

## Report to Corporate Services Committee

**To:** Chair and Members  
Corporate Services Committee

**From:** Anna Lisa Barbon,  
Deputy City Manager, Finance Supports

**Subject:** Year 2024 Education Tax Rates

**Date:** April 15, 2024

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the attached proposed by-law (Appendix “A”) being a by-law levying rates for 2024 for school purposes in the City of London **BE INTRODUCED** at the Municipal Council meeting to be held on of April 23, 2024.

## Executive Summary

In summary, it is recommended that a by-law be introduced prior to the final billing for 2024 to levy education tax rates identified in Ontario Regulation 400/98 Tax Matters – Rates For School Purposes. Due to the continued delay in reassessment, there are no changes to education tax rates from 2023 to 2024.

## Linkage to the Corporate Strategic Plan

Council’s 2023 - 2027 Strategic Plan for the City of London identifies “Well-Run City” as a strategic area of focus. The information contained in this report would assist in developing tax policy to align with Council priorities of the Strategic Plan by supporting London’s competitiveness through prudent and equitable fiscal policy. The tax policy achieves this result by focusing on equity within and between property tax classes and examining alternatives in a transparent manner.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter

Corporate Services Committee, February 26, 2024, Consent Item # 2.3, 2024 Tax Policy Expectations

Corporate Service Committee, April 11, 2023, Consent Item # 2.7, Year 2023 Education Tax Rates

### 2.0 Discussion

On November 5, 2020, the Ontario Minister of Finance announced the *2020 Ontario Budget* which included decisions regarding education property tax rates for 2021. During a review of Ontario’s property tax and assessment system, municipalities and business stakeholders, including the City of London, expressed concerns regarding the variation of Business Education Tax (BET) rates and the resulting impact on business competitiveness. The provincial government also heard that, as the province recovers from the COVID-19 pandemic, addressing this variation in BET rates would reduce regional tax inequities and improve business competitiveness.

In response to these concerns, the Province announced that it would reduce all high BET rates to a rate of 0.88 per cent in 2021. It is estimated that this will result in annual savings of \$20.95 million for London business property owners.

To ensure municipalities are not negatively impacted by BET reductions, the Province will maintain BET rates at the 2023 BET rate of 1.25% for properties whose payments in lieu of education taxes municipalities are permitted to retain.

### 3.0 Key Issues and Considerations

In the letter issued to all Municipal Treasurers dated November 17, 2020, from the Assistant Deputy Minister of Finance, important provincial property tax policy decisions for 2021 were announced. This included the decision to eliminate historical assessment and tax inequities by establishing a uniform BET rate of 0.88 per cent for 2021. This decision indicates that the advocating by the City of London for a more equitable Business Education Tax system has been successful, noting that previously the City of London's BET rate was 1.250000 per cent.

In the letter issued to all Municipal Treasurers dated January 19, 2024, attached as Appendix "B", from the Assistant Deputy Minister, Provincial-Local Finance Division, it was announced that education property tax rates for 2024 will remain unchanged from the previous year as assessments continue to be based on the same valuation date, January 1, 2016, used for 2023. Education tax rates and Payment-in-Lieu of Taxation (PILT) Business Education Tax Rates were provided. Residential rates remain unchanged due to no reassessment and PILT rates remain unchanged so as not to negatively impact municipalities who retain the education portion.

Education tax rates for 2024 for all property classes for the City of London that have been set out by the Ministry of Finance letter are as follows:

Residential and Multi-Residential	0.153000%
Farm and Managed Forests	0.038250%
Commercial	0.880000%
Industrial	0.880000%
Pipeline	0.880000%
Landfill	0.880000%
Small Scale on Farm (Commercial and Industrial)	0.220000%
Payment-in-Lieu of Taxation (all Business classes)	1.250000%

The Ministry also confirmed that BET rates for properties where municipalities are permitted to retain the education portion of payments in lieu of taxes (PILS) will remain at the rates set for 2023, which was 1.25% for the City of London. Despite the higher PIL BET rates, the federal government and Crown Corporations such as Canada Post, chose to pay the PILs using the lower BET rate of 0.88% in 2021, 2022 and 2023. In October 2021, a group of mayors, including City of London Mayor Ed Holder, contacted Ontario Minister of Finance Peter Bethlenfalvy and Federal Minister of Public Services and Procurement Filomena Tassi to request a joint meeting to discuss potential solutions. This request was not successful in finding a resolution. The Association of Municipalities of Ontario president, Jamie McGarvey, sent letters to the federal Minister of Public Services and Procurement in February and May of 2022 identifying an annual \$20 million shortfall in federal PILs to municipalities in Ontario.

A press release from the Association of Municipalities of Ontario (AMO) in August 2023 stated that "the province is providing up to \$50 million in temporary support to assist municipalities most significantly impacted by the federal decision to make payments-in-lieu of taxes (PILT) on federal properties at the provincially regulated rate. Ontario continues to urge the federal government to make these payments and encourages the province's municipal partners to join in this effort."

This unresolved federal dispute presents many municipalities and property taxpayers with ongoing fiscal challenges for 2021-2024, and beyond due to the decrease in federal PIL revenues. The annual impact to the City of London is approximately \$250,000. City staff have made a submission to the Dispute Advisory Panel contesting the decision of the federal government to pay the lower BET rate. Currently, the City has received a decision on Canada Post, where Canada Post will be paying the lower BET rate. However, there are still other federal PILs in London for which the City is awaiting a decision.

On March 26, 2024, the 2024 Provincial Budget was announced. The budget document includes a section titled "Keeping Costs Down for Ontario Businesses." One item identified in keeping costs down is the lowering of high Business Education Tax (BET) rates, providing \$450 million in annual savings to 95 per cent of all business properties in Ontario. More details are required to determine, what if any additional impact, this may have. If there is a plan to reduce BET rates further than what was implemented in 2021, Civic Administration expects that this further reduction would occur in 2025, at the earliest, as the 2024 BET rates have been announced and are shown on Appendix "B".

## **Conclusion**

Changes to the Ontario Education Property Tax system which resulted in lower BET tax levies for London business property owners along with a more equitable treatment of business properties province-wide in 2021 will continue in 2024. As reassessment has not occurred in 2024, there are no assessment changes between classes and no change to education property tax rates for 2024.

**Prepared by:** Joseph McMillan, Division Manager, Taxation and Revenue

**Submitted by:** Ian Collins, Director, Financial Services

**Recommended by:** Anna Lisa Barbon,  
Deputy City Manager, Finance Supports

## APPENDIX "A"

Bill No.  
2024

By-law No.

A by-law levying rates for 2024 for school purposes in the City of London.

WHEREAS by section 257.7 of the *Education Act*, the Municipal Council is required to levy and collect upon all the residential property and business property in the City of London the tax rates prescribed under section 257.12 of the said *Act* for school purposes;

THEREFORE the Municipal Council of the Corporation of the City of London enacts as follows:

### 2024 SCHOOL RATE BY-LAW

#### School Rates

1. The rates set out in column 3 of Schedule "A" of this by-law are hereby levied for 2024 upon all the property rateable for school purposes in the City of London.

#### Definitions - Realty Tax Classes and Realty Tax Qualifiers

2. For purposes of this by-law, Realty Tax Classes and Realty Tax Qualifiers (Taxable/PIL) under the Ontario Fair Assessment System (OFAS) are defined in Schedule "B" of this by-law and are indicated in the first two characters of column 2 of Schedule "A" of this by-law. Where there is more than one code in column 2 of Schedule "A" the codes are separated by a comma.

#### Administration of By-law

3. The administration of this by-law is assigned to the City Treasurer who is hereby authorized and directed to do such things as may be necessary or advisable to carry out fully the provisions of this by-law.

#### Commencement

4. This by-law comes into force on the day it is passed.

PASSED in Open Council on April 23, 2024.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

**SCHEDULE "A"**  
**By-law No.**

COLUMN 1	COLUMN 2	COLUMN 3
ABBREVIATED RATEABLE PROPERTY DESCRIPTION	CODE	YEAR 2024 EDUCATION TAX RATE
com taxable farmland 1	c1n, c0n	0.114750%
com taxable farmland 2	c4n	0.880000%
commercial small scale on farm business	c7n	0.220000%
commercial taxable - hydro	chn	1.250000%
commercial taxable vacant -hydro	cjn	1.250000%
commercial taxable - excess - hydro	ckn	1.250000%
commercial taxable tenant of Province	cpn	0.880000%
commmercial taxable	ctn	0.880000%
commercial taxable excess land	cun	0.880000%
commercial taxable vacant land	cxn	0.880000%
office bldg taxable - hydro	dhn	1.250000%
office bldg taxable	dtn	0.880000%
office bldg taxable excess land	dun	0.880000%
farmland taxable fp	ffp	0.038250%
farmland taxable fs	ffs	0.038250%
farmland taxable no support	ftn	0.038250%
farmland taxable ep	ftep	0.038250%
farmland taxable es	ftes	0.038250%
parking lot taxable	gtn	0.880000%
industrial taxable farmland 1	i1n	0.114750%
industrial taxable farmland 2	i4n	0.880000%
industrial taxable - hydro	ihn	1.250000%
industrial generating station	isn	1.250000%
industrial taxable - hydro- el	ikn	1.250000%
industrial taxable	itn	0.880000%
industrial taxable excess land	iun	0.880000%
industrial taxable vacant land	ixn	0.880000%
large industrial taxable	Ltn	0.880000%
large industrial excess land	Lun	0.880000%
multi-res taxable farmland 1 ns	m1n	0.114750%
multi-res taxable farmland 1 ep	m1ep	0.114750%
multi-res taxable farmland 1 es	m1es	0.114750%
multi-res taxable farmland 1 fp	m1fp	0.114750%
multi-res taxable farmland 1 fs	m1fs	0.114750%
multi-res taxable farmland 2 ep	m4ep	0.153000%
multi-res taxable fp	mtfp	0.153000%
muti-res taxable fs	mtfs	0.153000%
multi-res taxable ep	mtep	0.153000%
multi-res taxable es	mtes	0.153000%
multi-res taxable n	mtn	0.153000%
new multi-res taxable ntfp	ntfp	0.153000%
new multi-res taxable ntfs	ntfs	0.153000%
new multi-res taxable ntep	ntep	0.153000%
new multi-res taxable ntes	ntes	0.153000%
new multi-res taxable ntn	ntn	0.153000%
pipeline taxable	ptn	0.880000%
res/farm taxable 1 fp	r1fp	0.114750%
res/farm taxable 1 fs	r1fs	0.114750%
res/farm taxable farmland 1 ep	r1ep	0.114750%
res/farm taxable farmland 1 es	r1es	0.114750%
res/farm taxable farmland 2 ep	r4ep	0.153000%
res/farm taxable -hydro fp	rhfp	0.153000%
res/farm taxable-hydro fs	rhfs	0.153000%
res/farm taxable-hydro ep	rhep	0.153000%
res/farm taxable-hydro es	rhes	0.153000%

**SCHEDULE "A" cont'd**  
**By-law No.**

<b>COLUMN 1</b>	<b>COLUMN 2</b>	<b>COLUMN 3</b>
<b>ABBREVIATED RATEABLE PROPERTY DESCRIPTION</b>	<b>CODE</b>	<b>YEAR 2024 EDUCATION TAX RATE</b>
res/farm taxable fp	rtp	0.153000%
res/farm taxable fs	rfs	0.153000%
res/farm taxable ns	rtn	0.153000%
res/farm taxable ep	rtep	0.153000%
res/farm taxable es	rtes	0.153000%
shopping centre taxable	stn	0.880000%
shopping centre excess land	sun	0.880000%
managed forest taxable fp	tftp	0.038250%
managed forest taxable fs	tfs	0.038250%
managed forest taxable ep	ttep	0.038250%
managed forest taxable es	ttes	0.038250%
landfill taxable	ht	0.880000%

**SCHEDULE “B”  
By-law No.**

**Definitions of  
Realty Tax Classes and Realty Tax Qualifiers (Taxable/PIL) Under OFAS**

<b>Realty Tax Class (RTC)</b>	<b>Description</b>	<b>Realty Tax Qualifier (RTQ)</b>	<b>Description</b>
A	Theatre	A	Taxable: General Vacant Land
C	Commercial	B	Taxable
D	Office Building	D	Taxable: Education Only
E	Exempt	F	Payment-In-Lieu: Full
F	Farm	G	Payment-In-Lieu: General
G	Parking Lot	H	Taxable: Full, Shared Payment-in-Lieu
I	Industrial	J	Taxable: Vacant Land, Shared Payment-in-Lieu
L	Large Industrial	K	Taxable: Excess Land, Shared Payment-in-Lieu
M	Multi-Residential	M	Taxable: General
N	New Multi-Residential	P	Taxable Tenant of Province
O	Other	Q	Payment-in-Lieu: Full Excess Land, Taxable Tenant of Province
P	Pipeline	T	Taxable: Full
Q	Professional Sports Facility	U	Taxable: Excess Land
R	Residential	V	Payment-in-Lieu: Full Excess Land
S	Shopping Centre	W	Payment-In-Lieu: General Excess Land
T	Managed Forest	X	Taxable: Vacant Land
U	Utility Transmission / Distribution	Y	Payment-In-Lieu: Full Vacant Land
W	Railway Right-of-Way	Z	Payment-In-Lieu: General Vacant Land
H	Landfill	1	Taxable: Farmland Awaiting Development Phase I
		2	Payment-In-Lieu: Full, Farmland 1
		3	Payment-In-Lieu: General, Farmland 1
		4	Taxable: Farmland Awaiting Development Phase II
		5	Payment-In-Lieu: Full, Farmland II
		6	Payment-In-Lieu: General, Farmland II

Note that each RTC will be applied in combination with an appropriate RTQ.

## APPENDIX B

### Ministry of Finance

Provincial-Local  
Finance Division

Frost Building North  
95 Grosvenor Street  
Toronto ON M7A 1Y7

Tel.: 416 327-0264  
Fax.: 416 325-7644

### Ministère des Finances

Division des relations provinciales-  
municipales en matière de finances

Édifce Frost nord  
95 rue Grosvenor  
Toronto ON M7A 1Y7

Tél. : 416 327-0264  
Télééc. : 416 325-7644



*Le français suit l'anglais.*

January 19, 2024

Dear Municipal Treasurer / Clerk-Treasurer:

I am writing to advise you of education property tax rates for the 2024 taxation year, and to confirm the continuation of a number of other property tax policies.

### **Education Property Taxes**

Education property tax rates for 2024 will remain unchanged from the previous year as assessments continue to be based on the same valuation date used for 2023. This means that the residential education tax rate will remain at 0.153 per cent and the business education tax (BET) rate reductions implemented in 2021 will be maintained. The 2024 BET rates for your municipality are attached.

BET rates for certain properties where municipalities are permitted to retain the education portion of payments in lieu of taxes (PILs) will remain at the rates set for 2023.

To ensure that PIL properties that were previously classified in the New Construction classes are not impacted by the reclassification of the New Construction property classes to their respective main classes, the education tax rate that applied in 2022 continue to apply in 2024. A list of the properties that this applies to in your municipality is attached for your reference.

The regulation implementing the education property tax rates for 2024 has been enacted and will be available on the e-laws website at [www.ontario.ca/laws](http://www.ontario.ca/laws).

### **Other Property Tax Policies for 2024**

#### **Railway Rights-of-Way**

For the 2024 tax year, the property tax rates for railway rights-of-way will remain at 2023 levels.

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



Municipalities continue to have the flexibility to offer property tax reductions to eligible small business properties through adoption of the Small Business Property Subclass. The Province will automatically match municipal property tax reductions within any municipality that adopts the subclass.

Municipalities continue to be encouraged to consult with local business stakeholders prior to making a decision to adopt the Small Business Property Subclass.

Levy Restriction

Municipalities with property classes subject to the levy restriction continue to have the flexibility to apply a municipal tax increase to those classes of up to 50 per cent of any increase applied to the residential class. For example, a municipality levying a 2 per cent increase in residential taxes could raise taxes on any restricted class by up to 1 per cent. A full levy restriction continues to apply to multi-residential properties for the 2024 tax year where the tax ratio set for that year is greater than 2.

If you have any questions related to any of these updates, please contact Chris Broughton, Director of the Property Tax Policy Branch at [Chris.Broughton@ontario.ca](mailto:Chris.Broughton@ontario.ca) or 416-455-6307.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ian Freeman".

Ian Freeman  
Assistant Deputy Minister  
Provincial-Local Finance Division

**City of London**

**2024 Business Education Tax (BET) Rates**

*BET Rate - Broad Classes*

<b>Business Property Class</b>	<b>2024 BET Rate</b>	<b>2024 Payment-in-Lieu of Taxation (PILT) BET Rate</b>
<b>Commercial</b>	0.880000%	1.250000%
<b>Industrial</b>	0.880000%	1.250000%
<b>Pipeline</b>	0.880000%	1.250000%
<b>Landfill</b>	0.880000%	1.250000%
<b>Small-Scale On-Farm (Commercial &amp; Industrial)</b>	0.220000%	n/a

*Properties Classified as New Construction in 2024*

<b>Assessment Roll 15</b>	<b>2024 New Construction Rate</b>	<b>2024 Education Tax Rate</b>
<b>393608005015600</b>	0.980000%	0.980000%

**Ministry of Finance**Provincial-Local  
Finance DivisionFrost Building North  
95 Grosvenor Street  
Toronto ON M7A 1Y7Tel.: 416 327-0264  
Fax.: 416 325-7644**Ministère des Finances**Division des relations provinciales-  
municipales en matière de financesÉdifice Frost nord  
95 rue Grosvenor  
Toronto ON M7A 1Y7Tél. : 416 327-0264  
Télééc. : 416 325-7644

19 janvier 2024

Madame la Trésorière ou Secrétaire-trésorière, Monsieur le Trésorier ou Secrétaire-trésorier,

Je vous écris pour vous aviser des taux utilisés pour calculer les impôts fonciers scolaires pour l'année d'imposition 2024 et pour confirmer la poursuite d'un certain nombre d'autres politiques relatives à l'impôt foncier.

**Taux utilisés pour calculer les impôts fonciers scolaires**

Les taux utilisés pour calculer les impôts fonciers scolaires en 2024 demeureront les mêmes que pour l'année précédente puisque la date d'évaluation sera la même qu'en 2023. Ainsi, le taux utilisé pour le calcul des impôts fonciers scolaires résidentiels demeure à 0,153 %, et la réduction des taux utilisés pour le calcul des impôts fonciers scolaires applicables aux entreprises mise en œuvre en 2021 sera maintenue. Le taux pour le calcul des impôts fonciers scolaires applicables aux entreprises en 2024 pour votre municipalité sont joints.

Les taux d'imposition scolaire applicables aux entreprises pour certains biens dans des municipalités où il est permis de retenir la partie scolaire du paiement en remplacement d'impôt (PERI) demeureront aussi aux mêmes taux qu'en 2023.

Pour veiller à ce que les biens auxquels s'appliquent les PERI qui étaient antérieurement inclus dans les catégories relatives aux nouvelles constructions ne soient pas touchés par la reclassification des catégories de nouvelles constructions à leurs catégories principales respectives, les taux utilisés pour calculer l'impôt foncier scolaire en 2022 continueront de s'appliquer en 2024. Une liste des biens auxquels s'applique cette situation dans votre municipalité est jointe à titre d'information.

Le règlement mettant en œuvre les taux utilisés pour calculer les impôts fonciers scolaires en 2024 a été adopté et sera accessible dans le site Web Lois-en-ligne: <https://www.ontario.ca/fr/lois>.

**Autres politiques relatives aux impôts fonciers pour 2024**

*Emprises de chemin de fer*

Pour l'année d'imposition 2024, les taux d'impôts fonciers pour les emprises de chemin de fer demeureront les mêmes qu'en 2023.

#### Sous-catégorie des petites entreprises

Les municipalités continuent d'avoir la souplesse d'offrir des réductions des impôts fonciers aux petites entreprises admissibles en adoptant la sous-catégorie des petites entreprises. La province offrira automatiquement les mêmes réductions d'impôts fonciers que la municipalité dans les municipalités qui ont adopté la sous-catégorie.

Nous continuons d'encourager les municipalités à consulter les propriétaires des entreprises locales avant de prendre des décisions à l'égard de l'adoption de la sous-catégorie des petites entreprises.

#### Seuils applicables aux restrictions

Les municipalités ayant des catégories de biens assujetties à des seuils applicables aux restrictions continueront d'avoir la souplesse d'appliquer une augmentation fiscale municipale à ces catégories qui équivaut à jusqu'à 50 % de toute augmentation appliquée à la catégorie résidentielle. Par exemple, une municipalité qui augmente les impôts résidentiels de 2 % pourrait augmenter les impôts par un maximum de 1 % pour toutes les catégories assujetties à des seuils applicables. Une restriction complète continue de s'appliquer en 2024 aux immeubles à logements multiples dont le ratio fiscal est supérieur à 2,0.

Si vous avez des questions au sujet de ces mises à jour, veuillez communiquer avec Chris Broughton, directeur de la Direction des politiques en matière d'impôt foncier à [Chris.Broughton@ontario.ca](mailto:Chris.Broughton@ontario.ca) ou au 416 455-6307.

Veillez agréer, Madame, Monsieur, l'expression de mes sentiments distingués.



Ian Freeman  
Le sous-ministre adjoint  
Division des relations provinciales-municipales en matière de finances

## La cité de London

Taux d'impôt scolaire applicable aux entreprises (ISE) en 2024

### Taux d'ISE - Grandes catégories

Catégorie des biens d'entreprises	Taux ISE 2024	Taux ISE 2024 – paiement tenant lieu d'impôt
Biens commerciaux	0,880000%	1,250000%
Biens industriels	0,880000%	1,250000%
Pipelines	0,880000%	1,250000%
Lieux d'enfouissement	0,880000%	1,250000%
Petites entreprises exploitées à la ferme (Biens commerciaux et industriels)	0,220000%	s.o.

### Biens classés comme nouvelles constructions en 2024

Rôle d'évaluation 15	Taux pour les nouvelles constructions en 2024	Taux des impôts scolaires en 2024
393608005015600	0.980000%	0.980000%