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## **Property Tax Rates and By-law for 2023 Staff Report to Council**

Report Number: 2023-34

Department(s): Financial Services

Author(s): Lawrence Villanueva, Manager, Revenue

Meeting Date: May 29, 2023

### **Recommendations**

1. That the report entitled Property Tax Rates and By-law for 2023 dated May 29, 2023 be received; and,
2. That the property tax rates for 2023, as applied to the assessment roll returned in 2022 for 2023 taxation, be set for Town purposes as follows:

Residential	0.339362%
Multi-Residential	0.339362%
Commercial	0.452064%
Industrial	0.557639%
Pipeline	0.311873%
Farm	0.084840%

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.

### **Executive Summary**

The result of the 5.5% budgetary increase on property tax rates for 2023 is as follows:

- Residential and multi-residential - 0.339362%

- Commercial – 0.452064%
- Industrial – 0.557639%
- Pipeline – 0.311873%
- Farm – 0.084840%

The 2023 average single-detached residential property will experience an increase of \$125.44 compared to 2022. The total levy collected for all levels of Government is \$199,115,080. This is made up of the Town of Newmarket's levy requirement of \$73,091,624, York Region's levy requirement of \$75,144,240 and the Province of Ontario's levy requirement of \$50,879,216.

## **Purpose**

The purpose of this report is to provide for the levy and collection of property tax for 2023.

## **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 2022 Assessment Roll as returned for 2023 taxation, and the approved 2023 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 2023 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. A review of this approach was initially set to be done in 2020, in accordance with the reassessment cycle. However, due to the COVID-19 pandemic, the reassessment has been postponed. The current value assessment (CVA) used for the 2023 taxation year is the same value used in the 2020 taxation year. To date, the province has not yet announced a plan for re-assessment.

As a result, the 2023 Tax Ratio remains unchanged from last year.

Schedule 'A' attached to the by-law lists the proposed tax rates required to raise the approved 2023 Town tax supported budget requirement of \$73,091,624. This results in an average municipal (Town share only) increases to a homeowner with a residential property assessed at \$709,000 of 5.5% or \$125.44.

Due to the re-assessment freeze, the average value of a single-detached home in Newmarket for 2023 has remained largely the same compared to last year. In 2023, the average value of a single-detached home increased to \$709,000 from \$706,000 in 2022.

The slight CVA average increase of \$3,000 is a result of additions to the roll such as occupancy of new properties, home improvements and additions.

For further information on the average CVA breakdown of the common residential properties for 2023:

Residential Property Type	Average CVA
Single-Detached	\$709,000
Semi-Detached	\$482,000
Freehold Townhouse	\$507,000
Condominium	\$378,000

## Region of York and Education Tax Rates

The Region of York has set the property tax rates they require to fund their budgets. Newmarket's portion of the region's budget is approximately \$75,144,240. This represents 5.61% of the total regional levy. Based on the average single-detached home of \$709,000, this results in an average increase to a homeowner in Newmarket of 3.9% or \$91.70.

The Ministry of Finance has provided the education property tax rates for 2023. The Residential tax rate has been set at a uniform rate for the entire province at 0.153000%, which is the same rate used in 2020. The average single-detached home assessed at \$709,000 will not see an increase in the education portion of their taxes for 2023.

## Summary – 2023 Combined Tax Rates

The 2023 Final Residential Tax Rate is 0.841254%. The average single-detached home with a CVA of \$709,000 will pay \$5,964.49 in 2023. For comparison, the table below illustrates the tax levy breakdown for this property in 2023:

<b>Levy</b>	<b>2022</b>	<b>2023</b>	<b>\$ Change</b>	<b>% Change</b>
Town Municipal	\$2,280.64	\$2,406.08	\$125.44	5.5%
Region Municipal	\$2,381.94	\$2,473.64	\$91.70	3.9%
Education	\$1,084.77	\$1,084.77	\$0.00	0.0%
<b>Total</b>	<b>\$5,747.35</b>	<b>\$5,964.49</b>	<b>\$217.14</b>	<b>3.8%</b>

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

<b>Levy</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
Town Municipal	\$0.40	\$0.25	\$0.28
Region Municipal	\$0.41	\$0.26	\$0.29
Education	\$0.19	\$0.49	\$0.43
<b>Total</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>

The total taxes required for all three levels of government in Newmarket will be in excess of \$199 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 available to the Treasurer of the BIA.

## **Property Tax Due Dates**

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

- Tuesday, July 25, 2023
- Friday, August 25, 2023
- Monday, September 25, 2023

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)
- Mailing or dropping off cheques at 395 Mulock Dr.
- Credit Card (on-line only) at [www.plastiq.com](http://www.plastiq.com) (service charge applies)

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

In-person payments can be made at 395 Mulock Dr, Ray Twinney Recreation Complex, Magna Centre and the Newmarket Senior's Meeting Place.

## **Conclusion**

The final residential tax rate for 2023 will be 0.841254%. An average residential property with a 2023 assessment of \$709,000 will pay \$5,964.49 for 2023 of which the Town share is \$2,406.08 or 40% of the total taxes.

## **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 2023 Operating & Capital Budget Recommendations
- Ministry of Education and Ministry of Finance Letters Regarding Education Tax
- Regional Municipality of York Reports 2023 Property Tax Ratios, Property Tax Rates and Property Tax Capping
- Online Property Tax Analysis (OPTA) for statistics and analysis
- Municipal Property Assessment Corporation, 2022 Assessment Roll for 2023 Taxation

## **Human Resource Considerations**

None

## **Budget Impact**

The proposed property tax rates for the Town will increase the residential tax levy on an average single-detached home by 5.5% and raise the necessary funds to cover the 2023 tax-supported operating budgets as approved by Council.

## **Attachments**

Appendix A: 2023 Draft Tax Rate By-law

## **Approval**

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

Esther Armchuk LL.B  
Commissioner, Corporate Services

## **Contact**

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