

## Report to Infrastructure and Corporate Services Committee

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

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

**Subject:** Year 2025 Education Tax Rates

**Date:** April 9, 2025

## 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 2025 for school purposes in the City of London **BE INTRODUCED** at the Municipal Council meeting to be held on of April 22, 2025.

## 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 2024 to 2025.

## 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 Service Committee, April 15, 2024, Consent Item # 2.5, Year 2024 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 2024 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 November 1, 2024, attached as Appendix “B”, from the Assistant Deputy Minister, Provincial-Local Finance Division, it was announced that education property tax rates for 2025 will remain unchanged from the previous year as assessments continue to be based on the same valuation date, January 1, 2016, used for 2024. 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 2025 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%
Aggregate Extraction	0.511000%
Small Scale on Farm (Commercial and Industrial)	0.220000%
Payment-in-Lieu of Taxation (all Business classes)	1.250000%

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 2026, at the earliest, as the 2025 BET rates have been announced and are shown on Appendix “B”.

On February 19, 2025, the Federal Court released its decision regarding the case of *Ottawa (City) v. Canada (Public Services and Procurement)* The Federal Court ruled in favour of the federal government, affirming that the Payments in Lieu of Taxes Act grants the Minister discretion in determining property values and applicable rates for PILTs. Based on this ruling, any challenges regarding the use of the higher BET rate for PILTs will be unsuccessful. Although the province maintained their PILTs at the higher rate of 1.250000%, this court ruling validates the federal governments position that they are only required to pay at the 0.880000% rate.

# 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 2025. As reassessment has not occurred in 2025, there are no assessment changes between classes and no change to education property tax rates for 2025.

<b>Prepared by:</b>	<b>Joseph McMillan, Division Manager, Taxation and Revenue</b>
<b>Submitted by:</b>	<b>Ian Collins, Director, Financial Services</b>
<b>Recommended by:</b>	<b>Anna Lisa Barbon, Deputy City Manager, Finance Supports</b>

## APPENDIX “A”

Bill No.  
2025

By-law No.

A by-law levying rates for 2025 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:

### 2025 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 2025 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 22, 2025.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First reading – April 22, 2025

Second reading – April 22, 2025

Third reading – April 22, 2025

SCHEDULE “A”  
By-law No.

COLUMN 1	COLUMN 2	COLUMN 3
ABBREVIATED RATEABLE PROPERTY DESCRIPTION	CODE	YEAR 2025 EDUCATION TAX RATE
com taxable farmland 1	c1n	0.114750%
com taxable farmland 2	c4n	0.880000%
commercial small scale on farm business	c7n, c0n	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	fffp	0.038250%
farmland taxable fs	fffs	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%

SCHEDULE “A” cont’d  
By-law No.

COLUMN 1	COLUMN 2	COLUMN 3
ABBREVIATED RATEABLE PROPERTY DESCRIPTION	CODE	YEAR 2025 EDUCATION TAX RATE
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%
res/farm taxable fp	rtfp	0.153000%
res/farm taxable fs	rtfs	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	ttfs	0.038250%
managed forest taxable ep	ttep	0.038250%
managed forest taxable es	ttes	0.038250%
aggregate extraction taxable vt	vt	0.511000%
landfill taxable	ht	0.880000%

SCHEDULE “B”  
By-law No.

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

Realty Tax Class (RTC)	Description	Realty Tax Qualifier (RTQ)	Description
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
V	Aggregate Extraction	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.

**Ministry of Finance**

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*Le français suit l'anglais.*

November 1, 2024

Dear Municipal Treasurer / Clerk-Treasurer:

I am writing to advise you of education property tax rates for the 2025 taxation year, and to confirm the continuation of a number of other property tax policies.

**Education Property Taxes**

Education property tax rates for 2025 will remain unchanged from the previous year as assessments continue to be based on the same valuation date used for 2024. 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 2025 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 2024.

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 2025. 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 2025 has been enacted and will be available on the e-laws website at <https://www.ontario.ca/laws>.

**Other Property Tax Policies for 2025**

**Railway Rights-of-Way**

For the 2025 tax year, the property tax rates for railway rights-of-way will remain at 2024 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.

### New Multi-Residential Subclass

As indicated in the 2024 Budget, to further encourage the development of purpose-built rental properties, Ontario is providing municipalities with the flexibility to set their own reduced property tax rates on new multi-residential rental properties. Single- and Upper-Tier municipalities can pass a municipal bylaw to adopt the subclass and provide a reduction of up to 35% in municipal property tax rate for the subclass, relative to the new multi-residential property class.

### 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 2025 tax year where the tax ratio set for that year is greater than 2.

### Aggregate Sites

As previously communicated, the Province has created a new property class for aggregate extraction sites. For the 2025 tax year, the class will be comprised of the industrial portions of aggregate sites that are currently in the temporary aggregate extraction sub-class. Following the preparation by the Municipal Property Assessment Corporation (MPAC) of final assessments for the 2025 roll, municipal tax ratios and education tax rates will be established to provide an ongoing tax reduction to the sector. Further details will be provided in the near future.

## **2024 Fall Economic Statement Updates**

Finally, the 2024 Ontario Fall Economic Statement included the following updates:

- **Affordable Rental Housing:** The province will provide municipalities with the ability to reduce municipal tax rates on affordable rental housing. This will be implemented through a new optional property subclass for 2026. The government will be seeking input from municipalities and other stakeholders with the intention of regulations being in place in early 2025.
- **Student Housing:** The province introduced a legislative amendment that would provide consistent treatment for university-operated student housing whether the

institution's property tax status is governed by the Assessment Act or an institution-specific statute.

- **Information Sharing:** The province will work with MPAC, municipalities, and other stakeholders to enhance information sharing and develop new digital solutions, including:
  - Enabling broader municipal use of MPAC data to improve planning;
  - Evaluating new tools to help municipalities manage their assessment base;
  - Making assessment roll information available to the public through a centralized electronic platform;
  - Authorizing digital delivery of property assessment notices.

The review of the property assessment and taxation system is ongoing, as such the province-wide property tax reassessment will continue to be deferred.

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,



Ian Freeman  
Assistant Deputy Minister  
Provincial-Local Finance Division

## City of London

### 2025 Business Education Tax (BET) Rates

#### BET Rate - Broad Classes

Business Property Class	2025 BET Rate	2025 Payment-in-Lieu of Taxation (PILT) BET Rate
Commercial	0.880000%	1.250000%
Industrial	0.880000%	1.250000%
Pipeline	0.880000%	1.250000%
Landfill	0.880000%	1.250000%
Small-Scale On-Farm (Commercial & Industrial)	0.220000%	n/a

#### Properties Classified as New Construction in 2022

Assessment Roll 15	2022 New Construction Rate	2025 Education Tax Rate
393608005015600	0.980000%	0.980000%