were phased out as of the 2019 and 2020 taxation years, respectively.

### ***Tax Exemption for The Army, Navy, and Air Force in Canada***

As of January 1, 2019, the *Assessment Act, 1990* was amended to exempt land used and occupied by an Ontario branch of the Royal Canadian Legion from property taxes (including the education portion). Announced through the 2020 Ontario Budget, the Province proposed a similar amendment to the *Assessment Act, 1990* for Ontario units of The Army, Navy and Air Force Veterans in Canada. The amendment to the Act was made in December 2020. Previously, properties owned by these branches in Halton Region only paid education taxes as the Region provided an exemption from municipal taxes through by-laws. Therefore, this amendment does not impact the Region.

### **Tax Relief Programs**

#### ***Rebates for Charitable Organizations***

A rebate program for registered charitable organizations occupying (owned or rented) commercial or industrial properties has been provincially mandated under s. 361 of the *Municipal Act, 2001* since 1998 with the introduction of CVA. The mandatory program includes the following discretionary options:

- May provide rebates to organizations that are similar to eligible charities
- May include eligible organizations occupying property in other property classes
- May provide rebates between 40% and 100% and
- May have different rebates for different organizations or charities.

The current program offered in Halton Region provides a rebate of 40% of the current year's taxes for eligible organizations. This level has remained constant since the introduction of the program. This program is administered by the local municipalities through an annual application process. The deadline to apply for charity rebates is the end of February in the following year.

The Regional cost of the charity rebate program in 2020 was \$152,800.

Staff recommends that Regional Council continue the existing program of providing rebates for charitable organizations, as defined under s. 248(1) of the *Income Tax Act*, at a rate equal to 40% of current year's taxes for the 2021 taxation year.

### ***Older Adults Property Tax Deferral Programs***

#### *Deferral of Property Tax Increase*

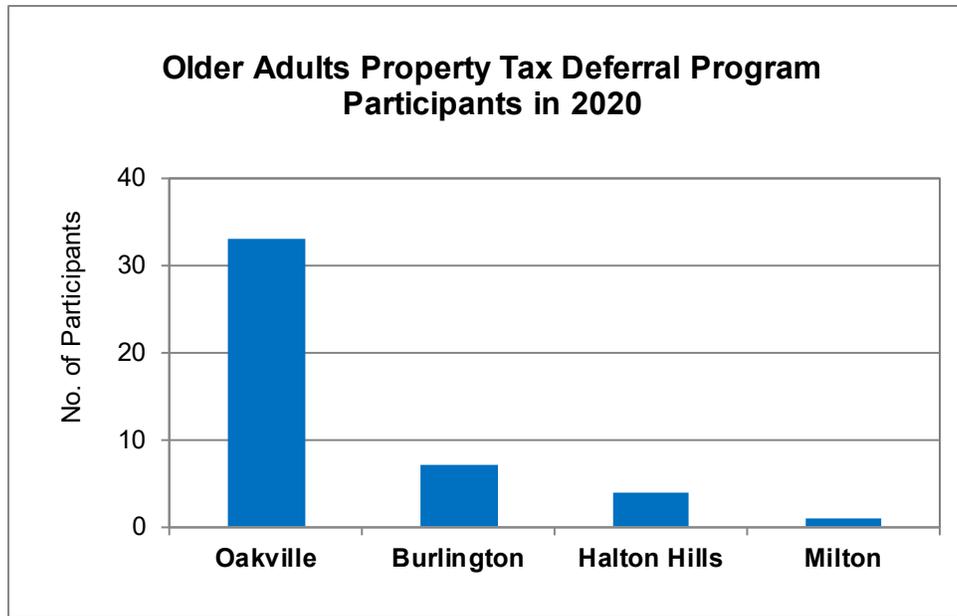
A mandatory tax relief program for low income older adults and disabled homeowners was introduced as part of the 1998 property tax reform under s. 319 of the *Municipal Act, 2001*. The eligibility criteria for this program are established by upper-tier municipalities and are administered by the local municipalities. The Region established the eligibility criteria which are reviewed as part the annual tax policy report. The program allows for an interest free deferral of all annual property tax increases.

#### *Deferral of Full Property Tax*

In March 2016, Regional Council approved Report No. FN-06-16 re: "Implementation of Older Adults Property Tax Deferral Program" and passed By-law No. 20-16 to provide a full property tax deferral program – interest free – for low-income older adults who own real property in Halton Region. Section 107 of the *Municipal Act, 2001*, permits a municipality to make grants (the interest-free component of the program) for any purpose that Regional Council considers to be in the interest of the municipality, subject to certain restrictions. This program was adopted by the local municipalities and commenced on July 1, 2016.

The program was designed to help eligible older adults remain in their homes by deferring full property taxes with the interest being paid by the Region. The program is being offered in addition to, and mutually exclusive of, the existing property tax increase deferral as discussed above (s. 319 of the *Municipal Act, 2001*) and the local tax rebate programs under s. 365 of the *Municipal Act, 2001*, as set out below. For example, if an older adult is accepted for the full tax deferral program, then the same person would not be eligible for a local tax rebate program or the tax deferral for the property tax increase.

In 2020, a total of 45 households participated in the program Region-wide as shown below at a cost of \$51,000.



The program is reviewed annually and any changes to the program are brought forward to Council for consideration as part of the annual tax policy report. For 2021, Regional staff recommend that Council continue the existing program.

### ***Local Tax Rebate for Low Income Older Adults***

Tax rebate programs for low income older adults are offered by the City of Burlington, the Town of Halton Hills and the Town of Oakville through s. 365 of the *Municipal Act, 2001*. This section allows lower-tier municipalities to provide for the cancellation, reduction or refund of taxes for municipal and school purposes for an eligible property of any person whose taxes are considered to be unduly burdensome. The Council of the lower-tier municipality defines “unduly burdensome” and the rebate criteria. Upper-tier municipalities may cost share in the rebate programs in the same proportional share as the tax revenues. A by-law is required to establish the cost sharing by the upper-tier municipality. If the upper-tier does not cost share in the program, then the lower-tier is responsible for the portion of the costs relating to the upper-tier municipality.

Halton Region has been cost sharing the low income older adults’ tax rebates since 2008. The proportion of the rebate for education taxes is automatically shared with the school boards. Older adults apply annually through an application form which is available from the local tax office or the websites in each participating municipality.

The City of Burlington and the Town of Halton Hills continue to offer a rebate program based on participants receiving a monthly guaranteed income supplement under Part II of the *Old Age Security Act*. The City of Burlington increased their rebate from \$525 to \$550 for the 2021 taxation year. The Town of Halton Hills’ rebate remains unchanged at \$500. The Town of Oakville offers a rebate of \$500 for those who had a maximum combined household income of \$52,800 in 2020.

The Regional cost of the older adults rebate program in 2020 was \$150,300.

Staff recommends that the Region continue to cost-share in the local rebate programs for low income older adults for the 2021 taxation year.

### ***Local Tax Rebate for Eligible Heritage Property***

Pursuant to section 365.2 of the *Municipal Act, 2001*, a local municipality may establish a program to provide tax reductions or refunds to eligible heritage properties. Currently, the Town of Halton Hills and the City of Burlington have established local programs.

In 2015, Regional Council approved through Report No. FN-45-15 re: "Heritage Properties Tax Rebate Program" and Report No. FN-52-15 re: "2016 Budget and Business Plan and Disposition of the 2015 Surplus" to cost share Local Municipal Heritage Property Tax Rebate programs for eligible properties. Establishing a Regional Heritage Property Tax Rebate program in conjunction with the local municipalities is supported by the Region's Official Plan (2009) which contains policies pertaining to protection and stewardship of Halton Region's cultural heritage resources. A Heritage Property Tax Rebate program is also consistent with policies of the Provincial Policy Statement 2020 (PPS) as it promotes conserving cultural heritage resources.

Under the Heritage Property Tax Rebate program, the Region provides a reduction or refund of the Regional portion of property taxes for an eligible heritage property that is the same as that provided by the lower-tier by-law. The Regional cost of the Heritage Property Tax Rebate programs in 2020 was \$46,000.

Beginning in the 2021 taxation year, the City of Burlington has expanded their Heritage Property Tax Rebate program to include commercial properties, providing a rebate of 20% of taxes levied. Prior to this expansion, the City of Burlington's program was solely for residential properties. The estimated potential cost to the Region for this expansion is \$15,000.

For 2021, the following rebate will be provided by the Region:

- In the City of Burlington, a total rebate of 40% and 20% of taxes levied for upper-tier purposes for eligible residential and commercial properties, respectively
- In the Town of Halton Hills, a total rebate of 20% of taxes levied for upper-tier purposes for eligible properties

Staff recommends that the Region continue to provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by local municipalities for the 2021 taxation year as outlined above.

### ***Tax Exemptions for the Naval Associations***

In December 2020, section 3 (1) of the *Assessment Act* was amended to exempt land used and occupied as a memorial home, clubhouse or athletic grounds by an Ontario

unit of the Army, Navy and Air Force Veterans from property taxes (including the education portion) therefore Regional By-law No. 50-19 and 51-19 exempting the Navy League of Canada and Halton Naval Veterans Association, respectively, from municipal property taxes are no longer required as of the 2021 taxation year.

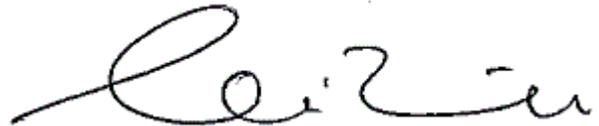
#### FINANCIAL/PROGRAM IMPLICATIONS

The financial impacts of this report are in accordance with the Region's 2021 Budget and Business Plan.

Respectfully submitted,



Nash Damer  
Director, Budgets and Tax Policy



Keshwer Patel  
Commissioner, Finance and Regional  
Treasurer

Approved by



Jane MacCaskill  
Chief Administrative Officer

If you have any questions on the content of this report,  
please contact:

Nash Damer

Tel. # 7155

Attachments: Attachment # 1 – 2021 Regional Tax Rates  
Attachment # 2 – 2021 Capping Program for Commercial and Industrial Properties  
2021 Current Value Assessment (CVA) and Tax Policy Reference Manual (Under  
Separate Cover)

## 2021 Regional Tax Rates

## Local Municipality - Burlington

	General	Police	Basic Waste	Regional Total Rural	Enhanced Waste	Regional Total Urban
1 - Residential	0.00153069	0.00100806	0.00016496	0.00270371	0.00002196	0.00272567
- farm land I	0.00114802	0.00075604	0.00012372	0.00202778	0.00001647	0.00204425
- education only	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
2 - Multi-Residential	0.00306138	0.00201611	0.00032992	0.00540741	0.00004391	0.00545132
3 - New Multi-Residential	0.00153069	0.00100806	0.00016496	0.00270371	0.00002196	0.00272567
4 - Commercial	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- excess land	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- vacant land	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- farm land I	0.00114802	0.00075604	0.00012372	0.00202778	0.00001647	0.00204425
- small-scale on-farm business	0.00055736	0.00036706	0.00006007	0.00098449	0.00000799	0.00099248
- new construction	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- new construction excess land	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- Office Building	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- excess land	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- new construction	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- new construction excess land	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- Parking Lot	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- Shopping Centre	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- new construction	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
- new construction excess land	0.00222945	0.00146823	0.00024026	0.00393794	0.00003198	0.00396992
5 - Industrial	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
- excess land	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
- vacant land	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
- farm land I	0.00114802	0.00075604	0.00012372	0.00202778	0.00001647	0.00204425
- new construction	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
- new construction excess land	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
- Large Industrial	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
- excess land	0.00320021	0.00210754	0.00034488	0.00565263	0.00004590	0.00569853
6 - Pipe Line	0.00162513	0.00107025	0.00017514	0.00287052	0.00002331	0.00289383
7 - Farm	0.00030614	0.00020161	0.00003299	0.00054074	0.00000439	0.00054513
8 - Managed Forests	0.00038267	0.00025201	0.00004124	0.00067592	0.00000549	0.00068141

## Local Municipality - Halton Hills

	General	Police	Regional Total Rural	Basic Waste	Enhanced Waste	Regional Total Urban
1 - Residential	0.00153069	0.00100806	0.00253875	0.00021891	0.00003383	0.00279149
- farm land I	0.00114802	0.00075604	0.00190406	0.00016418	0.00002537	0.00209361
2 - Multi-Residential	0.00306138	0.00201611	0.00507749	0.00043782	0.00006766	0.00558297
3 - New Multi-Residential	0.00153069	0.00100806	0.00253875	0.00021891	0.00003383	0.00279149
4 - Commercial	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- excess land	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- vacant land	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- small-scale on-farm business	0.00055736	0.00036706	0.00092442	0.00007971	0.00001232	0.00101645
- new construction	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- new construction excess land	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- Office Building	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- Parking Lot	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- Shopping Centre	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
- new construction	0.00222945	0.00146823	0.00369768	0.00031885	0.00004927	0.00406580
5 - Industrial	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- excess land	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- vacant land	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- farm land I	0.00114802	0.00075604	0.00190406	0.00016418	0.00002537	0.00209361
- new construction	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- new construction excess land	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- Large Industrial	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- excess land	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
- new construction	0.00320021	0.00210754	0.00530775	0.00045768	0.00007072	0.00583615
6 - Pipe Line	0.00162513	0.00107025	0.00269538	0.00023242	0.00003592	0.00296372
7 - Farm	0.00030614	0.00020161	0.00050775	0.00004378	0.00000677	0.00055830
8 - Managed Forests	0.00038267	0.00025201	0.00063468	0.00005473	0.00000846	0.00069787

## Local Municipality - Milton

	General	Police	Basic Waste	Regional Total Rural	Enhanced Waste	Regional Total Urban
1 - Residential	0.00153069	0.00100806	0.00017239	0.00271114	0.00001352	0.00272466
2 - Multi-Residential	0.00306138	0.00201611	0.00034478	0.00542227	0.00002703	0.00544930
3 - New Multi-Residential	0.00153069	0.00100806	0.00017239	0.00271114	0.00001352	0.00272466
4 - Commercial	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- excess land	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- vacant land	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- small-scale on-farm business	0.00055736	0.00036706	0.00006277	0.00098719	0.00000492	0.00099211
- new construction	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- new construction excess land	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- Office Building	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- new construction	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- new construction excess land	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- Parking Lot	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- Shopping Centre	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- excess land	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- new construction	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
- new construction excess land	0.00222945	0.00146823	0.00025108	0.00394876	0.00001969	0.00396845
5 - Industrial	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
- excess land	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
- vacant land	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
- farm land I	0.00114802	0.00075604	0.00012929	0.00203335	0.00001014	0.00204349
- Large Industrial	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
- excess land	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
- new construction	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
- new construction excess land	0.00320021	0.00210754	0.00036041	0.00566816	0.00002826	0.00569642
6 - Pipe Line	0.00162513	0.00107025	0.00018302	0.00287840	0.00001435	0.00289275
7 - Farm	0.00030614	0.00020161	0.00003448	0.00054223	0.00000270	0.00054493
8 - Managed Forests	0.00038267	0.00025201	0.00004310	0.00067778	0.00000338	0.00068116

## Local Municipality - Oakville

	General	Police	Basic Waste	Enhanced Waste	Regional Total Urban	Regional Total Rural
1 - Residential	0.00153069	0.00100806	0.00012476	0.00002010	0.00268361	0.00268361
2 - Multi-Residential	0.00306138	0.00201611	0.00024953	0.00004021	0.00536723	0.00536723
3 - New Multi-Residential	0.00153069	0.00100806	0.00012476	0.00002010	0.00268361	0.00268361
4 - Commercial	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- excess land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- vacant land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- new construction	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- new construction excess land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- Office Building	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- excess land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- new construction	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- new construction excess land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- Parking Lot	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- Shopping Centre	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- excess land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- new construction	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
- new construction excess land	0.00222945	0.00146823	0.00018172	0.00002928	0.00390868	0.00390868
5 - Industrial	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
- excess land	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
- vacant land	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
- farm land I	0.00114802	0.00075604	0.00009357	0.00001508	0.00201271	0.00201271
- new construction	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
- new construction excess land	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
- Large Industrial	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
- excess land	0.00320021	0.00210754	0.00026084	0.00004203	0.00561062	0.00561062
6 - Pipe Line	0.00162513	0.00107025	0.00013246	0.00002134	0.00284918	0.00284918
7 - Farm	0.00030614	0.00020161	0.00002495	0.00000402	0.00053672	0.00053672

## **Halton's Recommended Criteria for 2021 Capping Program**

The capping parameters recommended for 2021 are as follows:

- 1) That all properties that were at Current Value Assessment (CVA) taxes for the 2020 taxation year be excluded from the capping program.
- 2) That an annual cap be set at an amount representing the greater of 10% of the previous year's annualized taxes or 10% of the previous year's CVA-level taxes.
- 3) That following the application of the capping program, all properties within +/- \$500 threshold of the CVA-level taxes be moved to CVA taxation.
- 4) That all properties be excluded from the capping program if they move from being capped in the previous year to being clawed back in the current year.
- 5) That all properties be excluded from the capping program if they move from being clawed back in the previous year to being capped in the current year.
- 6) That all properties in a property class be phased out from the capping program over 4 years where the taxes in the previous year for all properties in a property class were equal to or greater than 50% of the CVA-level taxes.
- 7) That properties in the vacant land subclass be excluded from the inventory of properties considered eligible for the 4-year phase out described in #6 above.

Note that in previous years, the following parameter has been used, however it is not applicable in 2021 due to the postponement of the property tax reassessment.

- 8) That reassessment related increases be excluded from the capping calculation.

**Capping Summary by Municipality**Capping Parameters:

Increase over 2020 annualized tax	10%
Increase over 2020 CVA tax	10%
Dollar Threshold Clawback	\$500
Dollar Threshold Cap	\$500
Exclude Properties at CVA Taxes in 2020	Yes
Exclude Properties that Cross from Cap to Claw	Yes
Exclude Properties that Cross from Claw to Cap	Yes
Four-year Phase-out for Eligible Property Classes	Yes
Exclude Vacant Land from Four-year Phase-out	Yes
Exclude Reassessment Increases	Yes

	# of Properties Capped	Cost of Capping Program*	Net Position Surplus / (Shortfall)*	# of Properties Excluded	Total # of Properties
<b>Commercial Cap</b>					
Burlington	-	\$ -	\$ -	2,183	2,183
Halton Hills	-	-	-	602	602
Milton	-	-	-	1,224	1,224
Oakville	-	-	-	2,312	2,312
<b>Region of Halton</b>	-	\$ -	\$ -	<b>6,321</b>	<b>6,321</b>

	# of Properties Capped	Cost of Capping Program*	Net Position Surplus / (Shortfall)*	# of Properties Excluded	Total # of Properties
<b>Industrial Cap</b>					
Burlington	-	\$ -	\$ -	318	318
Halton Hills	-	-	-	144	144
Milton	-	-	-	133	133
Oakville	-	-	-	273	273
<b>Region of Halton</b>	-	\$ -	\$ -	<b>868</b>	<b>868</b>

\**Net Position Shortfall* - Starting in 2018, the cost of the capping program is no longer funded by clawing back tax decreases from other properties. The capping program will be funded from available funds from prior years revenue associated with this program.