

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 25, 2017</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER AND CITY MANAGER</b>
<b>SUBJECT:</b>	<b>YEAR 2017 EDUCATION TAX RATES</b>

**RECOMMENDATION**

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and City Manager, a by-law to levy education tax rates for 2017 **BE INTRODUCED** at the Council meeting of May 2, 2017 assuming by that date the appropriate regulation has been issued by the Minister of Finance.

**PREVIOUS REPORTS PERTINENT TO THIS MATTER**

Corporate Services Committee, April 26<sup>th</sup>, 2016, Item #10, Year 2016 Education Tax Rates

**BACKGROUND**

At time of writing this report, the Minister of Finance for the Province of Ontario has not yet filed a Regulation to set education property tax rates for 2017. The City of London has, however, been advised that a Regulation is forthcoming by the Ministry of Finance and has been notified in writing of the rates which will be included in the Regulation. The City has been advised that the Regulation will set out the following uniform tax rates for all properties in the residential, multi-residential, farm, and managed forests property classes in Ontario:

Residential and Multi-Residential Classes	0.179000%
Farm and Managed Forests Classes	0.044750%

Education tax rates for the above property classes have been reduced 4.79% by the Province to offset the reassessment change in assessed values across the Province.

The Regulation to be issued will also set out property tax rates applicable to other property classes. The tax rates for other property classes are, however, not yet uniform across the Province. In March 2007, the Province announced that it would be phasing in uniform rates for commercial and industrial property classes over an eight year period ending in 2014. Previously, the Province had a system that maintained education tax rates at historical levels in place at the time of major property tax reform in the year 1998. The transition to the new system would have meant by the year 2014, London businesses should be paying \$33.6 million dollars less in education property taxes every year compared to what they would otherwise be paying.

In the Ontario budget introduced in the legislature on March 27<sup>th</sup>, 2012, however, it was announced that business education property tax cuts previously scheduled for 2013 and 2014 would be deferred until at least 2017-2018 and after Ontario has returned to a balanced budget. These reductions were originally introduced to correct historical inequities in education tax rates which the City of London and others had drawn to the attention of the Province. It is estimated that the reductions the Ontario budget deferred until at least 2017-2018 and after Ontario returned to a balanced budget should be in the \$10 million range in total for commercial and industrial properties in London.

New construction in the commercial and industrial property classes is subject to the lower uniform Provincial education tax rate immediately, provided the application for the building permit was made after March 22, 2007 and certain other criteria are met. For 2017, the new construction rate has been set at 1.14% to reflect the phase in of the 2017 reassessment. In 2016, the rate was 1.18%.

Education tax rates for 2017 for the other property classes for the City of London that will be set out by Regulation are as follows:

Commercial	1.390000%
Industrial	1.390000%
Pipeline	1.390000%

<b>SUMMARY</b>
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In summary, it is recommended that a by-law be introduced prior to the final billing for 2017 to levy education tax rates as required by Provincial Regulation.

<b>PREPARED BY:</b>	<b>CONCURRED BY:</b>
<b>JIM LOGAN DIVISION MANAGER – TAXATION &amp; REVENUE</b>	<b>ANNA LISA BARBON DIRECTOR, FINANCIAL SERVICES</b>
<b>RECOMMENDED BY:</b>	
<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER AND CITY MANAGER</b>	

Attach.