Property Tax Ratios

General Committee
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Purpose

- To provide information to Committee regarding the setting of tax ratios for 2013 in York Region

Background – Definition of Tax Ratios

- Tax Ratios represent the amount of taxation borne by each property class in relation to the residential class

- Residential class is always 1.0

- In 2012, the commercial class tax ratio was 1.172 which means the commercial tax rate is 1.172 times the residential tax rate

- Tax ratios are set annually by the Region of York

Background – Reassessment Impact

- Each reassessment year causes shifts in assessment between property classes which also cause tax shifts

- 2004 and 2009: tax ratios in York Region were set to achieve "revenue neutrality"

- "Revenue neutrality" = the relative tax burden for each property class will be the same after reassessment as it was before reassessment

Background – Region Practice

Region Practice of Adjusting Tax Ratios to Mitigate Tax Shifts (From Region report dated December 16, 2009)

- Assessment calculated differently in residential and business classes. Does not reflect difference in classes, especially costs of services

- Reassessment is a snapshot in time. Major economic events can temporary increases or decreases in value of business relative to residential

- Historically, Region has set tax ratios that result in revenue neutrality as it did in 2004 and 2009

Background - History

2004

- Residential class increased 15%

- Business classes increased 3%

- Tax ratios set to "revenue neutrality"

- Result: residential class increase mitigated

2009

- Residential class increased 19%

- Business classes increased 31%

- Tax ratios set to "revenue neutrality"

- Result: business class increase mitigated

- ☐ *Region practice has been to set ratios to achieve "revenue neutrality"*

2013 Reassessment Impact

- Residential class increased 27%

- Business classes increased 15%

- Region staff leaning towards no change to tax ratios

- Markham staff recommends tax ratios set to "revenue neutrality"

- Reasons for Markham position:

  ☐ Mitigates impact on residential class

  ☐ Shift to business class not significant enough

  ☐ Maintains past practice of "revenue neutrality"

Tax Impact of Not Changing Ratios

2012-16 Change in Relative Tax Burden by Municipality and Property Class

	Residential ($000s)	Commercial and Industrial ($000s)	Other ($000s)	Municipal Total ($000s)
Aurora	(223)	(593)	(49)	(865)
East Gwillimbury	(1,039)	(243)	(9)	(1,291)
Georgina	(1,885)	(105)	(43)	(2,033)
King	(845)	(129)	(10)	(984)
Markham	10,101	(3,690)	(110)	6,301
Newmarket	(938)	(1,037)	(98)	(2,073)
Richmond Hill	6,764	(1,690)	(97)	4,977
Vaughan	3,102	(5,270)	56	(2,112)
Whitchurch-Stouffville	(1,859)	(26)	(34)	(1,919)
York Region	**13,178**	**(12,786)**	**(392)**	**0**

Markham impact is $10M of the $13M because its residential class increase (31.7%) is much more than its business classes (15%)

Average Tax Impact of Shifts - Markham

	No Change	Revenue Neutrality
Single Family	$38	$31
Residential Class	$28	$21
Commercial Class	-$195	-$20
Industrial Class	-$50	$12

Recommendation

- Markham staff recommend:

- Markham Council support setting ratios in 2013 to achieve Region-wide "revenue neutrality" such that the relative tax burden of each property class is the same after reassessment as it is before reassessment