



Town of Newmarket
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Property Tax Rates and By-law for 2020 Staff Report to Council

Report Number: 2020-46

Department(s): Financial Services

Author(s): Mike Mayes, Director of Financial Services/Treasurer

Meeting Date: June 22, 2020

Recommendations

1. That the report entitled Property Tax Rates and By-law for 2020 dated June 22, 2020 be received; and,
2. That the property tax rates for 2020 be applied to the assessment roll returned in 2019 for 2020 taxation be set for Town purposes as follows:

Residential	0.309270 %
Multi-Residential	0.309270 %
Commercial	0.411979 %
Industrial	0.508192 %
Pipeline	0.284219 %
Farm	0.077318 %

3. And 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 2020.

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 by-law, 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 2019 Assessment Roll as returned for 2020 taxation, and the approved 2020 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 2020 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, 2019 and now 2020.

The chart below demonstrates the change in ratios for each class, comparing 2017 through 2020:

Property Class	2017 Tax Ratio	2018 Tax Ratio	2019 Tax Ratio	2020 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	1.181313	1.232300	1.279400	1.332100
Industrial	1.416888	1.497300	1.570400	1.643200

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 33.2% premium on each dollar of assessment and industrial properties will bear a 64.3% 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 which has currently been postponed by the Province.

Schedule 'A' attached to the by-law lists the proposed tax rates required to raise the approved 2020 Town tax supported budget requirement of \$64,988,490. This results in an average municipal (Town only) increase to a homeowner assessed at \$665,000 of 2.93% or \$58.60.

The average value of a single family home in Newmarket for 2020 has risen to \$665,000 from \$618,750 in 2019.

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 \$67.6 million in Newmarket. This represents 5.71% of the total Regional levy as compared to 5.74% in 2019. This results in an average increase to a homeowner in Newmarket of \$56.37 or 2.71%. The impact in Newmarket is slightly lower than the Regional average of 2.96% 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 2020. The Residential tax rate has been reset and the uniform rate for the entire Province for 2020 is 0.153%, reduced from 0.161% in 2019. The average home assessed at \$665,000 will see an increase of \$21.27 or 2.14% which results from the average assessment increase in Newmarket being higher than the overall Provincial average.

New for 2020: The Province has regulated a reduction in the discounts currently provided to Vacant Land (VL) and Excess Land (EL) in the business property classes. Commercial VL and EL is currently taxed 30% lower than occupied commercial land and industrial VL and EL is taxed 35% lower than occupied industrial land. The intention was to phase out the discounts over a 2 year period. However, in view of the significant challenges municipalities are facing in 2020, the decision to eliminate the discounts has been deferred until the 2022 taxation year.

Summary – 2020 Combined Tax Rates

The final residential tax rate for 2020 will be 0.783889 %. An average residential property with a 2020 phased-in assessment of \$665,000 will pay \$5,212.86 for 2020. For comparison below is the tax levy for this property for 2020:

	2019	2020	\$ Change	% Change
Town Municipal	\$1,998.04	\$2,056.64	\$58.60	2.93%
Region Municipal	\$2,082.39	\$2,138.76	\$56.37	2.71%
Education	\$996.18	\$1,017.45	\$21.27	2.14%
Total	\$5,076.61	\$5,212.86	\$136.25	2.71%

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	\$0.24	\$0.25
Region of York	\$0.41	\$0.25	\$0.26
Education	\$0.20	\$0.51	\$0.49
Total	\$1.00	\$1.00	\$1.00

The total taxation for all three levels of government in Newmarket will be in excess of \$183 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:

- Wednesday August 26, 2020
- Wednesday September 23, 2020
- Thursday October 27, 2020

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 2020 and increased the grant amount to \$320 from \$311 per eligible property. Applications are available on the Town's website and will be accepted up to December 1, 2020.

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, 2021 for the 2020 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.

Additionally, for 2020 Council has implemented a financial relief program which includes waiving all interest and penalty charges until January 1, 2021. More information is included in Financial Relief Program Staff Report 2020-28.

Conclusion

2020 Combined Tax Rates

The final residential tax rate for 2020 will be 0.783889 %. An average residential property with a 2020 phased-in assessment of \$665,000 will pay \$5,212.86 for 2020. This is an overall increase of 2.71%.

Business Plan and Strategic Plan Linkages

This report links to Council's Strategic Priority of Long-Term Financial Sustainability; ensuring ongoing continuous improvement and a service level analysis for consideration; utilizing both internal and external resources to complete an assessment of the Town's overall financial health to support effective and efficient long-term planning.

Consultation

- Financial Services Report 2019-130; 2020 Operating & Capital Budget Recommendations endorsed by Council on December 2, 2019
- Ministry of Education and Ministry of Finance Letters Regarding Education Tax Rates and Proportions of Enrolment 2020 and Property Tax Policy
- Regional Municipality of York Reports 2020 Property Tax Ratios, Property Tax Rates and Property Tax Capping
- Online Property Tax Analysis (OPTA) for statistics and analysis
- Municipal Property Assessment Corporation, 2019 Assessment Roll for 2020 Taxation

Human Resource Considerations

None.

Budget Impact

The proposed property tax rates for the Town will increase the overall tax levy by 2.93% and raise the necessary funds to cover the 2020 tax-supported operating budgets as approved by Council.

Attachments

Appendix 'A'; (Draft By-law and Tax Rate Calculations)

Approval

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

Esther Armchuk, LL.B.
Commissioner, Corporate Services

Contact

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