



**Mike Mayes, Director
Financial Services/Treasurer**

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April 28, 2014

CORPORATE SERVICES REPORT - FINANCIAL SERVICES-2014-16

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: Property Tax Rates & Bylaw for 2014

ORIGIN: Supervisor, Property Taxes

RECOMMENDATIONS

THAT Corporate Services Report - Financial Services – 2014-16 dated April 28, 2014 regarding the Property Tax Rates & By-Law for 2014 be received and the following recommendations be adopted:

1. THAT the property tax rates for 2014, as applied to the 2014 Returned Assessment Roll, be set for Town purposes, as follows:

<u>Property Class</u>	<u>Tax Rate</u>
Residential	0.395166%
Multi-Residential	0.395166%
Commercial	0.441479%
Industrial	0.518616%
Pipelines	0.363158%
Farmland/Managed Forest	0.098792%

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 the 2014 Property Taxes.

Budget Impact

The proposed property tax rates for the Town will increase the tax levy by 2.72% and raise the necessary tax dollars to fund the 2014 Tax-Supported Operating Budget as approved by Council on December 2, 2013.

Summary

Section 312 (2) of the Municipal Act 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.

Town Tax Rates:

The tax rates for Town purposes are determined using the approved tax ratios applied to the 2013 Returned Assessment Roll and the approved 2014 Town Tax-Supported Operating Budget.

The tax ratios for 2014 are set by Regional Council, are Region-wide, and must be used by all nine area municipalities in setting their respective tax rates for 2014. The 2014 tax ratios have been approved. Tax ratios represent the amount of taxation to be used by each property class in relation to the residential class. The ratios reflect how the tax rate of a property class compares to the residential rate, with the residential class tax ratio being equal to 1. Below is an outline showing no change in ratios between 2013 and 2014. Tax ratios were not adjusted for the shifting of tax burden to residential taxpayers.

<i>Property Class</i>	<i>2014 Tax Ratio</i>	<i>2013 Tax Ratio</i>
Residential	1.0000	1.0000
Multi-Residential	1.0000	1.0000
Commercial	1.1172	1.1172
Industrial	1.3124	1.3124
Pipeline	0.9190	0.9190
Farmland	0.2500	0.2500
Managed Forest	0.2500	0.2500

In addition, Provincial legislation requires that tax discounts be given to several prescribed subclasses within the Commercial and Industrial property classes. The legislation requires that the tax rates for vacant/excess land and units in the Commercial and Industrial property classes be discounted by 30% and 35% respectively. The higher discount on vacant industrial properties reflects the comparably higher tax ratio applied to industrial properties.

Schedule "A" attached to the by-law, lists the proposed tax rates required to raise the approved 2014 Town tax levy requirement of \$50.6 million. These tax rates have been calculated based on the approved tax ratios. This results in an average municipal (Town) increase to a homeowner assessed at \$403,078 of 2.83% or \$43.90.

Region and Education Tax Rates:

The Region of York and the province have set the property tax rates they require to raise funds for Regional and Educational purposes respectively. The Region will be raising \$53.3 million in Newmarket and that is 5.99% of the total Regional levy as compared to 6.04% in 2013. This results in an average municipal (Town) increase to a homeowner assessed at \$403,078 of 0.84% or \$13.95.

The Region's tax levy increase was 1.54%, but the impact was only 0.84% because of the lower rates of growth – Newmarket's share of Regional taxes dropped from 6.04% to 5.99%. For the average resident, this is a savings of 0.70% or \$11.66. This is Regional tax shifting. Tax shifting is the change in distribution of tax burden amongst the various tax classes or tax jurisdictions.

The School tax rate has changed from 0.212000 in 2013 to 0.203000 in 2014. For an average homeowner assessed at \$403,078, the School Board increase to Newmarket taxpayers is \$5.96 or 0.73%. This increase is attributed to the fact that our overall assessment values increased more than the provincial average. It should be noted that the Educational tax rates for Commercial and Industrial tax classes are 5.2 and 5.9 respectively, times the Educational tax rate for the residential property tax class. The School Boards will be raising \$42.8 million from Newmarket taxpayers in 2014.

Summary of Tax Rates:

The total residential tax rate for 2014 will be 1.014899%, as set out in Schedule "A". An average residential property taxpayer, currently assessed at \$403,078 will pay \$4,090.84 in property taxes in 2014. In 2013, the assessment for this same property was \$383,155, which would have paid \$4,027.03 in property taxes, as set out hereafter:

	2013	2014	\$ Change	% Change
Town	\$1,548.93	\$1,592.83	\$ 43.90	2.83%
Region	1,665.81	1,679.76	13.95	0.84%
School Boards	812.29	818.25	5.96	0.73%
TOTAL	\$4,027.03	\$4,090.84	\$63.81	1.58%

As indicated above, the all-in tax increase is 1.58% representing 1.15%, including Regional tax shifting, shifting of provincial rates, plus 0.43% for the Infrastructure levy.

Within the Town's portion, there is consideration of a 2.72% (1.98% general levy and an additional Infrastructure levy of 0.74%) increase in the property tax levy; however, the rate of growth in commercial/industrial assessment relative to residential was lower than expected and resulted in inter-class tax shifting. For the average resident, this is an additional 0.11% or \$1.76.

The share of the property tax bill in 2014 will be as follows:

	Residential	Commercial	Industrial
Town	38.9%	22.5%	22.7%
Region	41.1%	23.7%	23.9%
Education	20.0%	53.8%	53.4%

Note that the tax revenue generated for the Town, Region and School Boards combined, will be more than \$146 million.

Assistance Programs

Finance Report 2005-31 introduced the new "Property Assistance for Seniors" program. A clause in this report states, "This amount would be subject annually to an increase that would reflect the

rate of increase in the Town's property tax portion (rounded to the nearest dollar)." As a result of the Town portion increase of 2.72%, the amount of the grant for 2014 will increase to \$274.00, from the previous \$267.00 for 2013. 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.

- For low-income seniors 55 years of age to 64 years of age, the deferral is the tax increase in excess of \$300.00 for the eligible year.
- For seniors 65 and older, the amount of the deferral is the tax increase for the eligible year.

The above are deferrals only and must be repaid once the house is no longer owned by the qualified senior.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

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

CONSULTATION

The Region of York sets the tax ratios.

BUDGET IMPACT

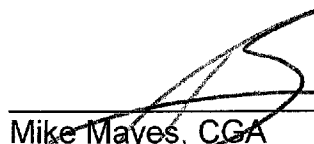
The proposed property tax rates for the Town will raise the necessary tax dollars to fund the 2014 Tax-Supported Operating Budget as approved by Council on December 2, 2013.

CONTACT

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



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Mike Mayes, CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services

CM/nh
Attachments



CORPORATION OF THE TOWN OF NEWMARKET

BY-LAW NUMBER 2014-

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 2014 AND TO PROVIDE FOR THE MAILING OF NOTICES REQUISITIONING THE PAYMENT OF TAXES FOR 2014.

WHEREAS Section 312 (2) of the *Municipal Act* 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 \$146,760,161 is required to be raised for the lawful purposes of the Corporation of the Town of Newmarket for the year 2014, which estimates are made up as follows:

1.	Town of Newmarket General Purposes	\$ 50,616,693
2.	Regional Municipality of York Purposes	\$ 53,298,955
3.	Ontario Education Purposes	<u>\$ 42,844,513</u>
		<u>\$146,760,161</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 Ontario Ministry of Finance in accordance with the *Ontario Assessment Act* as amended, as 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 2014:

Residential/Farm Property Class	1.0000
Multi-Residential Property Class	1.0000
New 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
Managed Forest Property Class	0.2500

2. AND THAT for the year 2014, the Corporation of the Town of Newmarket shall levy upon the Residential Assessment, Multi-residential Assessment, New Multi-Residential Assessment, Commercial Assessment, Industrial Assessment, Pipeline Assessment, Farmland Assessment and Managed Forest 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 Ministry of Finance in its communication with property owners concerning their property assessments;
3. AND THAT the sum of \$50,616,693 be levied and collected for the Town of Newmarket's General Purposes as provided by the Corporation's 2014 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 \$53,298,955 be levied and collected for the Town of Newmarket's share of the 2014 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 \$42,844,513 be levied and collected for the Town of Newmarket's share of the 2014 Ontario Education, 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 O. Reg. 98/06;
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 cutting weeds or any charges to fence viewers awards or water arrears or any other 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 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 2014-01 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 17, 2014, the second installment due August 21, 2014 and the third installment due September 18, 2014, and all installments shall be payable to the office of the Treasurer of the Town of Newmarket;

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

12. AND THAT the Treasurer for the Corporation of the Town of Newmarket may mail or cause to be 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 2014 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

SCHEDULE "A"
Corporation of the Town of Newmarket
2014 Schedule of Tax Rates for Taxable Property

Property Assessment Class	Code/Qual	Town Rate	Region Rate	School Rate	Total Rate
Residential & Farm	RT	0.395166%	0.416733%	0.203000%	1.014899%
Residential Shared PIL	RH	0.395166%	0.416733%	0.203000%	1.014899%
Multi-Residential	MT	0.395166%	0.416733%	0.203000%	1.014899%
Commercial (Occupied)	CT	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Vacant Units/Excess Land	CU	0.309036%	0.325902%	0.738945%	1.373883%
Commercial Shared PIL	CH	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Excess Land Shared PIL	CK	0.309036%	0.325902%	0.738945%	1.373883%
Commercial Parking Lot	GT	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Parking Lot - Vacant	CX	0.309036%	0.325902%	0.738945%	1.373883%
Commercial Office Building	DT	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Shopping Centres	ST	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Shop Centres Vacant Units	SU	0.309036%	0.325902%	0.738945%	1.373883%
Commercial - New Construction	XT	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Excess Land New Construction	XU	0.309036%	0.325902%	0.738945%	1.373883%
New Construction Office	YT	0.444898%	0.465574%	1.055636%	1.966108%
New Construction Excess Land	YU	0.309036%	0.325902%	0.738945%	1.373883%
Commercial Shopping Centres - New Construction	ZT	0.441479%	0.465574%	1.055636%	1.962689%
Commercial Shopping Centre Excess Land - New Construction	ZU	0.309036%	0.325902%	0.738945%	1.373883%
Industrial (Occupied)	IT	0.518616%	0.546920%	1.220000%	2.285536%
Industrial Shared PIL	IH	0.518616%	0.546920%	1.220000%	2.285536%
Industrial Excess Land	IK	0.337100%	0.355498%	0.793000%	1.485598%
Industrial Vacant Units/Excess Land	IU	0.337100%	0.355498%	0.793000%	1.485598%
Industrial Vacant Land	IX	0.337100%	0.355498%	0.793000%	1.485598%
Industrial-Large	LT	0.518616%	0.546920%	1.220000%	2.285536%
Industrial-Large Vacant Units/Excess Land	LU	0.337100%	0.355498%	0.793000%	1.485598%
Industrial - New Construction	JT	0.518616%	0.546920%	1.220000%	2.285536%
Pipelines	PT	0.363158%	0.382978%	1.483767%	2.229903%
Farmland/Managed Forest	FT	0.098792%	0.104180%	0.050750%	0.253722%