



# MUNICIPAL TAXATION REVIEW

## Community input vital to taxation review process

October 28, 2013

The Municipality is undertaking a review of the current taxation model, NOT to raise the total Municipal budget, but to potentially re-apportion Municipal taxes within the Municipality using a legally compliant method.

**No decisions have been made at this time.** Six options of a revised tax model (ranging from 1 to 5 years for full implementation) have been developed as a launching point for dialogue. Council is seeking community input, suggestions and alternatives to assist in developing a long term approach for 2014 and beyond.

### **Why is the Municipality Reviewing the Taxation Approach?**

The taxation formula put in place at amalgamation (Ward 1 paying 85.5% of the total tax levy and Ward 2 paying 14.2% of the total tax levy):

- Is not compliant with the Ontario Municipal Act legislation
- Was approved by the new Council at amalgamation and was to be reviewed within 5 years
- Does not reflect that all residents of the Municipality have access to and share the costs of Municipal facilities and services
- Does not reflect significant budget impacts resulting from new legislation, increasing costs, and reduction of provincial funding including loss of the Community Reinvestment Fund grant of (\$369,000 in 2000) and substantial year over year reductions in the Ontario Municipal Partnership Fund)
- Does not allow flexibility for changes to services, costs and legislation over time

The Area Rating Citizens Working Group was established by Council in May 2012 to assist in developing recommendations for a long term taxation approach (2013 and beyond). Members included Mayor Linda Thompson, Deputy Mayor Jeff Gilmer, Councillor and Chair of General Government & Finance Rick Austin, Ward 1 community representatives Gord Walter and John Quantrill; and Ward 2 community representatives Ian Angus, Rick Norman, and Bill Bickle. The Working Group met 22 times between June 2012 and July 2013.

Though the original intent was for the group to bring back recommendations by September 2012, that deadline was extended twice to allow the group more time. Council set an interim tax rate for 2013 and on May 27, 2013 the Working Group was advised of Council's direction that recommendations be available for Council review by July 2013 to allow time to determine next steps and define a public process for review of potential options prior to the 2014 tax rate deadline. As of July 22, 2013, Working Group Ward 1 and Ward 2 community representatives could not reach consensus on recommendations to forward to Council.

### **What are the Potential Approaches for Revised Taxation Approach?**

The Working Group considered two potential approaches:

- Single Tax Rate - the same tax rate applied to all properties across the Municipality
- Common Plus Special Services Tax Rate - one rate would encompass all services common to all properties and a separate rate would be applied for special services available only in a certain area or to a certain group of tax payers (with a potential phase-in approach using LLRW monies)

The Working Group did not support the Single Tax Rate and worked to develop an implementation approach for a Common Plus Special Services approach. Building on the work completed by the Working Group, six implementation options have been developed for discussion using a Common Plus Special Services approach.

### **How would the proposed new approach affect my tax bill?**

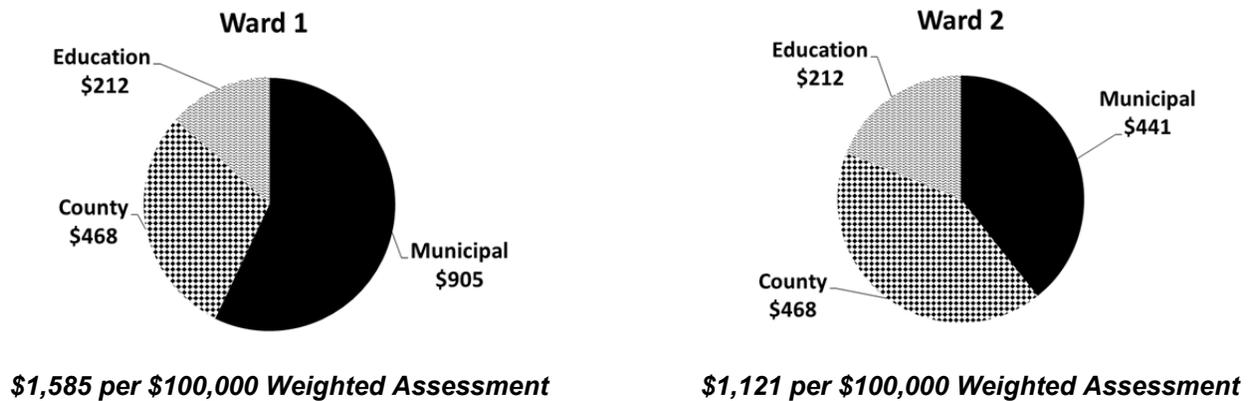
Property tax collected is comprised of three components: Municipal, Education and County taxes. The proposed revised approach would impact **only the Municipal portion** of a property tax bill. Education and County tax rates are set by the Province and County respectively and are the same in Ward 1 and Ward 2. For 2013 the education tax rate is 0.002120 and the County tax rate is 0.004681.

Using 2013 as the base year, and residential property as an example, the Common Plus Special Services approach would result in:

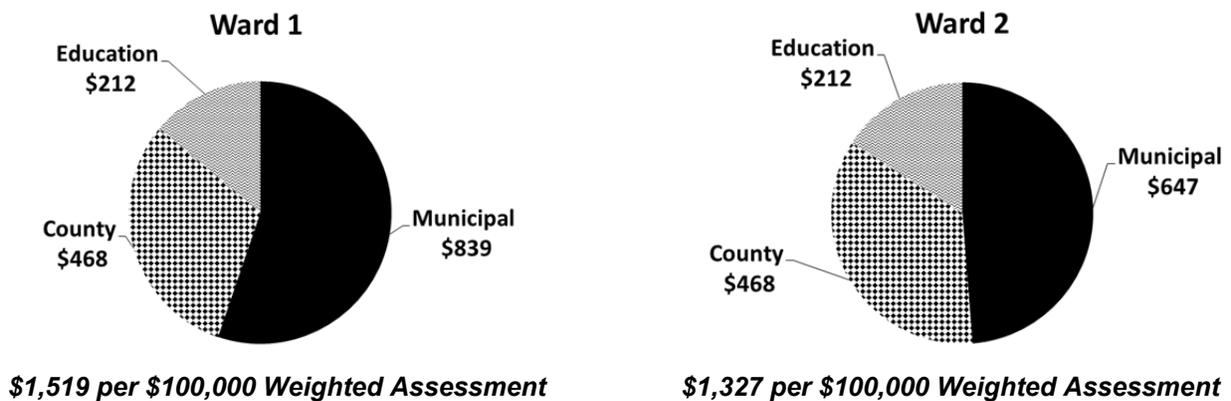
- 7.3% decrease (\$66 per \$100,000 in weighted assessment) on the Municipal portion of Ward 1 property tax bill (for example, the 2013 the Municipal tax rate for Ward 1 would have been 0.008394).
- 46.9% increase (\$207 per \$100,000 in weighted assessment) on the Municipal portion of Ward 2 property tax bill (for example, for 2013 the Municipal tax rate for Ward 2 would have been 0.006471).

Though the Single Rate approach is not being considered, the 2013 tax rate would have been 0.007872 for all taxpayers (13.1% decrease in Ward 1 and 78.7% increase in Ward 2).

### Current Property Tax Bill Allocation (2013 tax rates)



### Property Tax Bill Allocation (2013 tax rates and Common Plus Special Services approach)



Detailed information on Municipal taxation review is available at [www.porthope.ca](http://www.porthope.ca) under Quick Links:

- Municipal Taxation FAQs
- Fact Sheet – Municipal Taxation (Oct 28 2013)
- Municipal Taxation Mailer (Oct 25, 2013)
- Area Rating Citizens Working Group Minutes
- Open House Hand Out (Oct 21, 2013)
- Open House Display Boards (Oct 21, 2013)
- Open House Presentation (Oct 21, 2013)
- Media Release (Oct 17, 2013)
- Report to Budget Committee (Oct 8, 2013)
- Budget Committee Presentation (Oct 8, 2013)
- Media Release (Oct 8, 2013)
- Overview - Municipal Taxation
- Evaluation of Potential Special Services
- Transition/Amalgamation Order (Mar 28, 2000)
- Link to the PHAI Legal Agreement
- Glossary of Terms
- Public Comment Sheet

**All comments, suggestions and alternatives received by November 15, 2013** will be considered in the development of a report to Committee of the Whole on November 26, 2013 outlining recommendations for a Municipal taxation approach for 2014 and beyond.

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