



TOWN OF NEWMARKET
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May 19, 2016

CORPORATE SERVICES REPORT – FINANCIAL SERVICES – 2016-16

TO: Mayor Tony Van Bynen and Members of Council

SUBJECT: Property Tax Rates & By-law for 2016

ORIGIN: Supervisor, Property Tax and Assessment

RECOMMENDATIONS:

THAT Corporate Services Report-Financial Services – 2016-16 dated May 19, 2016 regarding the Property Tax Rates and By-law for 2016 be received and the following recommendations be adopted:

1. **THAT the property tax rates for 2016, as applied to the assessment roll returned for taxation 2016, be set for Town purposes, as follows:**

<u>Property Class</u>	<u>Tax Rate</u>
Residential	0.384908%
Multi-Residential	0.384908%
Commercial	0.430019%
Industrial	0.505153%
Pipeline	0.353730%
Farm	0.096227%

2. **AND THAT the applicable tax rate by-law, attached as Appendix "A" be forwarded to Council for approval.**

COMMENTS:

Purpose:

The purpose of this report is to provide for the levy and collection of property tax for 2016.

Budget Impact:

The proposed property tax rates for the Town will increase the tax levy by 2.99% and raise the necessary funds to cover the 2016 tax-supported operating budget as approved by Council on January 13, 2016.

Summary:

The *Municipal Act, 2001 as amended* under s.312, require that Council pass 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.

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 2015 Assessment Roll as returned for 2016 taxation, and the approved 2016 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 2016 are set and approved by Regional Council. They are consistent Region-wide, and must be used by all nine area municipalities in setting their respective tax rates for 2016. The Region has not made any adjustments to the tax ratios from 2015 to 2016 to adjust for tax shifting, however, changes are under consideration at the staff level for the reassessment values in 2017. The approved ratios remain:

Property Class	2016 Tax Ratio
Residential (Houses and Condos)	1.0000
Multi-Residential (Apartments)	1.0000
Commercial	1.1172
Industrial	1.3124
Pipeline	0.9190
Farmland	0.2500

A combination of the *Assessment Act, R.S.O. 1990, as amended (Assessment Act)* and the *Municipal Act, 2001, as amended (Municipal Act)* require that tax discounts be given to several prescribed subclasses of property within the Commercial and Industrial broad classes. The tax rates for vacant or excess land within these classes are discounted by 30% and 35% respectively. The higher discount for industrial vacant or excess land reflects the higher tax ratio applied to industrial properties as seen in the table above.

Schedule "A" attached to the by-law lists the proposed tax rates required to raise the approved 2016 Town tax levy requirement of \$55.1 million. This results in an average municipal (Town) increase to a homeowner assessed at \$446,719 of 3.39% or \$56.36. The additional 0.40% is the result of tax shifting from the non-residential classes to the residential tax class. As previously mentioned, the Region has opted not to adjust the tax ratios to compensate for this minor shift in 2016.

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 \$56.9 million in Newmarket. This represents 5.83% of the total Regional levy as compared to 5.90% in 2015. This results in an average increase to a homeowner in Newmarket of \$45.39 or 2.63%.

The Region's overall advertised tax levy increase for 2016 is 2.85%, however, the impact in Newmarket is only 2.63% because our rates of growth are lower than some other municipalities in York Region.

Newmarket's share of the Regional levy dropped from 5.90% to 5.83% for 2016. For the average resident, this is a savings of 0.22% or \$3.87 as a result of tax shifting across the Region. Tax shifting is a change in the distribution of assessment among all the municipalities within the Region.

The Ministry of Finance has provided the Education Property Tax Rates for 2016. The Residential tax rate has been reset to offset phased-in assessment increases and the uniform rate for 2016 is 0.188%, reduced from 0.195% in 2015. The average home assessment of \$446,719 will see an increase of \$10.36 or 1.25%. This results from the average assessment increase in Newmarket being higher than the overall Provincial average.

Education tax rates for Commercial and Industrial properties have also been reset for phased-in assessment increases. The four school boards supported by Newmarket residents (English Public & Separate and French Public & Separate) will raise \$44.3 million in 2016.

Summary – 2016 Tax Rates:

The total final Residential tax rates for 2016 will be 0.970065%. An average residential property currently assessed at \$446,719 will pay \$4,333.46 for 2016. For comparison, the estimated assessment for this property in 2015 (assuming a 5.02% assessment phase-in change) would have been \$425,368 with a levy of \$4,221.35. Please see the chart below:

	2015	2016	\$ CHANGE	% CHANGE
Town Portion	\$1,663.10	\$1,719.46	\$ 56.36	3.39%
Region Portion	\$1,728.78	\$1,774.17	\$ 45.39	2.63%
School Board Portion	\$ 829.47	\$ 839.83	\$ 10.36	1.25%
Total	\$4,221.35	\$4,333.46	\$112.11	2.66%

Within the Town's portion there is a 2.99% levy increase, however, the rate of net growth (assessment losses plus supplementary and omitted assessments) in the commercial/industrial classes relative to residential, was lower than expected and resulted in inter-class shifting. For the average resident this was an additional 0.4% or \$6.63.

Commercial and Industrial Property Taxes:

The sharing of each \$1.00 of property tax collected for the residential as well as the commercial and industrial classes is as follows;

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
Town of Newmarket	\$0.40	\$0.23	\$0.23
Region of York	\$0.41	\$0.23	\$0.24
Education	\$0.19	\$0.54	\$0.53
Total	\$1.00	\$1.00	\$1.00

The total taxation levy for all three levels of government in Newmarket will be in excess of \$156 million and will be managed by the Town of Newmarket in terms of billing, collection, adjustments and remittance to the Region and School Boards.

In addition to the above levies, there will also be payments-in-lieu (PIL's) calculated and levied using the same tax rates for the applicable class or at rates set by 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 properties continue to be subject to the capping and clawback program that was introduced in 1998 to help mitigate excessive property tax increases when province-wide current value assessment (CVA) was introduced. The policy decisions for this program rest with the Region of York, however 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. For 2016, the Province offered a significant change to the capping parameters and collectively we have recommended an adoption by Regional Council once again. At the time of writing, the recommendation to adopt the new provisions is before the Region. The changes being considered are;

- Increase the maximum annual increase for capped properties from its current level of 5% of previous year's CVA taxes to a new maximum of 10%
- Move properties directly to CVA taxes if they are within \$500 – up from the current \$250
- Once the full class has no properties left that are capped below 50% of their CVA level taxes, a 4 year full phase-out of the program may begin.

The result of implementing these changes will be fewer properties in the program for 2016, along with a complete exit from the program by 2020 for the industrial class and 2021 for the commercial class. Once fully exited, property taxation for these sectors becomes much more transparent, when property tax is once again calculated as assessment times the tax rate, without the complication of a cap or clawback.

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:

Tuesday, July 26th

Thursday, August 25th

Tuesday, September 27th

The due dates for the non-residential levy, as well as any supplementary or omitted billing, will be established as they are processed within the legislated minimum of 21 days from the date of billing. Property taxes can be paid by any of the following methods;

- By mail to the town offices
- In person at the town offices and customer service kiosks in the recreation centers
- By telephone or internet banking
- Pre-authorized payment plans (with pre-registration)
- At most financial institutions
- Drop off in the night deposit box at 395 Mulock Dr.
- By credit card (on-line only) at www.plastiq.com (service charge applies)

Property Tax Assistance Programs:

Council approved the continuation of the Town's Tax Assistance to the Elderly program for 2016 and increased the grant amount to \$292 from \$284 per eligible property. This increase is in line with the overall tax increase. Applications are available on the Town's website and will be accepted up to December 1, 2016.

Earlier this year Council also 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. Further information is on our website.

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

There are also various tax rebate programs available for heritage properties, vacant commercial/industrial properties and registered charities in eligible properties. Full information on all the assistance programs is available on our website or from the Town offices.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

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

CONSULTATION

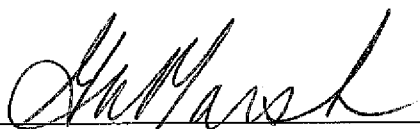
Region of York, 2016 Property Tax Rates Report and By-law, March 24, 2016
Region of York 2016 Property Tax Capping Authorization Report, May 12, 2016
Ministry of Finance letter dated April 22, 2016
Municipal Property Assessment Corporation, 2015 Assessment Roll
Online Property Tax Analysis (OPTA) for statistics and analysis

BUDGET IMPACT

The property tax rates as per Schedule "A" in the accompanying by-law will raise the necessary tax dollars to fund the 2016 tax supported operating budget approved by Council on January 13, 2016.

CONTACT

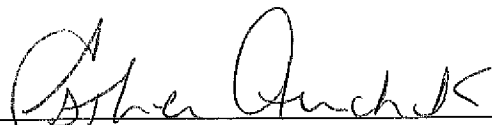
For more information on this report, contact: Grace Marsh at 905-953-5300, ext. 2143 or via e-mail at gmarsh@newmarket.ca



Grace Marsh, CMMIII, CMTF
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Mike Mayes, CPA, CGA
Director, Financial Services/Treasurer



Esther Armchuk B.A. (Hons.), LL.B., DPA
Commissioner, Corporate Services

GM/ne

Attachment: Appendix A (By-law Number 2016-XX, 3 pages)



CORPORATION OF THE TOWN OF NEWMARKET

BY-LAW NUMBER 2016-

APPENDIX "A"

A BY-LAW TO PROVIDE FOR THE LEVY AND COLLECTION OF THE SUMS REQUIRED BY THE CORPORATION OF THE TOWN OF NEWMARKET FOR 2016 AND TO PROVIDE FOR THE MAILING OF NOTICES REQUISITIONING THE PAYMENT OF TAXES FOR 2016.

WHEREAS Section 312 (2) of the *Municipal Act, 2001, as amended*, provides that the Council of a local municipality shall, after the adoption of estimates for the year, pass a by-law to levy a separate tax rate on the assessment in each property class;

AND WHEREAS Sections 307 and 308 of the said *Act* require tax rates to be established in the same proportion to tax ratios;

AND WHEREAS estimates have been prepared showing the sum of \$156,445,501 is required to be raised for the lawful purposes of the Corporation of the Town of Newmarket for the year 2016 which estimates are made up as follows:

1.	Town of Newmarket General Purposes	\$ 55,179,545
2.	Regional Municipality of York Purposes	\$ 56,935,463
3.	Ontario Education Purposes	<u>\$ 44,330,493</u>
		<u>\$156,445,501</u>

AND WHEREAS any special levy in the Town of Newmarket is based upon the Current Value Assessment as returned on the last revised Assessment Roll as determined by the Municipal Property Assessment Corporation in accordance with the *Assessment Act, R.S.O. 1990, as amended*, and summarized on Schedule "A" attached to this by-law;

THEREFORE BE IT ENACTED by the Municipal Council of the Corporation of the Town of Newmarket as follows:

1. THAT the following property tax class ratios are to be applied in determining tax rates for taxation in 2016:

Residential/Farm Property Class	1.0000
Multi-Residential Property Class	1.0000
Commercial Property Class	1.1172
Industrial Property Class	1.3124
Pipelines Property Class	0.9190
Farmlands Property Class	0.2500

2. AND THAT for the year 2016, the Corporation of the Town of Newmarket shall levy upon the Residential Assessment, Multi-Residential Assessment, Commercial Assessment, Industrial Assessment, Pipeline Assessment and Farm Assessment the rates of taxation set out in this by-law. The optional property classes allowable which were not adopted by the Region of York have been included within Schedule "A" for

clarity, shown with the tax rates established for the default Commercial and Industrial Assessment classes for the respective optional classes. This presentation was selected to coincide with the property tax class codes and qualifiers used by the Municipal Property Assessment Corporation in its communication with property owners concerning their property assessments;

3. AND THAT the sum of \$55,179,545 be levied and collected for the Town of Newmarket's General Purposes as provided by the Corporation's 2016 Operating Budget, such sum to be provided by applying the tax rates as summarized in Schedule "A" attached, to the taxable assessments;
4. AND THAT the sum of \$56,935,463 be levied and collected for the Town of Newmarket's share of the 2016 Budget for The Regional Municipality of York, such sum to be provided by applying the tax rates as summarized in Schedule "A" attached, to the taxable assessments;
5. AND THAT the sum of \$44,330,493 be levied and collected for the Town of Newmarket's share of the 2016 Ontario Education levy, such sum to be provided by applying to the taxable assessments the tax rates summarized in Schedule "A" which are the rates prescribed for use by Ontario Regulation 400/98 as amended by O.Reg. 101/16;
6. AND THAT for properties so assessed, payments in lieu of taxes shall be calculated using the tax rates in Schedule, "A" which would be applicable to the property if it were subject to tax;
7. AND THAT for the railway rights-of-way assessments and for the utility transmission and distribution corridor, assessments shall have their taxes due to the Corporation of the Town of Newmarket calculated in accordance with the Regulations as established by the Minister of Finance and the returned assessment roll;
8. AND THAT for the purpose of the business improvement area projects, the sum of \$30,000 shall be levied and collected from the property owners within the business improvement area.
9. AND THAT the Treasurer shall add to the Collector's Roll, all or any arrears for fees or charges which should be collected pursuant to any statute or by-law to the respective properties chargeable thereto and that the same shall be collected by the Treasurer, or designate, in the same manner and at the same time as all other rates or levies;
10. AND THAT the Interim Tax Levy pursuant to By-law Number 2016-02 shall be shown as a reduction on the final tax levy;
11. AND THAT all taxes levied under the authority of this by-law shall become due and payable in three installments; the first installment due July 26, 2016, the second installment due August 25, 2016 and the third installment due September 27, 2016, and all installments shall be payable to the Corporation of the Town of Newmarket;

These due dates are subject to amendment by the Treasurer or designate, if required, to meet the statutory timing required following the tax demand date;

12. AND THAT the Treasurer or designate for the Corporation of the Town of Newmarket may send or mail or cause to be sent or mailed, the notice specifying the amount of taxes payable by any person liable for taxes, addressed to that person's place of residence as indicated on the Collector's Roll;
13. AND THAT taxes are payable at the Municipal Offices, 395 Mulock Drive, Newmarket, and at such other places as may be designated by the Town from time to time;
14. AND THAT residents who qualify for the Low Income Seniors and Low Income Disabled Tax Deferral Program need to apply to the Tax Office in accordance with the program policies as established by the Regional Municipality of York. The amount of deferral for 2016 will be determined once the application has been approved;
15. AND THAT if any section or portion of this by-law or of Schedule "A" is found by a court of competent jurisdiction to be invalid, it is the intent of Council for the Corporation of the Town of Newmarket that all remaining sections and portions of this by-law continue in force and effect;
16. AND THAT Schedule "A" attached hereto shall be and form a part of this by-law.

ENACTED THIS DAY OF

Tony Van Bynen, Mayor

Andrew Brouwer, Town Clerk