



Town of Newmarket
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Property Tax Rates and By-law for 2019 Staff Report to Council

Report Number: 2019-55

Department(s): Financial Services

Author(s): Grace L. Marsh

Meeting Date: May 21, 2019

Recommendations

1. That the report entitled Property Tax Rates and By-law for 2019 dated May 22, 2019 be received; and,

2. That the property tax rates for 2019, as applied to the assessment roll returned in 2018 for 2019 taxation, be set for Town purposes as follows,

Residential	0.322917%
Multi-Residential	0.322917%
Commercial	0.413140%
Industrial	0.507109%
Pipeline	0.296761%
Farm	0.080729%

3. That the applicable Tax Rate By-law, attached as Appendix 'A' be forwarded to Council for approval and,

4. That the Treasurer be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to provide for the levy and collection of property tax for 2019.

Background

The Municipal Act, 2001, as amended under s.312 requires that each year Council enact a by-law levying a separate tax rate, as specified in the bylaw, on the assessment in each property class in the local municipality for all property rateable for municipal purposes.

Discussion

Town of Newmarket Tax Ratios and Tax Rates

The property tax rates for Town purposes are determined using the approved tax ratios applied to the 2018 Assessment Roll as returned for 2019 taxation, and the approved 2019 Town tax-supported operating budget.

Tax ratios establish the weighted level of taxation born by each broad property class in relation to the residential class. The tax ratios for 2019 are set and approved by Regional Council. They are consistent Region wide. In 2016, both regional and local municipal staff undertook a review of the impact of market value reassessment and the resulting tax shifts that naturally occur when one property class has values that increase at a higher rate than others.

Regional Council adopted a 'revenue neutral' approach which increases the ratios on commercial and industrial properties, and reduces the impact of tax shifting to the residential class. This same approach was carried forward for 2017, 2018 and now 2019.

The chart below demonstrates the change in ratios for each class, comparing 2016 through 2019:

Property Class	2016 Tax Ratio	2017 Tax Ratio	2018 Tax Ratio	2019 Tax Ratio
Residential (Homes and Condos)	1.000000	1.000000	1.000000	1.000000
Multi-Residential (Apartments)	1.000000	1.000000	1.000000	1.000000
Commercial	1.117200	1.181313	1.232300	1.279400
Industrial	1.312400	1.416888	1.497300	1.570400
Pipelines	0.919000	0.919000	0.919000	0.919000
Farms	0.250000	0.250000	0.250000	0.250000

One way to understand the effect of a change in the ratio is that commercial properties will bear a 27.9% premium on each dollar of assessment and industrial properties will bear a 57% premium on each dollar of assessment. This increases every year that we carry forward the 'revenue neutral' approach. Staff has expressed concern this may reduce our competitive benefit over other municipalities and regions if continued. Regional and municipal tax staff have committed to a full review of this approach with the next reassessment cycle scheduled for taxation in 2021.

Schedule 'A' attached to the by-law lists the proposed tax rates required to raise the approved 2019 Town tax supported budget requirement of \$62,414,491. This results in an average municipal (Town only) increase to a homeowner assessed at \$618,750 of 2.24% or \$43.85.

The average value of a single family home in Newmarket for 2019 has risen to \$618,750 from \$572,500 in 2018. For further information please see below for averages by ward.

Location	Single Family Home Value
Overall Town Average	618,750
Ward 1	865,750
Ward 2	573,000
Ward 3	546,250
Ward 4	556,250
Ward 5	493,250
Ward 6	640,000
Ward 7	662,250

Region of York and Education Tax Rates

The Region of York has set the property tax rates they require to fund their budgets. The Region will be raising \$65.0 million in Newmarket. This represents 5.74% of the total Regional levy as compared to 5.76% in 2018. This results in an average increase to a homeowner in Newmarket of \$75.18 or 3.75%. The impact in Newmarket is slightly lower than the Regional average of 3.96% because our rates of assessment growth are lower than some other municipalities in York Region.

The Ministry of Finance has provided the Education property tax rates for 2019. The Residential tax rate has been reset and uniform rate for the entire Province for 2019 is 0.161% reduced from 0.170% in 2018. The average home assessed at \$618,750 will see an increase of \$22.93 or 2.36% which results from the average assessment increase in Newmarket being higher than the overall Provincial average.

New for 2019: The Province has regulated a reduction in the discounts currently provided to Vacant Land (VL) and Excess Land (EL) in the business property classes. Previously Commercial VL and EL was taxed 30% lower than occupied commercial land; this discount will now be 15% for 2019 and no discount for 2020. Industrial VL and EL was taxed 35% lower than occupied industrial land; this discount will now be 17.5% for 2019 and no discount for 2020. For this year, this applies to the education tax portion only, however the Region has been given the option to phase out the discount on the local and regional portions as well. The Region and the local property tax representatives are exploring possible changes to the municipal portion of the taxes for 2020 and beyond and we will report to Council as it progresses.

Summary – 2019 Combined Tax Rates

The final residential tax rate for 2019 will be 0.820466%. An average residential property with a 2019 phased-in assessment of \$618,750 will pay \$5,076.61 for 2019. For comparison below is the tax levy for this property for 2018:

	2018	2019	\$ Change	% Change
Town Municipal	\$1,954.19	\$1,998.04	\$43.85	2.24%
Region Municipal	\$2,007.21	\$2,082.39	\$75.18	3.75%
Education	\$973.25	\$996.18	\$22.93	2.36%
Total	\$4,934.65	\$5,076.61	\$141.96	2.88%

The sharing of each \$1.00 of property tax collected for the three main broad classes is as follows:

	Residential	Commercial	Industrial
Town of Newmarket	\$0.39	\$0.23	\$0.25
Region of York	\$0.41	\$0.24	\$0.25
Education	\$0.20	\$0.53	\$0.50
Total	\$1.00	\$1.00	\$1.00

The total taxation for all three levels of government in Newmarket will be in excess of \$178 million and is managed by Town staff in terms of billing, collection, adjustments and remittance to the Region and school boards.

In addition to the above levies, there are also payments-in-lieu (PIL's) calculated and levied using the same tax rates for the applicable classes, or using rates set by Provincial Regulation for the railway rights-of-way, electrical corridors and the heads and beds levy for the hospital.

Properties identified within the Business Improvement Area (BIA) will be levied a total of \$30,000 apportioned according to their commercial assessment and the funds will be provided to the Treasurer of the BIA.

Capping and Clawback

Commercial and industrial (C/I) properties continue to be subject to the capping and clawback program introduced in 1998 to help mitigate the excessive property tax increases that occurred during the first province-wide reassessment at current value assessment (CVA) in 1998.

The policy decisions for this program rest with the upper tier and consultation is undertaken with all the local municipalities. Historically, Newmarket has always recommended that all available options to reduce the impact of capping and clawback be adopted and Regional Council have agreed to continue that strategy. As a result, preliminary numbers indicate that all of Newmarket's multi-residential, commercial and industrial properties have reached full current value assessment and are no longer capped or clawed back.

Property Tax Due Dates

As noted in the attached By-law, the due dates for the final three installments for the residential levy will be:

Thursday July 25/19

Tuesday August 27/19

Tuesday September 24/19

The dues dates for the non-residential levy, as well as any supplementary or omitted billing from Amended Property Assessment Notices (APAN's) will be established as they are processed with the legislated minimum of 21 days from the date of the billing.

Property taxes can be paid by any of the following methods:

- Telephone or On-Line Banking
- Pre-authorized Payment Plans (with pre-registration)
- In person at 395 Mulock Dr., Ray Twinney Recreation Complex, the Magna Centre or the Newmarket Senior's Meeting Place
- Mailing or dropping off cheques at 395 Mulock Dr.
- Credit Card (on-line only) at www.plastiq.com (service charge applies)

Residents are strongly encouraged to use their on-line or telephone banking as the safest, most secure and efficient manner of payment.

Property Tax Assistance Programs

Council approved the continuation of the Town's Tax Assistance to the Elderly program for 2019 and increased the grant amount to \$311 from \$302 per eligible property. Applications are available on the Town's website and will be accepted up to December 1, 2019.

Council has approved the delegation of the Town's authority under the Municipal Act to the Assessment Review Board to hear applications for full or partial property tax relief in cases of sickness or extreme poverty. Applications are available on the Town's website and will be accepted up to February 28, 2020 for the 2019 tax year.

All eligible York Region residents also have the opportunity to defer the property tax increases under a Regional Tax Deferral program. Tax increases on the principal residence are deferred for payment indefinitely, with no late payment fees or interest applied, and are only required to be repaid when the property is sold or transferred to a non-spouse.

There are also tax rebate programs available for heritage properties, demolished or razed by fire properties and for registered charities in eligible properties. Full information on all the assistance programs is available on our website or from Customer Service.

Conclusion

2019 Combined Tax Rates

The final residential tax rate for 2019 will be 0.820466%. An average residential property with a 2019 phased-in assessment of \$618,750 will pay \$5,076.61 for 2019. This is an overall increase of 2.88%.

Business Plan and Strategic Plan Linkages

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

Consultation

- Financial Services Report 2019 Operating & Capital Budget Recommendations March 4, 2019
- Ministry of Education and Ministry of Finance Letters Regarding Education Tax Rates and Proportions of Enrolment 2019 and Property Tax Policy
- Regional Municipality of York Reports 2019 Property Tax Ratios, Property Tax Rates and Property Tax Capping
- Online Property Tax Analysis (OPTA) for statistics and analysis
- Municipal Property Assessment Corporation, 2018 Assessment Roll for 2019 Taxation

Human Resource Considerations

None

Budget Impact

The proposed property tax rates for the Town will increase the tax levy on an average home by 2.24% and raise the necessary funds to cover the 2019 tax-supported operating budgets as approved by Council.

Attachments

Appendix 'A'; (Draft By-law with Schedule 'A')

Approval

Grace L. Marsh, CMMIII, CMRP, Paralegal
Supervisor, Property Tax & Assessment

Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer

Esther Armchuk, LL.B.
Commissioner, Corporate Services

Contact

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