

APPENDIX "C"

Ministry of Finance

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Le français suit l'anglais.

December 20, 2019

Dear Municipal Treasurer / Clerk-Treasurer:

I am writing to advise you of important decisions made by the Minister of Finance for the 2020 taxation year related to education property tax rates and municipal flexibility in setting property tax policy.

Please note that all these decisions will be reflected in the Online Property Tax Analysis (OPTA) system to support municipal property tax analysis and policy implementation.

The Province will notify municipalities when regulations implementing the property tax policy decisions are in place.

Education Property Taxes

To assist municipalities with their budget planning, draft education property tax rates for 2020 are attached. The province-wide residential education property tax rate and the target and ceiling business education tax (BET) rates are summarized in the following table. The Province will notify municipalities when these rates have been set in regulation.

	2019 Rates	2020 Rates
Residential	0.161%	0.153%
BET Target	1.03%	0.98%
BET Ceiling	1.29%	1.25%

In response to municipal suggestions, the operators of the OPTA system have worked with municipalities to enhance the system through the implementation of a new education property tax module in OPTA. Beginning in 2020, the module will help municipalities calculate the total remittance of education property taxes and reconcile any in-year adjustments to school boards. Further details on this enhancement, including training and other supports, will be available from OPTA shortly. Should you have any questions concerning the OPTA system, please contact the OPTA help desk at 416-591-1110 or 1-800-998-5739, ext 300.

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Business Vacancy Rebate and Reduction Programs

Municipalities will continue to have broad flexibility to modify their business vacancy rebate and reduction programs to better reflect local circumstances. The new submission dates to notify the Minister of changes effective for 2020 and subsequent years are April 1, 2020 and August 1, 2020.

As noted in my letter of April 9, 2019, the phase-out of the education portion of the vacancy programs will be completed by 2020. This ensures that the education portion of the vacancy programs is consistent with the tax decisions of most of the municipalities that have implemented program changes. To avoid undue administrative burden for municipalities that submitted a notification to the Minister prior to January 1, 2019, the education property tax portion will continue to mirror municipal property tax policy decisions for those municipalities.

Railway Rights-of-Way

For the 2020 tax year, the property tax rates for railway rights-of-way will remain at 2019 levels. This means that the 2020 rates will be the same as rates communicated to municipalities on May 24, 2019 for the 2019 year.

Municipal Property Tax Flexibility

Property Tax Rate Calculation Adjustment

Municipalities continue to have the option to make an adjustment to the year-end assessment used in the notional property tax rate calculation. This technical adjustment ensures that when calculating notional tax rates, municipalities and the Province can address any unintended effects due to specific in-year property assessment changes, such as assessment appeal losses. The option to apply the adjustment is an annual municipal decision to be passed in by-law. Adoption of the adjustment is implemented by simply selecting the option through the OPTA system.

Tax Ratio Flexibility

Municipalities will continue to be provided with tax ratio flexibility to avoid most tax shifts that may occur between property classes as a result of phased-in reassessment impacts. Similar to 2019, municipalities that tax multi-residential properties at more than double the rate of residential properties will not be able to increase the multi-residential tax ratio. However, these municipalities will still be able to choose whether to use tax flexibility in response to reassessment-related tax shifts among other property classes.

Modified Levy Restriction

Municipalities with property classes subject to the levy restriction will 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 instance, 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 applies to multi-residential properties with a tax ratio greater than 2.0 in 2019.

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If you have any questions related to these decisions, please contact Chris Broughton, Director of the Property Tax Policy Branch at Chris.Broughton@ontario.ca or 416-455-6307.

Sincerely,

Original signed by

Allan Doheny
Assistant Deputy Minister
Provincial-Local Finance Division

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City of London

2020 Business Education Tax (BET) Rates

BET Rate - Broad Classes

Business Property Class	2020 BET Rate	2020 New Construction BET Rate
Commercial	1.250000%	0.980000%
Industrial	1.250000%	0.980000%
Pipeline	1.250000%	n/a
Landfill	1.250000%	n/a
Small-Scale On-Farm (Commercial & Industrial)	0.245000%	n/a