

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 17, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	YEAR 2018 TAX POLICY – ADDITIONAL OPTIONS

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, this report **BE RECEIVED** for information in conjunction with the Year 2018 Tax Policy report presented to the Corporate Services Committee on April 3, 2018; it being noted that a revised Schedule “B” has been attached which includes option AB1 and AB2. Appendix “A” reflects a proposed by-law for option AB1 and Appendix “B” reflects a proposed by-law for option AB2.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Corporate Services Committee, April 3, 2018, Item # 2.4. Year 2018 tax policy.

Corporate Services Committee, April 25, 2017, Item # 2, Year 2017 tax policy

Corporate Services Committee, March 28, 2017, Item # 3, Vacant Unit Rebate and Vacant/Excess Land Subclass Tax Reductions

Corporate Services Committee, September 12, 2017, Item # 3, By-law to Establish Tax Ratio for New Multi-residential Property Class

Corporate Services Committee, November 21, 2017, Item # 4, Vacant Unit Rebate and Vacant/Excess Land Subclass Tax Reduction

Corporate Services Committee, January 23, 2018, Item #7, Assessment Growth for 2018, Changes in Taxable Phase-in, Values and Shifts in Taxation as a Result of Reassessment

Corporate Services Committee, January 19, 2016, Item # 3, Future Tax Policy – Possible Directions

Finance and Administration Committee, September 28, 2011, Future Tax Policy

BACKGROUND

At the Corporate Services Committee meeting of April 3rd, 2018 the Committee requested that Finance staff prepare a report with additional options with respect to Recommendation (a) in the Year 2018 Tax Policy report presented at the meeting. The committee requested that the options be between option A and option B that were identified on Schedule B of that report that would reflect a balance between the residential, commercial, and industrial increases, with no change to multi-residential, farm, or other ratios. Two additional options as requested have been prepared and are attached as revised schedule B to this report. The additional options for the committee’s consideration have been labelled as options AB1 and AB2 on the revised schedule B. The

additional options equalize the average municipal tax increase in the residential and multi-residential property classes and maintain commercial and industrial tax ratios at equal levels. The original options as presented in the Tax Policy report of April 3rd, 2018 are also included on the attachment to this report.

SUMMARY

This report provides additional options for recommendation (a) to the 2018 tax policy options previously presented at the meeting of the Corporate Services Committee meeting on April 3rd 2018. This report should be considered in conjunction with the Tax Policy Report presented on April 3, 2018. Finance staff require a council decision and related by-laws on recommendations a to f in the 2018 tax policy report presented on April 3rd 2018 prior to proceeding with the final property tax billing for 2018.

PREPARED BY:	CONCURRED BY:
JIM LOGAN DIVISION MANAGER, TAXATION AND REVENUE	IAN COLLINS DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Attachments:

REVISED SCHEDULE "B"
2018 TAX POLICY ALTERNATIVE TAX RATIO OPTIONS FOR CONSIDERATION

	Option A - equalize average municipal tax increase in residential, farm, multi-residential and commercial property classes	Option AB1 - equalize average municipal tax increase in residential, farm, and multi-residential classes (commercial/industrial tax ratios at 1.89)	Option AB2 - equalize average municipal tax increase in residential, farm, multi-residential classes (commercial/industrial tax ratios at 1.93)	Option B - equalize average municipal tax increase in residential, farm, and multi-residential classes	Option C - reduce all non-residential property classes to equal tax ratio and keep average increase in residential class at 2.7% including education	Option D - reduce only the multi-residential tax ratio to 1.6 and keep average increase in the residential class at 2.7% including education (reduce commercial and industrial tax ratios to equal level of 1.85)
average tax increases in property classes including education	residential = 2.0% farm = 5.3% multi-residential = 2.6% commercial = 2.9% industrial = -1.2%	residential = 1.7% farm = 5.0% multi-residential = 2.3% commercial = 3.7% industrial = -0.4%	residential = 1.3% farm = 4.6% multi-residential = 1.8% commercial = 4.8% industrial = 0.6%	residential = 1.1% farm = 4.5% multi-residential = 1.6% commercial = 5.3% industrial = 1.1%	residential = 2.7% farm = 5.9% multi-residential = 3.5% commercial = 1.3% industrial = -2.7%	residential = 2.7% farm = 5.9% multi-residential = -7.1% commercial = 3.0% industrial = -1.0%
average tax increases in property classes excluding education	residential = 2.8% farm = 2.8% multi-residential = 2.8% commercial = 2.8% industrial = -0.8%	residential = 2.5% farm = 2.4% multi-residential = 2.5% commercial = 4.1% industrial = 0.4%	residential = 2.0% farm = 2.0% multi-residential = 2.0% commercial = 5.8% industrial = 2.1%	residential = 1.7% farm = 1.7% multi-residential = 1.7% commercial = 6.7% industrial = 2.9%	residential = 3.5% farm = 3.5% multi-residential = 3.8% commercial = 0.2% industrial = -3.3%	residential = 3.6% farm = 3.6% multi-residential = -7.7% commercial = 3.0% industrial = -0.6%
tax ratios used	residential = 1.000000 farm = 0.118030 multi-residential = 1.795800 commercial = 1.860000 industrial = 1.860000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.118030 multi-residential = 1.795800 commercial = 1.890000 industrial = 1.890000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.118030 multi-residential = 1.795800 commercial = 1.930000 industrial = 1.930000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.118030 multi-residential = 1.795800 commercial = 1.950000 industrial = 1.950000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.118030 multi-residential = 1.800000 commercial = 1.800000 industrial = 1.800000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.118030 multi-residential = 1.600000 commercial = 1.850000 industrial = 1.850000 pipelines = 1.713000 managed forests = 0.250000

- In all the alternatives shown above average municipal tax increases for residential and farm property classes have been approximately equalized.
- % calculations above do not include business education tax rate on new construction in commercial and industrial property classes
- recommended ratio for Landfill property class under all options is 2.459410
- recommended ratio for New Multi-residential property class under all options is 1.000000

APPENDIX "A"

Bill No.
2018

By-law No.

A by-law setting tax ratios for property classes in 2018.

WHEREAS section 308 of the *Municipal Act, 2001*, as amended, provides that the council of every single tier municipality in each year shall pass a by-law in each year to establish the tax ratios for that year for the municipality;

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

2018 MUNICIPAL TAX RATIO BY-LAW

1. The tax ratios as set out in column 3 of Schedule "A" of this by-law are hereby established for 2018 taxation.

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 the codes in 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.

Municipal Option to Apply

3. A single percentage of 30% is hereby adopted in accordance with subsection 313(4) of the *Municipal Act, 2001* instead of the percentages set out in paragraphs 2 to 5 of subsection 313(1) for the year 2018 and future years.

Administration of By-law

4. 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

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

PASSED in Open Council on April 24, 2018. .

Matt Brown
Mayor

Catharine Saunders
City Clerk

SCHEDULE "A"
By-law No.

MUNICIPAL TAX RATIOS

COLUMN 1	COLUMN 2	COLUMN 3
ABBREVIATED RATEABLE PROPERTY DESCRIPTION	CODE	YEAR 2018 TAX RATIOS
com taxable farmland 1	c1n	0.750000
com taxable farmland 2	c4n	1.890000
commercial taxable – hydro	chn, xhn	1.890000
commercial taxable vacant -hydro	cjn, xjn	1.323000
commercial taxable - excess - hydro	ckn, xkn	1.323000
commercial taxable tenant of Province	cpn, xpn	1.890000
com taxable	ctn, xtn	1.890000
com taxable excess land	cun, xun	1.323000
com taxable vacant land	cxn, xxn	1.323000
office bldg taxable – hydro	dhn	1.890000
office bldg taxable	dtn, ytn	1.890000
office bldg taxable excess land	dun, yun	1.323000
farmland taxable fp	ffp	0.118030
farmland taxable fs	ffs	0.118030
farmland taxable no support	Ftn	0.118030
farmland taxable ep	ftep	0.118030
farmland taxable es	ftes	0.118030
parking lot taxable	Gtn	1.890000
industrial taxable farmland 1	i1n	0.750000
industrial taxable farmland 2	i4n	1.890000
industrial taxable – hydro	ihn, Jhn	1.890000
industrial taxable-hydro- excess land	ikn, Jkn	1.323000
industrial taxable	itn, Jtn	1.890000
industrial taxable excess land	iun, Jun	1.323000
industrial taxable vacant land	ixn, Jxn	1.323000
large industrial taxable	Ltn, ktn	1.890000
large industrial excess land	Lun, kun	1.323000
multi-res taxable farmland 1 ns	m1n	0.750000
multi-res taxable farmland 1 ep	m1ep	0.750000
multi-res taxable farmland 1 es	m1es	0.750000
multi-res taxable farmland 1 fp	m1fp	0.750000
multi-res taxable farmland 1 fs	m1fs	0.750000
multi-res taxable farmland 2 ep	m4ep	1.795800
multi-res taxable fp	mtfp	1.795800
multi-res taxable fs	mtfs	1.795800
multi-res taxable ep	mtep	1.795800
multi-res taxable es	mtes	1.795800
multi-res taxable n	mtn	1.795800
pipeline taxable	ptn	1.713000
res/farm taxable 1 fp	r1fp	0.750000
res/farm taxable 1 fs	r1fs	0.750000
res/farm taxable farmland 1 ep	r1ep	0.750000
res/farm taxable farmland 1 es	r1es	0.750000
res/farm taxable farmland 2 ep	r4ep	1.000000
res/farm taxable -hydro fp	rhfp	1.000000
res/farm taxable-hydro fs	rhfs	1.000000
res/farm taxable-hydro ep	rhep	1.000000
res/farm taxable-hydro es	rhes	1.000000
res/farm taxable fp	rtfp	1.000000
res/farm taxable fs	rtfs	1.000000
res/farm taxable ns	rtn	1.000000
res/farm taxable ep	rtep	1.000000
res/farm taxable es	rtes	1.000000
shopping centre taxable	stn, ztn	1.890000
shopping centre excess land	sun, zun	1.323000

SCHEDULE "A" CONTINUED
By-law No.
MUNICIPAL TAX RATIOS

managed forest taxable fp	Ttfp	0.250000
managed forest taxable fs	tfts	0.250000
managed forest taxable ep	ttep	0.250000
managed forest taxable es	ttes	0.250000
Landfill taxable	ht	2.459410
New multi-residential taxable	nt	1.000000

**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, X	Commercial	B	Taxable: General Excess Land
D, Y	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: Shared Payment-in-Lieu
I, J	Industrial	J	Taxable: Vacant Land, Shared Payment-in-Lieu
L, K	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, Z	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 1
		2	Payment-In-Lieu: Full, Farmland 1
		3	Payment-In-Lieu: General, Farmland 1
		4	Taxable: Farmland 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.

All Realty Tax Classes and Realty Tax Qualifiers are letters or numbers.

Where there is more than one Realty Tax Class or Realty Tax Qualifier in a column they are separated by a comma.

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res/farm taxable farmland 1 es	r1es	0.750000
res/farm taxable farmland 2 ep	r4ep	1.000000
res/farm taxable -hydro fp	rhfp	1.000000
res/farm taxable-hydro fs	rhfs	1.000000
res/farm taxable-hydro ep	rhep	1.000000
res/farm taxable-hydro es	rhes	1.000000
res/farm taxable fp	rtfp	1.000000
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P	Pipeline	T	Taxable: Full
Q	Professional Sports Facility	U	Taxable: Excess Land
R	Residential	V	Payment-in-Lieu: Full Excess Land
S, Z	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
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