

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 30, 2019
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	YEAR 2019 TAX POLICY

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to property taxation for 2019:

- a) the Civic Administration BE DIRECTED to prepare a proposed by-law for introduction and enactment at the Municipal Council meeting to be held on May 7, 2019, reflective of committees recommendation in accordance with Sub-sections 308(4) and 308.1(4) of *the Municipal Act, 2001*, to set tax ratios in the various property classes in keeping with the option selected by the Municipal Council from the attached Schedule "B"; it being noted that the 2019 Municipal Tax Ratio By-Law (Appendix A) has been prepared reflecting option AB2;
- b) the Civic Administration BE DIRECTED to bring forward a proposed by-law (Appendix B) for introduction and enactment at the Municipal Council meeting to be held on May 7, 2019. To fully utilize options available in 2019 to exclude properties in capped property classes which have reached current value assessment tax levels or higher in 2018, from being capped again in 2019 and future years;
- c) the Civic Administration BE DIRECTED to bring forward a proposed by-law (Appendix C) for introduction and enactment at the Municipal Council meeting to be held on May 7, 2019 to initiate a four (4) year phase out of capping for any of the non-residential property classes, where London is eligible for such option, and exclude vacant land from the capping phase-out eligibility criteria where all properties must be within 50% of current value assessment (CVA) level taxes;
- d) the Civic Administration BE DIRECTED to bring forward a proposed by-law (Appendix D) for introduction and enactment at the Municipal Council meeting to be held on May 7, 2019 to limit only capping protection to reassessment related changes prior to 2017, and that reassessment changes in capped classes thereafter would not be subject to the cap; and
- e) the Civic Administration BE DIRECTED to bring forward a proposed by-law (Appendix E) for introduction and enactment at the Municipal Council meeting to be held on May 7, 2019 to adopt the capping formulae for the commercial, industrial and multi-residential property classes as described in detail in this report

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

Corporate Services Committee, January 22, 2019, Item #2.1, Assessment Growth for 2019, Changes in Taxable Phase-in, Values and Shifts in Taxation as a Result of Reassessment

Corporate Service Committee, February 19, 2019, Item #4.2, Future Tax Policy

BACKGROUND

Tax Ratios for 2019 Taxation – (Recommendation A)

Definition of the Term “Tax Ratio”

Tax ratios compare the tax rate for municipal purposes in a particular property class to the residential class. The ratio for the residential class is deemed to be 1.00. A tax ratio of 2.00 would therefore indicate a municipal tax rate twice the residential municipal tax rate. Education tax rates are set by the Province and are not dependent on tax ratios approved by municipal Council. Under subsection 308(4) of the *Municipal Act, 2001* all single tier municipalities are required to pass a by-law each year to establish tax ratios for the year.

History of Tax Ratio Setting Restrictions

Beginning in 2001, the Province established threshold tax ratios for three property classes - commercial, industrial and multi-residential. At the time, the Province indicated that these threshold ratios represented the Provincial average in each class. For 2017 the multi-residential threshold ratio was reduced from 2.74 to 2.00. Under provisions of the *Municipal Act, 2001*, and related Regulations, municipalities were not permitted in 2001, or subsequent years, to impose a general municipal levy increase on a property class which had a ratio exceeding the Provincial threshold. Beginning in 2004, this restriction was modified somewhat to permit levy increases at half the residential rate in property classes with tax ratios above Provincial thresholds. The Province advised on April 9, 2019 that this flexibility will be provided to municipalities again for 2019 taxation, except in the case of the multi-residential class where the tax ratio is greater than 2.00.

London’s Tax Ratios, Provincial Thresholds and Municipal Comparisons

In reviewing tax policy for 2019, it should be noted that none of the property classes in the City of London are above the Provincial thresholds. The only property class in London that was ever above the Provincial threshold was the industrial class. Council moved the industrial ratio down to the threshold for 2001 taxation. At the time of the last reassessments in 2006, 2009 and 2013 Council maintained the policy of not permitting tax ratios in any property class to exceed Provincial thresholds.

The tax ratios in effect for 2018, and their proximity to the Provincial thresholds or averages established in 2001, as well as the Provincial targets, or allowable ranges, can be summarized as follows:

	City of London 2018 Tax Ratio	Provincial Threshold/Average (O.Reg. 73/03)	Provincial Targets/Allowable Ranges (O.Reg. 386/98)
Commercial	1.930000	1.98	0.6 to 1.1
Industrial	1.930000	2.63	0.6 to 1.1
Multi-Residential	1.795000	2.00	1.0 to 1.1
Pipeline	1.713000	N/A	0.6 to 0.7
Farm	0.118030	N/A	N/A
Residential	1.000000	N/A	N/A

Schedule “D” attached provides comparative information on how different municipalities tax the various different major property classes. The information from Schedule “D” comes from the 2018 BMA Municipal Study and includes all municipalities with populations greater than 105,000. The last column of Schedule “D” is a theoretical calculation that shows the tax increase that would be required in the residential property class in each municipality if all property classes had a tax ratio of 1.00. The Schedule indicates that the theoretical adjustment for the City of London would be near the median and the average for the group.

Possible Directions identified in the Future Tax Policy report to the Corporate Services Committee on February 19, 2019

In the above referenced report four possible directions were identified. They were as follows:

1. Maintain tax ratios in the three main non-residential classes at their current levels.
2. Adjust ratios on an annual basis to mitigate assessment related tax increases in property classes (possibly giving priority to the multi-residential property class).
3. Reduce all the non-residential tax ratios in a gradual way (possibly giving priority to the multi-residential property class), and/or
4. Focus only on lowering the multi-residential tax ratio over a period of time.

Items two (2) and three (3) above are not mutually exclusive, could overlap in a gradual implementation and will be affected by the reassessment process.

Every four (4) years the property tax base of the entire Province is reassessed and new market values are phased into the property tax system. This phasing in process, without any intervention in the form of tax ratio setting, results in shifts in taxation between property classes. The tax ratio rules, however, established by the Province, permit the setting of tax ratios to offset tax shifts within certain limits. These limits are maximum ratios that the Province sets for certain non-residential property classes.

In the current phase in process that is taking place for the period of 2017 to 2020, equalizing tax increases in the residential and multi-residential property classes has necessitated a reduction in the multi-residential tax ratio in 2017 and 2018, and would for 2019. This pattern should continue into 2020.

In reference to the possible directions listed above, the first column of schedule B shows the result if no changes are made to tax ratios (direction # 1 above). Option A on schedule B reflects direction # 2 referenced above. Option B on schedule B also reflects direction # 2 above. Option C also reflects direction #2 & #3 above with a focus on the commercial and industrial classes. Option D reflects direction # 4 referenced above.

Tax Ratios –Commercial and Industrial (Recommendation A)

Schedule “A” attached, summarizes the tax ratios for all municipalities with populations greater than 105,000 included in the 2018 Municipal Study prepared by BMA Management Consulting Inc. The attached Schedule “A” shows the tax ratios for the three main non-residential property classes – Commercial, Industrial, and Multi-residential. In 2015, the City of London achieved a long term objective identified in September 2011 of lowering and equalizing the tax ratios in the main non-residential property classes. Over a four (4) year period, the City adjusted all the main non-residential tax ratios to a level of 1.95. Both the Region of Waterloo and the City of London had uniform ratios of 1.95 for all the aforementioned property classes in 2015. In 2016 and 2017, the City decreased the multi-residential ratio to equalize the municipal tax increase in the residential and multi-residential property classes.

For 2019, it is recommended that Commercial and Industrial tax ratios continue to be maintained at a uniform level. It would seem there is no logical justification for taxing industrial properties at higher rates than commercial properties, as was a past practice. The Province has accepted the validity of this position in the setting of education tax rates for commercial and industrial properties. For the first time in 2017, the Province established equal education property tax rates for commercial and industrial properties and has continued this practice in 2018 and 2019.

For 2019, the commercial and industrial tax ratios could be set at a level to equalize municipal tax increases in the commercial and residential property classes. This level is indicated in option A on schedule “B” attached. This option would result in the commercial and industrial ratios being set at what is generally described as a revenue neutral level. If no ratio adjustment is made in the commercial class, the average municipal tax increase in the class would be 6.0% as indicated on Schedule “C”, attached. Schedule “A” indicates that the City of London commercial tax ratio in 2018 was above the average level although close to the median level for the group.

Lowering the commercial/industrial tax ratio could potentially provide greater flexibility at the time of a future reassessment where there may be a shift in taxation towards the residential property class. The next reassessment is scheduled for 2021. Under current legislation, if the commercial tax ratio is increased beyond 1.98, a portion of the tax levy increase on the commercial property class is restricted and transferred to other property classes including residential. Where the tax ratio is below 1.98, the municipality would have flexibility to prevent tax shifts towards the residential class. The greater the tax ratio is below 1.98, the greater the flexibility for the municipality.

The effect on economic development is an important consideration in the review of tax policy in the commercial and industrial property classes, as well as other property classes. Schedule "H" evaluates and rates various different economic development strategies. The schedule suggests that tax policy may have significant advantages over other economic development strategies.

Tax Ratios – Multi-residential Property Class (Recommendation A)

Schedule "A" indicates the multi-residential ratio in the City of London is below the average and the median when compared to the other municipalities listed. In December 2016, the Provincial Ministry of Finance issued a letter indicating that the Province had concerns with respect to the taxation of multi-residential properties, and it was their intention to study the issue and consult with various stakeholders beginning early 2017. In the letter, the Province indicated its intention to restrict tax increases in the multi-residential property class in 2017, in any municipality where the 2017 tax ratio was greater than 2.0. London was not subject to this restriction since its tax ratio was below the 2.0 level. The same tax ratio restriction for the multi-residential property is in place for 2018 and 2019.

Since the year 2000, the City has decreased its multi-residential tax ratio from 2.3852 to 1.795800 in 2018. This has been the result of adopting a long term policy to equalize non-residential tax ratios, and also to equalize municipal tax increases in the residential and multi-residential property classes in particular years. In 2015, the City equalized non-residential tax ratios. In 2016, 2017, and 2018 the City equalized municipal tax increases in the residential and multi-residential property classes and decreased the multi-residential property class tax ratio below the commercial and industrial levels.

For 2019, it is recommended that Council adopt the same policy as adopted in 2016, 2017 and 2018 to equalize municipal tax increases in the multi-residential and residential property classes. This approach is reflected in option A and option B on Schedule "B", which results in a multi-residential tax ratio of 1.749100.

Tax Ratios – New Multi-residential Property Class (Recommendation A)

On July 5 2017, the Minister of Finance signed a regulation requiring all municipalities to establish a new multi-residential property class with a tax ratio range between 1.0 and 1.1. The regulation applied to any multi-residential property in Ontario built or converted from a non-residential use, pursuant to a building permit issued after April 20, 2017. In accordance with this regulation, the City of London established a new multi-residential property class with a ratio of 1.0 in 2017. It is recommended that this ratio be continued for 2019. There was no property in the new multi-residential property class on the assessment roll provided to the City of London at the end of 2018.

Farm Property Class Tax Ratio (Recommendation A)

The tax ratio for the farm property is set in accordance with Section 308.1 of the *Municipal Act, 2001*. Under the provisions of that Sec. 308.1, the ratio is automatically reset to 0.25 every year unless the municipality sets it at a lower level by by-law each year. The farm property class is a very small class in the City of London, and changes in the tax ratio for the farm class have no significant impact on any other property classes. In the past, the City has always followed a policy of setting the farm property class tax ratio at a level that would result in the farm class receiving the average municipal tax increase, subject to the 0.25 maximum in the legislation. We recommend continuation of this policy for 2019. This policy will result in the tax ratio indicated on Schedule "B" in the farm class in 2019 of 0.102820. The 2018 ratio was 0.118030.

In December 2017, the Ministry of Finance issued a letter indicating that beginning in 2018 it would permit the option of a 75% tax rate reduction on the first \$50,000 of assessment related to qualifying non-farm commercial activity at a farm property. At the time of the 2018 property tax billing, MPAC had not provided the City of London with a list of any eligible properties and the City did not utilize this option. The City has been recently notified by MPAC that only one (1) roll number in the City qualifies for this special tax reduction. Participation in the program, however, is not recommended. Only one (1) property qualifies and tax mitigation is already being provided to farm land property owners through the establishment of tax ratios. The tax reduction on one (1) property would be less than \$1,000.

Landfill Property Class Tax Ratio (Recommendation A)

The City of London does not have any taxable property in the Landfill property class. It is recommended that a ratio be established each year, however, at the maximum permitted by legislation. Council would still have the ability to set a ratio at a lower level, at any point in time, in the future at its discretion if and when taxable assessment came into existence in the City. This approach will maximize the flexibility for ratio setting in this property class in the future. The maximum ratio permitted by legislation in 2019 is 2.633590 (Revenue neutral ratio x 1.05). The ratio established in 2018 was 2.459410.

Pipeline Tax Ratio (Recommendation A)

Unlike the commercial, industrial, and multi-residential classes, the Province has not set any threshold tax ratio level or levy restriction with respect to the pipeline class. However, there are significant restrictions on increases in pipeline tax ratios set out in section 308 of the *Municipal Act, 2001*. It is therefore recommended that the tax ratio for the pipeline class not be changed for the year 2019.

Summary of Tax Ratio Recommendations for 2019 (Recommendation A)

In summary, for 2019 Civic Administration are recommending Council select option A or option B or a tax ratio option that would be between these two options as shown on Schedule "B". Schedule "B" indicates the alternative tax ratios and the average % increases in taxes in the various property classes, both including and excluding the education component of the property tax bill. For preparation of the 2019 Municipal Tax Ratio By-Law, Civic Administration has prepared the By-Law (Appendix A) utilizing Option AB2 which is similar with the option that was chosen in 2018.

The percentages shown on Schedule "B" represent average tax changes only. In reality virtually no-one is exactly at the average. Most property owners will be slightly above or slightly below the average.

Property Tax Rate Calculation Adjustment

In 2019, the Province is permitting an optional technical adjustment in the calculation of levy increases required to be disclosed on tax bills (Ontario Regulation 75/01). The option would be appropriate in situations where the municipality has not adequately included provisions for future losses from assessment appeals, and similar adjustments in tax levies and budgets of previous years. This is not currently the situation in the City of London and we do not recommend the selection of this option. This option has been mentioned in letters to municipal treasurers from the Ministry of Finance dated December 21, 2016, December 22, 2017 and April 9, 2019.

Option for elimination or phase out of vacant/excess land subclass tax reduction

In 2017 the Minister of Finance announced that they were prepared to permit Municipalities to end vacancy rebate programs and the subclass reductions for vacant and excess land in the commercial and industrial property classes. The legal mechanism for doing this is a regulation issued by the Minister. Many municipalities, including London, have taken action to phase-out vacancy rebate programs. However, many larger municipalities in Ontario have not at this point taken action to phase-out or eliminate the vacant/excess land subclass. The reduction amounts to 30% of the total taxes that is applicable on improved land. This issue was addressed in a report

to Corporate Services Committee in November 2017.

The utilization of this option requires a regulation by the Minister of Finance under section 313(1.3) of the *Municipal Act, 2001*. The City did not receive a letter until April 9, 2019 with an indication that the current Minister of Finance would be adopting the same policy as the previous Minister with respect to implementing regulations to eliminate subclass tax reductions. Any requests by Municipalities to eliminate subclass reductions in 2019 must be submitted no later than August 1, 2019. Based on the City's normal billing schedule, it would be impossible to have a regulation in place prior to the issuance of the final 2019 property tax bills. The current provincial government apparently has indicated consultation and communication should still occur with affected business owners as was indicated when the option was first announced in 2017.

The recommendation for the vacant/excess land subclass tax reduction, as reported at the November 2017 Corporate Services Committee, was that no action be taken until a later date when it is clear as to what decisions are being made in other municipalities in Ontario, with respect to this issue. We have recently (after April 9, 2019) contacted several other larger cities in Ontario and it appears most other larger municipalities are not attempting to make changes in subclass reductions in 2019. At this point in time we would recommend deferring any decision until later in 2019 with any implementation beginning in 2020. This approach will permit the City to obtain more information as to how other municipalities are approaching this issue and will ensure that a regulation is in place prior to the final billing process. It would also permit the City to execute communication and consultation with affected property owners prior to the tax billing process.

Ongoing Reductions in Business Education Taxes

In April 2005, London City Council passed a resolution requesting that the Minister of Finance for the Province of Ontario "review the entire process for setting education property tax rates for business properties and that education tax rates for properties in the City of London be lowered to a level consistent with other municipalities in the Province". The resolution, along with a letter from the Mayor, went to the then Minister of Finance, Greg Sorbara, in April 2005. After a letter from the Minister in June 2005, the Mayor followed up with a second letter in February 2006 to a new Minister of Finance – Dwight Duncan. In 2007, Dwight Duncan announced that major tax reform would occur in the area of education property taxes along the lines requested by the City beginning in 2008, and would be phased-in over the seven year period ending in 2014. As a result of this major reform, the Province had indicated that by the year 2014, when the phase-in was complete, education property taxes in the City of London would be reduced by \$33.6 million each year into the future from what they otherwise would have been.

However, the Ontario budget introduced to legislature on March 27, 2012, announced that business education property tax cuts previously scheduled for 2013 and 2014 would be deferred until 2017 and 2018 after Ontario was returned to a balanced budget. It is estimated that the reductions that the 2012 Provincial budget deferred would have been in excess of 10 million dollars in the City of London and represent about 20% of the education property taxes in the commercial and industrial property classes in the City. The City Treasurer sent a report to the Corporate Services Committee meeting of April 3, 2018 recommending that the Mayor be requested to send a letter to Minister of Finance requesting clarification as to the current status of the business education tax cuts. This recommendation was approved by Council.

In October 2018 Mayor Brown sent a letter to the Minister of Finance requesting clarification status of the promised reduction in Business Education Property Tax rates. The current Minister of Finance, Vic Fedeli, responded in December 2018. In his letter he appeared to acknowledge that the current system for setting business education property tax rates is inequitable and the intentions of the previous government to address the situation were never fully implemented. He did not specifically indicate how the current government planned to proceed in the future. It was noted however that in the letter issued to all Municipal Treasurers dated April 9, 2019 from the Assistant Deputy Minister, the lower business education tax rate that was promised by the previous liberal government is identified as the "BET Target". This issue will be dealt with further in a separate report on 2019 Education Taxes.

Utilizing Options Available to Bring an End to Capping Tax Increases and Clawing Back Tax Decreases in the Commercial, Industrial and Multi-Residential Property Classes (Recommendations B, C, and D)

Since major Province wide tax reform began in 1998, the Province has mandated a complex system of capping tax increases and clawing back tax decreases in the commercial, industrial and multi-residential property classes. Civic Administration have long believed the entire system was unfair to taxpayers, damaging to economic development and administratively onerous. Based on consultation with municipal representatives, including the City of London during 2008, the Province provided increased flexibility under the business tax capping program for 2009 and future years. It appears the Province decided to provide this very significant increase in flexibility to municipalities because of the new tax mitigation provided by the four (4) year phase-in of assessment values beginning with the reassessment for 2009 taxation.

Beginning in 2009, municipalities had options to permanently remove properties from the capping and claw-back system once they have reached their current value assessments (CVA) level taxes. Municipalities can have these options apply to all capped property classes or limit the options to individual capped classes. For 2019, this means that any property which had paid CVA taxes or higher (i.e. clawed back) in 2018 can be excluded from having a tax increase capped in 2019. At the same time, a property that had a tax increase capped in 2018 cannot have a tax decrease clawed back in 2019, if the options are chosen. Preliminary calculations indicate that continuing to fully utilize the options available will significantly reduce the capping of tax increases and clawing back of tax decreases.

Beginning in 2016, and for future years where there are no properties taxed at less than 50% of CVA levels, a municipality may enter a four (4) year phase out program to end capping from reassessment related changes prior to 2017. London was eligible for this program in the industrial class for 2016. In 2019, London is eligible in the commercial and multi-residential property classes.

Beginning in 2017, the Province is providing new flexibility to exclude vacant land from the phase-out eligibility criteria for capping of reassessment related changes prior to 2017. In addition, beginning in 2017, and for future years, municipalities have the option to limit capping protection only to reassessment changes prior to 2017. For municipalities that select this option, reassessment related increases, beginning in 2017, would not be subject to the cap. These options would be implemented through municipal by-laws.

We recommend that Council take advantage of all opportunities to bring the capping of tax increases and the clawing back of tax decreases to an end as soon as possible. In 2018, the City utilized all options available to exclude properties from future capping and no problems were encountered. The continued implementation of all available options to end capping in 2019 will require Council to pass by-laws in accordance with the *Municipal Act, 2001*. We believe the continuation of the capping program is unnecessary because of the four (4) year phase in of assessed values that began in 2009. Capping can create a situation where some properties never pay their share of the levy in the property class based on market values and uniform tax rates for the various property classes.

By-law to Set a Formula for Calculating Caps in the Commercial, Industrial and Multi-Residential Property Classes (Recommendation E)

Since 2008, Council has adopted several options permitted by Section 329.1 of the *Municipal Act, 2001*, to reduce the amount of capping of tax increases and clawing back of decreases in the commercial, industrial and multi-residential property classes. The selected options were as follows:

- capping at 10% of previous years taxes instead of the 5% minimum;
- utilizing the option of 10% of previous years CVA taxes where applicable;
- reducing cap adjustments equal to or less than \$500 to nil; and
- new construction was taxed without any cap adjustment.

The use of all these options significantly reduced the amount of clawing back of decreases as can be seen on Schedules “E” and “F” of this report. No significant problems or issues were encountered by the City Tax Office in past billings as a result of utilizing the above options. The use of these option will expedite the eventual end of the capping and clawing back system as more and more properties reach their CVA level taxes.

It is therefore recommended that a by-law be enacted under section 329.1 of the *Municipal Act, 2001* for 2019 and subsequent years where applicable, to adopt the capping formula described above.

No By-law recommended to Claw back a Portion of Tax Decreases in Capped Property Classes

For 2019 and future years it is recommended that clawing back a portion of reassessment tax decreases to finance capping of tax increases be discontinued. The 2019 capping of tax increases is confined to the commercial class and amounts to approximately \$9,000 in total. This amount can be accommodated in the tax adjustment/write-off accounts in the City’s annual budget.

Phase-In Program for Residential Property Class not recommended

All residential properties in the City of London were reassessed for 2017 taxation based on January 1, 2016 market values. The January 1, 2016 market values are being phased-in over a 4 year period from 2017 to 2020 as required by Provincial legislation. Assessment related tax changes for 2019 occurring in the residential class have been analyzed and compared to the 2013, 2009, 2006, 2004, 2003, 2001 and 1998 reassessments. The results of this analysis are shown on Schedule “G” attached.

Assessment related tax changes exclude tax increases that result from levy increases. The levy increase is imposed in addition to assessment related tax changes (increases and decreases).

As can be seen from Schedule “G”, the amount of assessment related decreases and increases for 11 years (2009 – 2019) are significantly less than the increases and decreases which have occurred in reassessments in the City prior to 2009. The reason for this is that for the first time in 2009, the Province included a phase-in of all reassessment changes on the 2009 assessment roll. This phase-in process will be continued over 2017 to 2020. For 2020, residential properties will be valued on the roll at their January 1, 2016 value.

For 1998 and subsequent reassessments up to and including 2013, Council decided that, under section 318 of the *Municipal Act, 2001*, a phase-in of assessment related tax changes was not necessary. Based on the above data and the fact that the Province has already instituted a four (4) year phase-in of assessment values on the roll, it appears clear that no further tax mitigation in the residential class is necessary.

In summary, based on our analysis of the reassessment data and the existence of a four year phase-in of values on the assessment roll, we believe any additional phase-in of the residential class, under section 318 of the *Municipal Act, 2001*, is not warranted.

Comments on Unusual Tax Increases after a Reassessment

Whenever a general reassessment occurs, there will always be a small number of large tax increases. Inevitably, when over 140,000 properties are valued, some errors and inaccuracies will occur. If a property is overvalued when a reassessment occurs, the remedy is to contact MPAC and have the valuation corrected or appeal the assessment in accordance with the provisions of the *Assessment Act*.

When a property is undervalued or incorrectly classified to the taxpayers benefit, the taxpayer has no financial incentive to have the error or inaccuracy corrected. The error or inaccuracy will typically be corrected at the next reassessment and surface as an unusually large increase. Focusing on the amount or percentage of the increase obscures the real cause of the tax change (i.e. an inaccuracy in the valuation or classification of the property in the past). Phasing-in or capping taxes in these situations only perpetuates errors and inaccuracies in the assessment system and represents a major departure from the fundamental principle of fairness (i.e. that every property owner within a class pays the same tax rate on the market value of his or her property).

Future Tax Policies

Moving forward, based on what is known to date, Civic Administration will continue to bring forward Tax Policy options for Municipal Council consideration in keeping with the four (4) directions that have been set out in this report, being mindful of the impact of reassessment and competitiveness of tax ratios in comparison with other Ontario municipalities.

SUMMARY

Schedule “A”, attached, is a very important schedule. It shows how London’s tax ratios compare to other municipalities in the Province. This schedule indicates that the City of London currently has tax ratios in place which are competitive with other major cities in Ontario.

Schedule “B” attached shows the various options recommended for Council’s consideration with respect to setting 2019 tax ratios. The schedule shows the average % increase in each property class, both including and not including the education component of the property tax. Schedule “B” also shows the ratios required to implement each identified alternative. Civic Administration has prepared the 2019 Municipal Tax Ratio By-Law using Option AB2 which reduces tax ratios for farm properties, multi-residential properties, commercial properties, and industrial properties.

A very small number of properties in the commercial property class will still be subject to limitations on year-over-year tax increases and decreases in accordance with Provincial legislation. These limitations, however, would also be subject to options adopted to prevent properties from re-entering the Province’s capping and clawing back system in the future as recommended in this report.

Every four (4) years the Ontario undergoes a province-wide reassessment by MPAC. The next reassessment will be based on market values as of January 1, 2019 and will start to affect property taxation beginning in 2021. Whenever there is new reassessment it is possible that taxes can shift between property classes in a pattern that is different from the previous four (4) year cycle.

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

Attachments: List of Attachments, 2019 Year Tax Policy (Schedule A through H)
Appendix A through E

LIST OF ATTACHMENTS
YEAR 2019 TAX POLICY

Schedule A	Tax Ratios for Municipalities in BMA Study with Populations Over 105,000
Schedule B	2019 Tax Policy – Alternative Tax Ratios for Consideration
Schedule C	Municipal Tax Impact by Property Class for 2019 Levy Change and No Change in Tax Ratios
Schedule D	Shift in Tax Burden – Unweighted to Weighted Residential Assessment for Municipalities in BMA Study with Populations Over 105,000
Schedule E	Claw Back Percentages by Year
Schedule F	Cap Adjustments by Year
Schedule G	Assessment Related Tax Changes in the Residential Property Class
Schedule H	Rating/Evaluation of Economic Development Strategies - Municipalities

SCHEDULE "A"
TAX RATIOS FOR MUNICIPALITIES IN BMA STUDY WITH POPULATIONS
OVER 105,000

Municipality with > 105,000 Population in 2018 BMA Study	Multi-Residential Tax Ratio	Commercial Tax Ratio (Residual)	Industrial Tax Ratio (Residual)	Industrial Tax Ratio (Large)	Average of Large and Residual Industrial Tax
Barrie	1.0000	1.4331	1.5163	1.5163	1.5163
Brampton	1.7050	1.2971	1.4700	1.4700	1.4700
Durham	1.8665	1.4500	2.1850	2.1850	2.1850
Greater Sudbury	2.0000	1.9800	3.9575	4.4856	4.2216
Guelph	1.8733	1.8400	2.2048	2.2048	2.2048
Halton	2.0000	1.4565	2.3599	2.3599	2.3599
Hamilton	2.6342	1.9800	3.4115	4.0004	3.7060
Kingston	1.9000	1.9800	2.6300	2.6300	2.6300
London	1.7958	1.9300	1.9300	1.9300	1.9300
Mississauga	1.4510	1.4772	1.6108	1.6108	1.6108
Niagara	1.9700	1.7349	2.6300	2.6300	2.6300
Ottawa	1.4261	1.8726	2.6233	2.2528	2.4381
Thunder Bay	2.3771	2.1179	2.4182	2.7509	2.5846
Toronto	2.5231	2.8476	2.8359	2.8359	2.8359
Waterloo	1.9500	1.9500	1.9500	1.9500	1.9500
Windsor	2.0000	2.0187	2.3200	2.9381	2.6291
York	1.0000	1.2323	1.4973	1.4973	1.4973
Average	1.8513	1.7999			2.3764
Median	1.9000	1.8726			2.3599
Minimum	1.0000	1.2323			1.4700
Maximum	2.6342	2.8476			4.2216
Provincial Threshold	2.0000	1.9800	2.6300	2.6300	2.6300
London Compared to Median	-5.5%	3.1%			-18.2%
London Compared to Average	-3.0%	7.2%			-18.8%
Change in group averages since 2006	-17.82%	-5.08%			-7.44%

SCHEDULE "B"
2019 TAX POLICY - ALTERNATIVE TAX RATIO OPTIONS FOR CONSIDERATION

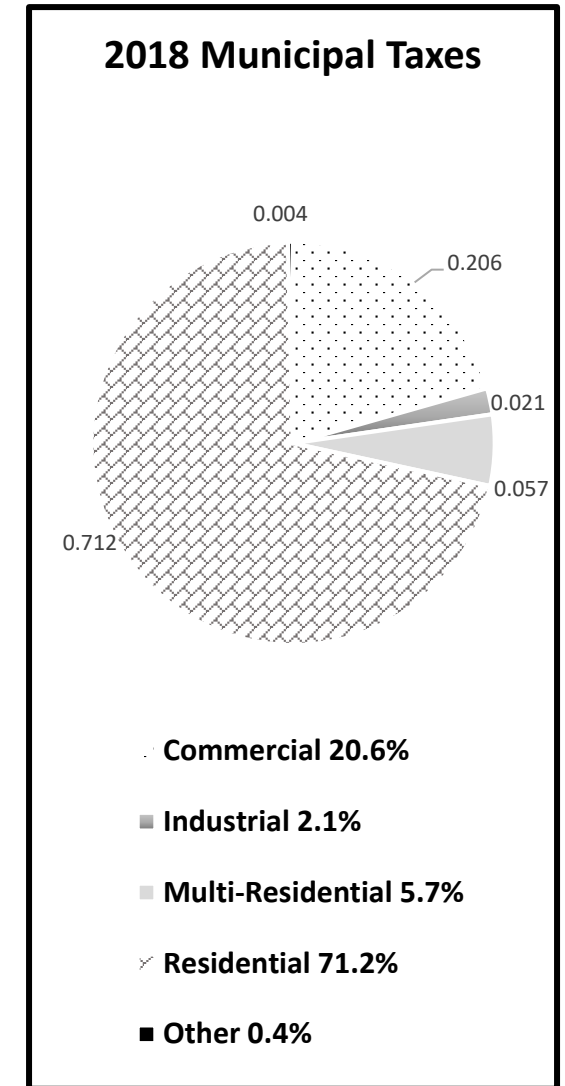
	No change to tax ratios alternative - keep tax ratios in 2019 same as 2018	Option A - equalize average municipal tax increase in residential, farm, multi-residential and commercial property classes	Option AB1 - equalize average municipal tax increase in residential, farm, and multi-residential classes and commercial/industrial tax ratios at 1.88	Option AB2 - equalize average municipal tax increase in residential, farm, multi-residential and commercial/industrial tax ratios at 1.92	Option B - equalize average municipal tax increase in residential, farm, and multi-residential classes	Option C - reduce commercial and industrial property class tax ratios and keep average increase in residential class at 2.7% including education (and keep multi-res ratio below commercial an industrial)	Option D - reduce only the multi-residential tax ratio to 1.5 and equalize municipal increase in residential and farm classes
future tax policy direction	Direction #1	Direction #2	Direction #2	Direction #2	Direction #2	Direction #2 and #3	Direction #4
average tax increases in property classes including education	residential = 0.9% farm = 15.2% multi-residential = 3.9% commercial = 4.7% industrial = 1.0%	residential = 1.9% farm = 4.6% multi-residential = 2.5% commercial = 2.6% industrial = -1.0%	residential = 1.6% farm = 4.3% multi-residential = 2.1% commercial = 3.4% industrial = -0.2%	residential = 1.2% farm = 3.9% multi-residential = 1.6% commercial = 4.5% industrial = .9%	residential = 1.1% farm = 3.8% multi-residential = 1.5% commercial = 4.8% industrial = 1.1%	residential = 2.7% farm = 5.3% multi-residential = 3.3% commercial = 0.7% industrial = -2.8%	residential = 1.8% farm = 4.5% multi-residential = -11.2% commercial = 5.3% industrial = 1.6%
average tax increases in property classes excluding education	residential = 1.5% farm = 16.6% multi-residential = 4.2% commercial = 6.0% industrial = 2.6%	residential = 2.7% farm = 2.7% multi-residential = 2.7% commercial = 2.7% industrial = -0.6%	residential = 2.3% farm = 2.3% multi-residential = 2.3% commercial = 4.1% industrial = 0.8%	residential = 1.8% farm = 1.8% multi-residential = 1.8% commercial = 5.8% industrial = 2.4%	residential = 1.7% farm = 1.7% multi-residential = 1.7% commercial = 6.2% industrial = 2.8%	residential = 3.6% farm = 3.6% multi-residential = 3.6% commercial = -0.3% industrial = -3.4%	residential = 2.5% farm = 2.5% multi-residential = -12.1% commercial = 7.0% industrial = 3.6%
tax ratios used	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 = 0.102820 multi-residential = 1.749100 commercial = 1.848500 industrial = 1.848500 pipelines = 1.713000 managed forests =0.250000	residential = 1.000000 farm = 0.102820 multi-residential = 1.749100 commercial = 1.880000 industrial = 1.880000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.102820 multi-residential = 1.749100 commercial = 1.920000 industrial = 1.920000 pipelines = 1.713000 managed forests =0.250000	residential = 1.000000 farm = 0.102820 multi-residential =1.749100 commercial = 1.930000 industrial = 1.930000 pipelines = 1.713000 managed forests =0.250000	residential = 1.000000 farm = 0.102820 multi-residential = 1.7491000 commercial = 1.780000 industrial = 1.780000 pipelines = 1.713000 managed forests = 0.250000	residential = 1.000000 farm = 0.102820 multi-residential = 1.500000 commercial = 1.930000 industrial = 1.930000 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 2.633590.
- recommended ratio for New Multi-residential property class under all options is 1.000000.
- % calculations for commercial and industrial property classes do not include vacant and excess land.

SCHEDULE "C"
MUNICIPAL TAX IMPACT BY PROPERTY CLASS FOR 2019
LEVY CHANGE AND NO CHANGE IN TAX RATIOS

	2018 Tax Rates on 2018 Year End Assessments	2019 Taxes (2019 Approved Budget)	Tax Change From Reassessment Phase-in and Budget	Tax Ratios Used
Summary by Class				
Commercial	\$79,328,429	\$83,696,861	5.51%	1.930000
Office Building	\$8,284,005	\$8,535,903	3.04%	1.930000
Farmland	\$523,325	\$609,961	16.55%	0.118030
Industrial	\$7,719,298	\$7,951,864	3.01%	1.930000
Large Industrial	\$4,361,240	\$4,446,486	1.95%	1.930000
Multi-residential	\$33,545,931	\$34,968,263	4.24%	1.795800
Pipeline	\$2,082,290	\$2,118,460	1.74%	1.713000
Residential	\$420,936,541	\$427,401,273	1.54%	1.000000
Shopping Centre	\$34,115,695	\$36,804,039	7.88%	1.930000
Managed Forest	\$2,932	\$3,240	10.51%	0.250000
	\$590,899,686	\$606,536,348	2.65%	

Summary by Class				
Commercial Including Optional Classes	\$121,728,129	\$129,036,803	6.00%	1.930000
Farmland	\$523,325	\$609,961	16.55%	0.118030
Industrial Including Optional Classes	\$12,080,538	\$12,398,349	2.63%	1.930000
Multi-residential	\$33,545,931	\$34,968,263	4.24%	1.795800
Pipeline	\$2,082,290	\$2,118,460	1.74%	1.713000
Residential	\$420,936,541	\$427,401,273	1.54%	1.000000
Managed Forest	\$2,932	\$3,240	10.51%	0.250000
	\$590,899,686	\$606,536,348	2.65%	



SCHEDULE "D"

SHIFT IN TAX BURDEN - UNWEIGHTED TO WEIGHTED RESIDENTIAL ASSESSMENT FOR MUNICIPALITIES IN BMA STUDY WITH POPULATIONS OVER 105,000

Municipality with > 105,000 Population in 2018 BMA Study	Residential Unweighted Assessment	Residential Weighted Assessment	% Change	Implied Adjustment to Residential Taxes
Toronto	74.5%	51.7%	-22.8%	44.1%
Windsor	75.8%	60.1%	-15.7%	26.1%
Thunder Bay	79.1%	63.4%	-15.7%	24.8%
Greater Sudbury	80.1%	65.1%	-15.0%	23.0%
Cambridge	75.2%	61.9%	-13.3%	21.5%
Hamilton	82.0%	69.1%	-12.9%	18.7%
Guelph	78.6%	66.3%	-12.3%	18.6%
Waterloo	74.6%	63.0%	-11.6%	18.4%
Ottawa	75.6%	64.0%	-11.6%	18.1%
Kitchener	79.4%	67.6%	-11.8%	17.5%
St. Catherines	78.9%	68.0%	-10.9%	16.0%
London	81.5%	71.0%	-10.5%	14.8%
Kingston	76.4%	66.8%	-9.6%	14.4%
Burlington	78.9%	69.8%	-9.1%	13.0%
Mississauga	72.7%	64.5%	-8.2%	12.7%
Oshawa	79.2%	70.6%	-8.6%	12.2%
Oakville	84.5%	77.6%	-6.9%	8.9%
Milton	81.9%	76.0%	-5.9%	7.8%
Barrie	76.4%	70.9%	-5.5%	7.8%
Whitby	86.0%	80.1%	-5.9%	7.4%
Brampton	80.9%	76.1%	-4.8%	6.3%
Vaughan	78.7%	74.7%	-4.0%	5.4%
Markham	84.8%	82.3%	-2.5%	3.0%
Richmond Hill	89.2%	87.3%	-1.9%	2.2%
Average				15.1%
Median				14.6%
Maximum				44.1%
Minimum				2.2%

If all non-residential classes were at 1, residential taxes would increase by 14.8%.

London Compared to Median	1.4%
London Compared to Average	-2.1%

Residential unweighted assessment does not reflect any weighting of various classes with tax ratios.

Residential weighted assessment reflects the weighting of non-residential assessment with tax ratios.

SCHEDULE "E"
CLAW BACK PERCENTAGES BY YEAR

	Year	Multi Residential	Commercial	Industrial
Reassessment Year	1998	42.96%	60.88%	40.73%
	1999	29.54%	42.07%	16.47%
	2000	20.16%	25.38%	7.99%
Reassessment Year	2001	65.56%	66.18%	21.18%
	2002	40.89%	58.29%	21.95%
Reassessment Year	2003	48.34%	73.90%	78.54%
Reassessment Year	2004	42.73%	75.18%	63.44%
	2005	24.84%	53.87%	53.23%
Reassessment Year	2006	38.69%	36.71%	33.37%
	2007	36.97%	59.00%	67.51%
	2008	88.84%	42.72%	46.38%
Reassessment Year with Phase in	2009	11.11%	21.46%	20.19%
	2010	10.93%	21.96%	17.36%
	2011	10.78%	6.34%	4.44%
	2012	6.49%	7.46%	5.45%
Reassessment Year with Phase in	2013	25.35%	11.42%	6.69%
	2014	8.53%	18.26%	1.16%
	2015	14.40%	9.52%	0.98%
	2016	5.38%	8.32%	0.00%
Reassessment Year with Phase in	2017	0.00%	8.49%	0.00%
	2018	0.00%	0.00%	0.00%
	2019	0.00%	0.00%	0.00%

SCHEDULE "F"
CAP ADJUSTMENTS BY YEAR

	Year	Multi Residential	Commercial	Industrial	Total
Reassessment Year	1998	\$861,955	\$8,161,158	\$1,347,038	\$10,370,151
	1999	\$456,005	\$6,268,157	\$757,655	\$7,481,817
	2000	\$320,089	\$5,410,929	\$454,271	\$6,185,289
Reassessment Year	2001	\$951,130	\$8,745,043	\$959,260	\$10,655,433
	2002	\$390,568	\$5,818,822	\$461,648	\$6,671,038
Reassessment Year	2003	\$725,782	\$5,935,519	\$1,019,716	\$7,681,017
Reassessment Year	2004	\$833,525	\$6,200,165	\$1,121,642	\$8,155,332
	2005	\$213,377	\$3,302,585	\$662,151	\$4,178,113
Reassessment Year	2006	\$414,312	\$4,514,056	\$506,016	\$5,434,384
	2007	\$175,561	\$2,625,310	\$351,547	\$3,152,418
	2008	\$147,361	\$1,530,497	\$263,380	\$1,941,238
Reassessment Year with Phase	2009	\$49,289	\$1,063,691	\$186,855	\$1,299,835
	2010	\$34,468	\$876,641	\$187,789	\$1,098,898
	2011	\$22,117	\$583,670	\$94,371	\$700,158
	2012	\$12,141	\$412,698	\$74,571	\$499,410
Reassessment Year with Phase	2013	\$11,235	\$298,044	\$47,394	\$356,673
	2014	\$7,075	\$209,216	\$18,019	\$234,310
	2015	\$5,023	\$138,795	\$10,170	\$153,988
	2016	\$4,249	\$90,398	\$0	\$94,647
Reassessment Year with Phase	2017	\$0	\$59,141	\$0	\$59,141
	2018	\$0	\$16,131	\$0	\$16,131
	2019	\$0	\$9,126	\$0	\$9,126

SCHEDULE "G"
ASSESSMENT RELATED TAX CHANGES IN THE RESIDENTIAL PROPERTY CLASS

	2019 Phase-in	2018 Phase-in	2017 Reassess ment	2016 Phase-in	2015 Phase-in	2014 Phase-in	2013 Reassess ment	2012 Phase-in	2011 Phase-in	2010 Phase-in	2009 Reassess ment	2006 Reassess ment	2004 Reassess ment	2003 Reassess ment	2001 Reassess ment	1998 Reassess ment
# of Assessment Related Tax Decreases	136,385	133,416	118,456	97,618	97,796	95,998	69,923	76,549	69,240	61,079	54,704	63,520	61,220	57,887	52,265	39,905
Average Assessment Related Tax Decrease 	\$56.00	\$58.00	\$72.00	\$28.00	\$31.00	\$34.00	\$43.00	\$26.00	\$29.00	\$31.00	\$41.00	\$108.00	\$79.00	\$72.00	\$92.00	\$230.00
# of Assessment Related Tax Increases	14,298	14,997	27,942	42,552	40,462	39,673	64,536	56,027	61,940	65,042	70,186	54,125	49,262	49,864	49,769	57,307
Average Assessment Related Tax Increase 	\$69.00	\$75.00	\$68.00	\$47.00	\$49.00	\$51.00	\$53.00	\$24.00	\$28.00	\$29.00	\$32.00	\$128.00	\$98.00	\$84.00	\$97.00	\$160.00

SCHEDULE "H"
RATING/EVALUATION OF ECONOMIC DEVELOPMENT STRATEGIES - MUNICIPALITIES

Economic Development Issue	Development Charge Grant	Water Pricing Rate Structure	Community Improvement Plans	Property Tax Ratios	
Broad focus on all industry types in London -old and new, large and small	Low	Low	Low	High	Strategies described in this table are not alternative strategies.
Long term time frame in business planning	Low	High or Low depending water consumption of industry type	Low	High for all industry types	Each strategy and/or policy stands on its own and should be designed and implemented on logical, equitable principles that are consistent with Council's objectives.
Significance in business planning and workforce expansion	High or Low dependent on new building construction	High or Low depending water consumption of industry type	High or Low depending on location	High for all industry types	
Effect on on ongoing competitiveness	Low	High or Low depending water consumption of industry type	Low	High for all industry types	Principles relevant to tax ratio policy are that City should have a competitive property tax system and the system should be equitable and logical.
Effect on Municipal Capital Financing	Negative	Negative (consumption effect)	negative	Neutral	
Impact on Industry retention	Low	High or Low depending water consumption of industry type	Low	High	Only the tax ratio strategy/policy has a broad and long term focus that would apply to all industrial properties in the City and all key sector clusters in the industrial class.
Promotion of diversification in economic development	Medium to Low	Low	Medium to Low	High (ends bias against industrial development vs. commercial)	
Potential for reduction in existing business vacancies in buildings	Low to None	Low to Medium	Medium to Low	High	

Additional Information				
Basis of charge	Square metre of gross floor area	Per cubic metre of water usage	Location	Current dollar value of land and building
2018 charge per unit	\$277.41/sq.m. commercial -industrial exemption	\$2.1850 to \$0.9117 in declining blocks for water charge - \$1.9420 to \$0.8101 in declining blocks for wastewater charge	Various	2.278981%

APPENDIX "A"

Bill No.
2019

By-law No.

A by-law setting tax ratios for property classes in 2019.

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:

2019 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 2019 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 2019 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 May 7, 2019.

Ed Holder
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 2019 TAX RATIOS
com taxable farmland 1	c1n	0.750000
com taxable farmland 2	c4n	1.920000
commercial taxable – hydro	chn, xhn	1.920000
commercial taxable vacant -hydro	cjn, xjn	1.344000
commercial taxable - excess - hydro	ckn, xkn	1.344000
commercial taxable tenant of Province	cpn, xpn	1.920000
com taxable	ctn, xtn	1.920000
com taxable excess land	cun, xun	1.344000
com taxable vacant land	cxn, xxn	1.344000
office bldg taxable – hydro	dhn	1.920000
office bldg taxable	dtn, ytn	1.920000
office bldg taxable excess land	dun, yun	1.344000
farmland taxable fp	ffp	0.102820
farmland taxable fs	ffs	0.102820
farmland taxable no support	Ftn	0.102820
farmland taxable ep	ftep	0.102820
farmland taxable es	ftes	0.102820
parking lot taxable	Gtn	1.920000
industrial taxable farmland 1	i1n	0.750000
industrial taxable farmland 2	i4n	1.920000
industrial taxable – hydro	ihn, Jhn	1.920000
industrial taxable-hydro- excess land	ikn, Jkn	1.344000
industrial taxable	itn, Jtn	1.920000
industrial taxable excess land	iun, Jun	1.344000
industrial taxable vacant land	ixn, Jxn	1.344000
large industrial taxable	Ltn, ktn	1.920000
large industrial excess land	Lun, kun	1.344000
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	1.749100
multi-res taxable fp	mtfp	1.749100
multi-res taxable fs	mtfs	1.749100
multi-res taxable ep	mtep	1.749100
multi-res taxable es	mtes	1.749100
multi-res taxable n	mtn	1.749100
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	1.920000
shopping centre excess land	sun, zun	1.344000

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

COLUMN 1	COLUMN 2	COLUMN 3
ABBREVIATED RATEABLE PROPERTY DESCRIPTION	CODE	YEAR 2019 TAX RATIOS
managed forest taxable fp	Tfp	0.250000
managed forest taxable fs	tfs	0.250000
managed forest taxable ep	tep	0.250000
managed forest taxable es	tes	0.250000
Landfill taxable	ht	2.633590
New multi-residential taxable	nt	1.000000

**SCHEDULE “B”
By-law No.**

**Definitions of
Realty Tax Classes (RTC) and Realty Tax Qualifiers (RTQ) (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.

APPENDIX “B”

Bill No.
2019

By-law No.

A by-law to opt to have Section 8.0.2 of *Ontario Regulation 73/03*, as amended, apply within the City of London for the year 2019, to exempt certain properties in the commercial classes, industrial classes and multi-residential property class from the application of Part IX of the *Municipal Act, 2001*.

WHEREAS in accordance with *Ontario Regulation 73/03*, Council has certain options with respect to the calculation of the amount of taxes for municipal and school purposes, payable in respect of property, in the commercial classes, industrial classes, or multi-residential property class for 2019 or a subsequent taxation year.

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

1. Section 8.0.2 of *Ontario Regulation 73/03* as amended shall apply in the City of London for the year 2019, and subsequent years, to certain properties as specified in section 2 of this by-law.
2. Any property in the commercial classes, the industrial classes or the multi-residential class in the City of London shall be exempt from Part IX of the *Municipal Act, 2001*, for the year 2019, if the property meets any of the conditions specified in paragraphs 1, 2, or 3 of subsection 8.0.2(2) of *Ontario Regulation 73/03* as amended.

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 May 7, 2019.

Ed Holder
Mayor

Catharine Saunders
City Clerk

APPENDIX “C”

Bill No.
2019

By-law No.

A by-law to exercise the option to establish a phase out and end to the capping of property taxes under Part IX of the *Municipal Act, 2001* for eligible property classes.

WHEREAS in accordance with *Ontario Regulation 73/03*, Council has certain options with respect to the calculation of the amount of taxes for municipal and school purposes, payable in respect of property, in the commercial, industrial, multi-residential or landfill property classes for 2019, or a subsequent taxation year.

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

1. All the options described in sections 8.2 and 8.3 of *Ontario Regulation 73/03* shall apply in the City of London for the year 2019, and subsequent years, to all properties in certain property classes as specified in section 2 of this by-law.
2. The industrial property class, the commercial property class and the multi-residential property class shall be subject to this by-law.
3. The City of London elects under *Ontario Regulation 73/03* subsection 8.3(2) to exclude vacant land in the determination of eligibility for the application of section 8.3.

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 May 7, 2019.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – May 7, 2019
Second Reading – May 7, 2019
Third Reading - May 7, 2019

APPENDIX “D”

Bill No.
2019

By-law No.

A by-law to exclude reassessment related tax increases after 2016 from the capping provisions of Part IX of the *Municipal Act, 2001*.

WHEREAS in accordance with *Ontario Regulation 73/03*, Council has the option to elect or to exclude reassessment related tax increases occurring after 2016 from the capping provisions of Part IX of the *Municipal Act, 2001*

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

1. Section 15.0.1 of *Ontario Regulation 73/03* shall apply in the City of London for the year 2019, and subsequent years, to certain property classes as specified in section 2 of this by-law.
2. The commercial, industrial, and multi-residential property classes shall be subject to this by-law.

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 May 7, 2019.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – May 7, 2019
Second Reading – May 7, 2019
Third Reading - May 7, 2019

APPENDIX “E”

Bill No.
2019

By-law No.

A by-law to opt to use certain subsections of section 329.1 of the *Municipal Act, 2001*, as amended, in the calculation of taxes in the commercial, industrial, and multi-residential property classes.

Whereas in accordance with section 329.1 of the *Municipal Act, 2001*, as amended, Council has certain options with respect to the calculation of the amount of taxes for municipal and school purposes, payable in respect of property, in the commercial classes, industrial classes, or multi-residential property class for 2019, or a subsequent taxation year.

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

1. Paragraph 1 of subsection 329.1(1) of the *Municipal Act, 2001*, as amended, using 10% in subparagraph (i) shall apply to the commercial classes, industrial classes and the multi-residential property class for the year 2019, and subsequent years.
2. Paragraph 2 of subsection 329.1(1) of the *Municipal Act, 2001*, as amended, using 10% in clause 2(i)(A) shall apply to the commercial classes, industrial classes and the multi-residential property class for the year 2019, and subsequent years.
3. Paragraph 3 of subsection 329.1(1) of the *Municipal Act, 2001*, as amended, using \$500 in subparagraph (i) shall apply to the commercial classes, industrial classes and the multi-residential property class for the year 2019, and subsequent years.
4. Paragraph 8 of subsection 329.1(1) of the *Municipal Act, 2001*, as amended, using 100% in subparagraph (ii) shall apply to the commercial classes, industrial classes and the multi-residential property class for the year 2019, and subsequent years.

Administration of By-law

5. 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

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

PASSED in Open Council on May 7, 2019.

Ed Holder
Mayor

Catharine Saunders
City Clerk