
2018

TAX POLICY AND REASSESSMENT IMPACT STUDY

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THE COUNTY OF PERTH

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TABLE OF CONTENTS

INTRODUCTION	4
<i>SCOPE OF THE STUDY</i>	<i>5</i>
PART ONE: ASSESSMENT AND REVENUE GROWTH	8
<i>REAL ASSESSMENT GROWTH.....</i>	<i>8</i>
<i>PHASE ADJUSTED CVA.....</i>	<i>11</i>
<i>REVENUE GROWTH.....</i>	<i>12</i>
PART TWO: MARKET VALUE UPDATE AND ASSESSMENT PHASE-IN.....	14
<i>REASSESSMENT</i>	<i>14</i>
<i>ASSESSMENT PHASE-IN PROGRAM.....</i>	<i>18</i>
<i>FIRST YEAR VS. REMAINING CYCLE YEARS.....</i>	<i>18</i>
<i>CYCLE PROGRESSION TO DATE</i>	<i>20</i>
PART THREE: REASSESSMENT AND PHASE-IN RELATED TAXATION IMPACTS.....	22
<i>REVENUE NEUTRAL TAX RATES (NTR)</i>	<i>22</i>
<i>TAX SHIFTS USING REVENUE NEUTRAL RATES.....</i>	<i>22</i>
<i>FUTURE YEAR TAX TREND PROJECTIONS.....</i>	<i>27</i>
<i>TAXATION IMPACTS/IMPLICATIONS OF ASSESSMENT PHASE-IN</i>	<i>30</i>
<i>MEASURING OTHER ASSESSMENT AND TAXATION SHIFTS</i>	<i>32</i>
<i>NEW AGRI-FOOD BUSINESS SUBCLASSES FOR FARM PROPERTIES</i>	<i>44</i>
<i>HYPOTHETICAL FARM SUB-CLASS TAX IMPLICATIONS.....</i>	<i>49</i>
PART FOUR: TAX POLICY SENSITIVITY ANALYSIS.....	54
<i>MOVING TAX RATIOS.....</i>	<i>54</i>
<i>WHERE OPTIONAL CLASSES APPLY</i>	<i>55</i>
<i>TAX RATIOS AND BALANCE OF TAXATION</i>	<i>56</i>
<i>TAX POLICY SENSITIVITY ANALYSIS</i>	<i>57</i>
<i>EFFECTS OF LEVY RESTRICTION.....</i>	<i>70</i>
PART FIVE: OTHER REVENUE AND LEVIES.....	71
<i>PROVINCIAL EDUCATION TAXES.....</i>	<i>71</i>
<i>2018 EDUCATION TAX RATES.....</i>	<i>72</i>
<i>LINEAR PROPERTIES</i>	<i>74</i>
PART SIX: NEXT STEPS.....	77
<i>RECOMMENDED NEXT STEPS.....</i>	<i>77</i>

APPENDICES

- APPENDIX A: 2018 TAX POLICY DECISION MAKING MATRIX
- APPENDIX B: KEY CONCEPTS

LOCAL ADDENDA



INTRODUCTION

For the 2017 taxation year all properties in Ontario were reassessed based on their Current Value Assessment (CVA) as of January 1st, 2016. These updated CVA values, as adjusted under the Province's assessment phase-in program, will be the basis of taxation through the 2020 taxation year. Those properties that experienced a CVA increase as of 2017 will be taxed in accordance with a *phase-adjusted* CVA value through 2019, while all properties in the province will be subject to taxation based on their full, unmitigated CVA for 2020.

As we proceed through this cycle the influence of phase-in, growth and a host of other factors will keep the assessment roll in a state of constant flux. As such, it is essential for municipalities to gain a thorough and accurate understanding of assessment and consequential taxation impacts resulting from the newly returned assessment roll every year. Without making every effort to quantify and understand the impacts of the new assessment landscape, it will not be possible for municipalities to make informed and effective decisions in respect of those tax policies that affect the apportionment of the tax burden within and between tax classes.¹

In order to ensure that appropriate and locally sensitive tax policy choices can be made in a timely manner, a careful examination of the following relationships and circumstances must be undertaken:

1. Revenue growth and/or loss that has occurred over the past year, which will inform the municipality's starting point, or revenue limit, for budgetary and rate setting purposes;
2. The inevitable tax impacts related to reassessment, the assessment phase-in program and other changes to the assessment roll;
3. The redistribution of the property tax burden, which will occur within and between classes due to the reassessment, phase-in, and growth trends;
4. The effect of status quo and optional tax ratio scenarios on the distribution of the tax burden among classes, including "levy restriction" provisions, where applicable; and
5. The local implications and impacts related to 2018 provincial education tax rates.

Municipalities may also choose to further evaluate:

1. The impact of the "tax capping" protection program on both the capped and uncapped classes, including the effects of any optional capping tools that may be adopted by the municipality;
2. Making changes to existing tax policies affecting taxation on vacant property or land and farmland awaiting development;
3. The implications of the use or discontinuation of other optional tax policy tools, such as optional tax classes and graduated taxation; and/or
4. Reviewing or revising programs that provide tax relief for charitable and similar organizations, and low income seniors and persons with disabilities.²

¹ A comprehensive timetable of municipal tax policy decisions is set out in Appendix A.

² Specific evaluation of many of these optional tools may only be necessary if they are being actively considered, however, the basic theory behind their application is offered in Appendix B.

In satisfying their local tax policy responsibilities, municipalities must be cognisant of the following key considerations:

1. Changes in current value assessment (CVA) do not occur consistently for all property within a municipality in any given year. Because of this, shifts in the tax burden are inevitable, within ratepayer groups, and between classes.
2. Measuring municipal tax increases and decreases becomes a matter of comparing the current year's adopted tax rate against a revenue neutral tax rate to raise last year's levy. Because of the changing values on the assessment roll, the current year's tax rate cannot be compared to last year's actual rate.
3. Similarly, changes in a property owner's taxes may be due to the combined effect of:
 - Reassessment (equity) change;
 - Changes to a property's physical state, condition or use;
 - Assessment phase-in adjustments;
 - Tax policy decisions made by Council;
 - Budgetary (levy) change for the municipality; and/or
 - Provincial education tax rates.
4. Outcomes of Provincial programs to restrict the effect of tax increases to the business classes (e.g. levy restriction, limitations on tax ratio movement and capping) will also be affected by overall changes in assessment from year-to-year.

The scope of this comprehensive policy report addresses these considerations.

Scope of the Study

This study has been prepared for the consideration of staff and Council to assist with the municipality's tax policy responsibilities. The core material is intended to provide a thorough analysis of the local tax policy scheme, as well as the impact of reassessment, phase-in, growth and other changes to the municipality's assessment base.

The analysis contained in this report is based on the 2017 tax policy scheme adopted by the municipality, the general purpose municipal levies imposed for 2017, and on MPAC's Roll Based Market Change Profile (MCP) Data, which contains a number of sets of current value assessment (CVA) information for each property including:

- Full CVA as Revised as of the valuation date for the prior reassessment cycle (Jan. 1, 2012), which now represents the Phase-In Base Value for the Assessment Phase-In program;
- Phased and Full CVA values for each of the 2017, 2018 and 2019 taxation years; and
- Full 2020 / Destination CVA's based on the new valuation date of January 1, 2016.

These various inputs and parameters have been relied upon to build a thorough quantitative model of the municipality's 2018 property assessment and taxation landscape as it would exist in the absence of any budgetary or tax policy changes. We will also model the impacts of various tax policy options and choices, to demonstrate how such changes could impact and influence final tax outcomes.

The key elements of this report can be categorized into the following sections.

Part One: Assessment and Revenue Growth

- Real assessment growth;
- Real revenue growth; and
- The distribution of growth patterns.

Part Two: Market Value Update and Assessment Phase-In

- Market Value Update;
- Assessment Phase-In Program;
- Measuring and Understanding Changes in Full and Phased CVA; and
- Distribution of Phase-In and Value Change Patterns.

Part Three: Reassessment and Phase-In Related Taxation Impacts

- 2018 Start Ratios and Revenue Neutral (notional) Tax Rates;
- 2018 Notional Taxable Levies and PIL Revenue;
- Quantification of Inter-Class Tax Shifts;
- Taxation Impacts/Implications of Assessment Phase-In;
- Changing Tax Patterns for Typical Properties and other Taxpayer Groupings;
- New Agri-Food Business Subclasses For Farm Properties; and
- Hypothetical Farm Sub-Class Tax Implications.

Part Four: Municipal Tax Policy Sensitivity Analysis

Municipalities need to address a variety of tax policy choices and options that will ultimately impact the distribution of taxes within and between the various classes of property. To this end, MTE has undertaken analysis of:

- Starting tax ratios and relationships to Provincial limits; and
- Tax impacts for 2018 associated with various tax policy and levy change scenarios.

Part Five: Other Revenue and Levies

In this section, MTE quantifies and summarizes the following:

- Changes in the education tax levy from 2017 to 2018 based on the municipality's changing assessment base and the 2018 Provincial education tax rates; and
- Any education levy amounts that the local municipality is entitled to retain in respect of qualifying Payment In Lieu (PIL) properties.

Part Six: Consultants' Report and Suggested Next Steps/Additional Study

Part seven of this report contains a summary of the observations and thoughts that arose throughout the preparation and review of this report, including any suggestions for next steps or additional analysis that these base-line results may give rise to.

The qualitative content in this final section does not represent a comprehensive commentary on any issue and it is not intended to be provided as policy advice, but only as general observations, which may or may not be of interest to the reader. Where the report identifies areas of concern to Council or staff, additional work should be undertaken to explore alternate policy options. As well, the effects of further municipal policy change or budgetary decisions should also be modelled.

Assumptions and Limiting Conditions

In reviewing the results set out in this report, the following assumptions and limiting conditions should be considered.

The possibility that further adjustments to tax policy could be introduced by the Province does exist. Results presented in this report may be affected by Provincial regulatory and/or statutory changes or decisions about municipal tax policy that could occur subsequent to the publication of this document. MTE will update the analysis, upon request, in such an event.

Analysis contained in the report is based on the use of tax rates for general municipal purposes only. Special area rates have been applied where appropriate and necessary in order to undertake the pro forma capping analysis.

All municipal tax rate calculations and tax levies have been calculated based on the following protocol:

- 2017 tax calculations are based on actual 2017 tax rates as supplied by the municipality to MTE;
- Revenue neutral rates have been calculated for the purposes of 2018;
- The municipality's current tax ratio schedule has been applied for 2018, except where levy restriction (hard capping) and/or optional property classes apply. In these circumstances, new starting ratios have been calculated;
- Tax amounts represent CVA taxes; no capping adjustments have been applied except where explicitly noted;
- Tax rate calculations have been based on taxable and grantable (payment in lieu) assessment as requested by the municipality; and
- Revenue from payments in lieu of taxes has been included at the full value of assessment times the appropriate tax rate. Recognizing that municipalities may be unable to recover the full amount of those revenues from the Federal or Provincial governments, appropriate allowances should be made in interpreting the results.

Important Note Regarding Provincial Policy and Legislation

The possibility that changes in tax policy may be introduced by the Province does exist, and the results presented in this report may be affected by Provincial regulatory and/or statutory changes that could occur subsequent to the publication of this document. In the absence of specific direction to the contrary, however, existing property tax rules have been applied.

PART ONE: ASSESSMENT AND REVENUE GROWTH

The Assessment Roll is a living data set, which is continually evolving in response to real-world market and property changes. The assessed value of a property can change for a number of reasons; for the purposes of the property tax system in Ontario, all valuation changes must be considered in one of only two categories:

- 1) Growth (positive or negative), which reflects the value increase or decrease associated with a change to a property's state, use or condition; or
- 2) Valuation change, which is driven by changes in the real estate market over time and reflected via Reassessment and Phase-In updates.

Real Assessment Growth

Property assessments change in one of two fundamental ways; to reflect a property's value as of a more current, or recent point in time (reassessment change), or to reflect actual changes in a property's state, condition or use. Changes categorized as the latter represent real assessment growth and it is critical to measure and understand growth separately from the impacts of market change due to the reassessment and the four-year phase-in program. While assessment growth and loss impacts the municipal revenue stream, reassessment changes should not.

To effectively measure growth independently it is necessary to separately quantify any changes made to assessment values set for taxation in 2017, from the changes occurring between 2017 and 2018. This growth component will be made up of both positive and negative growth. Positive growth will be reflective of such things as new construction, additions, improvements, etc. The drivers of negative growth may include demolitions, Minutes of Settlement, and/or decisions of the Assessment Review Board.

Table 1 provides a comparison between the Full CVA values contained on the roll as returned for 2017 and the roll as revised for 2017. Theoretically, Table 1 summarizes the net in-year changes to property within the municipality, as reflected for assessment and taxation purposes. Table 2 examines how this growth is distributed among the constituent lower tiers.

Table 1
2017 Assessment Growth Resulting from Changes in the
State and/or Use of Property

Realty Tax Class	2017 Full CVA		Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	3,556,180,655	3,618,661,970	62,481,315	1.76%
Farm	7,491,867,954	7,501,584,639	9,716,685	0.13%
Managed Forest	14,226,200	14,533,800	307,600	2.16%
Multi-Residential	29,702,000	29,702,000	0	0.00%
Commercial	315,295,230	323,584,219	8,288,989	2.63%
Industrial	101,639,400	104,383,911	2,744,511	2.70%
Pipeline	15,155,000	15,718,000	563,000	3.71%
Sub-Total Taxable	11,524,066,439	11,608,168,539	84,102,100	0.73%
<i>Payment in Lieu</i>				
Residential	324,100	312,800	-11,300	-3.49%
Commercial	14,379,200	14,716,100	336,900	2.34%
Industrial	626,400	636,400	10,000	1.60%
Landfill	1,860,900	1,859,500	-1,400	-0.08%
Sub-Total PIL	17,190,600	17,524,800	334,200	1.94%
Total (Taxable + PIL)	11,541,257,039	11,625,693,339	84,436,300	0.73%

Table 2
2017 Assessment Growth Resulting from Changes in the
State and/or Use of Property

Local Municipality	2017 Full CVA		Full Growth	
	As Returned	As Revised	\$	%
North Perth	3,054,618,809	3,089,031,509	34,412,700	1.13%
Perth East	3,655,111,430	3,677,698,030	22,586,600	0.62%
Perth South	1,896,481,200	1,907,905,900	11,424,700	0.60%
West Perth	2,935,045,600	2,951,057,900	16,012,300	0.55%
County-Wide	11,541,257,039	11,625,693,339	84,436,300	0.73%

Growth vs. Loss

As noted above, a municipality's net growth is the product of both positive and negative growth, or gains and loss in CVA. While it is ultimately this net figure that will inform taxation and revenue models as we move into the new taxation year, considering the differential patterns and impacts of growth and loss can be a valuable exercise.

When these change patterns are broken out as in Table 3, it is possible to see trends and movement within the assessment base that may otherwise be obscured or skewed when only the net impact is being considered. For example, a trend of robust growth within a subset of a class may not be as evident if it is being offset by losses in another subset.

Considering loss patterns independently can assist in identifying potential areas of concern with respect to property valuations within a class, tax erosion stemming from appeals, or even economic pressures being felt within certain sectors, industries and/or geographic areas. Conversely, considering positive growth on its own can provide a better understanding of how new development, improvements and expansions are impacting the assessment base.

Table 3
2017 Assessment Growth and Loss Patterns

Realty Tax Class	Positive CVA Growth		Negative CVA Growth		Net CVA Growth	
	\$	%	\$	%	\$	%
<i>Taxable</i>						
Residential	152,442,500	4.29%	-89,961,185	-2.53%	62,481,315	1.76%
Farm	120,893,685	1.61%	-111,177,000	-1.48%	9,716,685	0.13%
Managed Forest	318,200	2.24%	-10,600	-0.07%	307,600	2.16%
Multi-Residential	0	0.00%	0	0.00%	0	0.00%
Commercial	12,031,089	3.82%	-3,742,100	-1.19%	8,288,989	2.63%
Industrial	5,531,311	5.44%	-2,786,800	-2.74%	2,744,511	2.70%
Pipeline	563,000	3.71%	0	0.00%	563,000	3.71%
Sub-Total Taxable	291,779,785	2.53%	-207,677,685	-1.80%	84,102,100	0.73%
<i>Payment in Lieu</i>						
Residential	0	0.00%	-11,300	-3.49%	-11,300	-3.49%
Commercial	347,700	2.42%	-10,800	-0.08%	336,900	2.34%
Industrial	10,000	1.60%	0	0.00%	10,000	1.60%
Landfill	0	0.00%	-1,400	-0.08%	-1,400	-0.08%
Sub-Total PIL	357,700	2.08%	-23,500	-0.14%	334,200	1.94%
Total (Tax + PIL)	292,137,485	2.53%	-207,701,185	-1.80%	84,436,300	0.73%

Phase Adjusted CVA

As phased CVA values were actually employed for taxation in 2017, it is the difference between the phased assessment contained on the 2017 returned and revised rolls that represents the municipality's real assessment growth (or loss) for 2018 budget purposes. These details are summarized by class and local municipality in Tables 4 and 5 respectively.

The results in these tables are not intended to provide a complete understanding of the assessment and economic dynamics of the municipality, however, considering growth in these ways can be an important first step to the identification of potentially important trends.

Table 4
2017 Phase Adjusted Assessment Growth

Realty Tax Class	2017 Phase Adjusted CVA		Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	3,166,466,374	3,242,139,580	75,673,206	2.39%
Farm	4,849,342,589	4,857,804,192	8,461,603	0.17%
Managed Forest	8,646,350	8,858,807	212,457	2.46%
Multi-Residential	28,047,725	28,047,725	0	0.00%
Commercial	293,265,889	301,468,370	8,202,481	2.80%
Industrial	96,197,138	99,082,253	2,885,115	3.00%
Pipeline	14,129,750	14,611,447	481,697	3.41%
Sub-Total Taxable	8,456,095,815	8,552,012,374	95,916,559	1.13%
<i>Payment in Lieu</i>				
Residential	261,550	251,000	-10,550	-4.03%
Commercial	12,061,685	12,324,410	262,725	2.18%
Industrial	577,950	586,737	8,787	1.52%
Landfill	1,511,400	1,511,125	-275	-0.02%
Sub-Total PIL	14,412,585	14,673,272	260,687	1.81%
Total (Taxable + PIL)	8,470,508,400	8,566,685,646	96,177,246	1.14%

Table 5
2017 Phase Adjusted Assessment Growth

Local Municipality	2017 Phase Adjusted CVA		Growth	
	As Returned	As Revised	\$	%
North Perth	2,316,719,384	2,354,522,180	37,802,796	1.63%
Perth East	2,642,511,004	2,668,454,548	25,943,544	0.98%
Perth South	1,386,588,675	1,398,382,392	11,793,717	0.85%
West Perth	2,124,689,337	2,145,326,526	20,637,189	0.97%
Total (Taxable + PIL)	8,470,508,400	8,566,685,646	96,177,246	1.14%

Revenue Growth

On an annualized basis, the growth related net gain or loss in taxation is the difference between the total tax amount as determined against the returned roll and the total tax as determined against the roll as revised. Not all of this value will, however, have been realized in the form of additional revenue during the 2017 year. Many changes to the roll for 2017 taxation would not have been effective for the full tax year, or in the case of year-end changes, for any portion of the year. The full impact of this growth will only be realized on a go-forward basis, as it serves to inform the municipality's "revenue limit" for 2018, which represents the tax dollars that can be raised for the current year under a zero percent levy change scenario.

Table 6 provides a summary of the net effect of all annualized in-year and year-end changes in CVA for 2017 expressed in general levy tax dollars. This is accomplished by applying the 2017 general tax rate against the values as returned for 2017 and comparing this to the taxation that would be raised against the revised assessment for the year. Table 7 provides a summary of the current year's upper-tier growth by local municipality.

Table 6
2017 Annualized Revenue Growth
 (Upper Tier General Levy)

Realty Tax Class	2017 Upper Tier General Levy		Revenue Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	\$8,962,810	\$9,177,346	\$214,536	2.39%
Farm	\$3,434,547	\$3,440,540	\$5,993	0.17%
Managed Forest	\$6,123	\$6,274	\$151	2.47%
Multi-Residential	\$152,988	\$152,988	\$0	0.00%
Commercial	\$1,028,622	\$1,057,738	\$29,116	2.83%
Industrial	\$524,473	\$542,964	\$18,491	3.53%
Pipeline	\$65,612	\$67,848	\$2,236	3.41%
Sub-Total Taxable	\$14,175,175	\$14,445,698	\$270,523	1.91%
<i>Payment in Lieu</i>				
Residential	\$742	\$712	-\$30	-4.04%
Commercial	\$42,094	\$43,022	\$928	2.20%
Industrial	\$3,043	\$3,092	\$49	1.61%
Landfill	\$5,380	\$5,379	-\$1	-0.02%
Sub-Total PIL	\$51,259	\$52,205	\$946	1.85%
Total (Taxable + PIL)	\$14,226,434	\$14,497,903	\$271,469	1.91%

Table 7
2017 Annualized Revenue Growth
 (Upper Tier General Levy)

Local Municipality	2017 Upper Tier General Levy		Revenue Growth	
	As Returned	As Revised	\$	%
North Perth	\$4,624,315	\$4,738,378	\$114,063	2.47%
Perth East	\$4,319,216	\$4,384,085	\$64,869	1.50%
Perth South	\$1,887,415	\$1,917,983	\$30,568	1.62%
West Perth	\$3,395,488	\$3,457,457	\$61,969	1.83%
Total (Taxable + PIL)	\$14,226,434	\$14,497,903	\$271,469	1.91%

PART TWO: MARKET VALUE UPDATE AND ASSESSMENT PHASE-IN

Reassessment

As of the return of the roll for 2017 taxation, all property values in Ontario were updated to reflect their *current value* as of January 1st, 2016 versus the values used for the 2013 through 2016 taxation years, which were based on a valuation date of January 1st, 2012.

By all accounts this may represent the most dramatic and volatile market value update in well over a decade. Some change patterns are driven by *real world* volatility and change in the real estate market, business environment and general economic climate that we have witnessed since early 2012. Other patterns are more directly related to regional and/or industry specific factors, and also by changes to assessment practices and methodologies that have been refined, challenged, and/or updated since the last reassessment.

In consideration of all these pressures and change factors, it is imperative that municipalities thoroughly understand the scope and magnitude of the market value update, and the corresponding tax implications for various classes and groupings of ratepayers.

To help illustrate the impacts of both market value change and the application of the phase-in program, various elements of this report incorporate quantitative results based on both full and phase-in mitigated CVA values.

Market Value Update: Changes in Full CVA

A comparison of full CVA as at January 1, 2012 (Phase-In Base) and January 1, 2016 (Full / Phase-In Destination) as contained on the roll as returned for 2018 is provided in Table 8. This table relies on the full CVA value of all properties, exclusive of any assessment phase-in adjustments. While not all of these values will be used for taxation until the 2020 tax year, it is important to review the magnitude and pattern of pure value changes related directly to the market update.

Market Value Increases and Decreases

Every property in the municipality is changing to reflect its own circumstances and while the net class level results do provide a general indication as to how the real estate markets have changed across different sectors, complex change trends also exist within classes. Table 9 has been prepared to summarize the change patterns for properties that are subject to market value increases and those with market value decreases. This table also gives the reader an understanding as to the frequency and relative magnitude of increasing and decreasing assessment pools. This additional layer of detail clearly shows that there is more change occurring than might be evident if only class level results are considered.

The cumulative effect of each property specific change, and the application of the phase-in adjustments at the portion (RTC/RTQ) level produce a unique pattern of progression that the assessment base will go through over the cycle. This is set out by year and class in Table 10.

Table 8
Summary of Latest Market Value Update
(As of Roll Return for 2018)

Realty Tax Class	Full CVA (Destination) Values		Market Value Update	
	Jan. 1, 2012 (2013-2016 Taxation)	Jan. 1, 2016 (2017-2020 Taxation)	\$	%
<i>Taxable</i>				
Residential	3,149,262,522	3,618,661,970	469,399,448	14.91%
Farm	3,977,032,294	7,501,584,639	3,524,552,345	88.62%
Managed Forest	6,971,942	14,533,800	7,561,858	108.46%
Multi-Residential	27,923,500	29,702,000	1,778,500	6.37%
Commercial	306,750,062	323,584,219	16,834,157	5.49%
Industrial	101,301,585	104,383,911	3,082,326	3.04%
Pipeline	14,242,597	15,718,000	1,475,403	10.36%
Sub-Total Taxable	7,583,484,502	11,608,168,539	4,024,684,037	53.07%
<i>Payment in Lieu</i>				
Residential	230,400	312,800	82,400	35.76%
Commercial	11,823,180	14,716,100	2,892,920	24.47%
Industrial	585,782	636,400	50,618	8.64%
Landfill	1,411,300	1,859,500	448,200	31.76%
Sub-Total PIL	14,050,662	17,524,800	3,474,138	24.73%
Total (Taxable + PIL)	7,597,535,164	11,625,693,339	4,028,158,175	53.02%

Table 9
Distribution, Frequency and Magnitude of Market Value Increases and Decreases

Realty Tax Class	Count	Increasing Properties			Decreasing Properties			
		% of Class CVA	Market Value Update \$	%	Count	% of Class CVA	Market Value Update \$	%
<i>Taxable</i>								
Residential	12,640	92.54%	502,029,923	17.64%	1,379	7.46%	-32,630,475	-10.79%
Farm	5,813	99.97%	3,525,040,645	88.70%	9	0.03%	-488,300	-16.32%
Managed Forest	53	99.07%	7,566,658	110.76%	2	0.93%	-4,800	-3.42%
Multi-Residential	24	78.19%	2,205,700	10.49%	10	21.81%	-427,200	-6.19%
Commercial	527	55.15%	29,487,803	19.79%	538	44.85%	-12,653,646	-8.02%
Industrial	112	52.23%	7,068,880	14.90%	136	47.77%	-3,986,554	-7.40%
Pipeline	11	100.00%	1,475,403	10.36%	0	0.00%	0	0.00%
Sub-Total Taxable	19,180	95.92%	4,074,875,012	57.72%	2,074	4.08%	-50,190,975	-9.58%
<i>Payment in Lieu</i>								
Residential	4	100.00%	82,400	35.76%	0	0.00%	0	0.00%
Commercial	29	84.26%	3,188,920	34.62%	23	15.74%	-296,000	-11.33%
Industrial	13	59.66%	66,218	21.12%	9	40.34%	-15,600	-5.73%
Landfill	6	98.18%	464,500	34.12%	1	1.82%	-16,300	-32.53%
Sub-Total PIL	52	85.12%	3,802,038	34.20%	33	14.88%	-327,900	-11.17%
Total (Taxable + PIL)	19,232	95.90%	4,078,677,050	57.69%	2,107	4.10%	-50,518,875	-9.58%

Table 10
Progression of Phased Adjusted CVA: 2017 to 2020

Realty Tax Class	Progression of CVA for Taxation Purposes				2020 Full CVA Jan. 1, 2016 Value
	2016 Full CVA Jan. 1, 2012 Value	2017 Phased CVA	2018 Phased CVA	2019 Phased CVA	
<i>Taxable</i>					
Residential	3,149,262,522	3,242,139,580	3,367,647,134	3,493,154,546	3,618,661,970
Farm	3,977,032,294	4,857,804,192	5,739,064,392	6,620,324,508	7,501,584,639
Managed Forest	6,971,942	8,858,807	10,750,471	12,642,136	14,533,800
Multi-Residential	27,923,500	28,047,725	28,599,150	29,150,575	29,702,000
Commercial	306,750,062	301,468,370	308,840,326	316,212,271	323,584,219
Industrial	101,301,585	99,082,253	100,849,475	102,616,693	104,383,911
Pipeline	14,242,597	14,611,447	14,980,300	15,349,150	15,718,000
Sub-Total Taxable	7,583,484,502	8,552,012,374	9,570,731,248	10,589,449,879	11,608,168,539
<i>Payment in Lieu</i>					
Residential	230,400	251,000	271,600	292,200	312,800
Commercial	11,823,180	12,324,410	13,121,640	13,918,870	14,716,100
Industrial	585,782	586,737	603,291	619,846	636,400
Landfill	1,411,300	1,511,125	1,627,250	1,743,375	1,859,500
Sub-Total PIL	14,050,662	14,673,272	15,623,781	16,574,291	17,524,800
Total (Taxable + PIL)	7,597,535,164	8,566,685,646	9,586,355,029	10,606,024,170	11,625,693,339

Assessment Phase-In Program

Where an increase in market value has materialized, the increase is added to the property's "Phased" CVA in twenty-five percent (25%) increments each year over the four-year period. As such, effected taxpayers will not be taxed on their new full market value until 2020, which is the last year of the new assessment cycle.

Assessment decreases are not phased-in. Where a property's CVA has been reduced as a result of reassessment, the new, lower CVA has been set as the property's phased or effective CVA for the duration of the four-year assessment cycle.

The phase-in is calculated and administered at the property portion, or RTC/RTQ level, which means that a property with multiple portions could have some portions that are increasing and some that are decreasing. The following has been prepared to illustrate how this works at the property and portion level.

		Market Value Update		Eligible Phase-In Amount	Phase-Adjusted Assessment			
		1/1/2012	1/1/2016		2017	2018	2019	2020
Property A	RT	100,000	↑ 140,000	40,000	110,000	120,000	130,000	140,000
Property A	CT	100,000	↓ 80,000	0	80,000	80,000	80,000	80,000
Property B	RT	100,000	→ 100,000	0	100,000	100,000	100,000	100,000

While MPAC is chiefly responsible for the administration of the assessment phase-in program, it is critical that all municipal finance staff and Council members have an understanding of both the mechanics of this program, and the impacts it will have on the municipality and taxpayers.

The following tables have been prepared to consider the separate and combined impacts of these two critical factors that shape and influence the assessment values that are utilized for taxation purposes.

Table 11 looks at the change in phased CVA from 2017 to 2018 as the second installment of increased CVA is added to those properties with market values that were higher in 2016 than they were in 2012.

First Year vs. Remaining Cycle Years

The first year of a reassessment cycle is marked by the full impact of all market value decreases, but only a quarter share of the anticipated increases. In some instances, this can result in a year-over-year decrease in effective CVA, even for classes that are experiencing an increase in Full CVA. Phase-in change can only be positive for Years 2, 3 and 4 of the cycle.

As the linear change pattern, which emerges as of Year 2, can be much different than what was experienced in Year 1. Table 12 has been prepared to compare the year-over-year phase in change as of the 2017 roll return and the preliminary change patterns anticipated between 2017 and 2018. With a different assessment shift pattern, the municipality must anticipate a different tax shift pattern this year.

Table 11
Summary of 2017 to 2018 Phase-In Change

Realty Tax Class	Phase Adjusted CVA		Change in Phased CVA	
	2017 Revised	2018 Returned	\$	%
<i>Taxable</i>				
Residential	3,242,139,580	3,367,647,134	125,507,554	3.87%
Farm	4,857,804,192	5,739,064,392	881,260,200	18.14%
Managed Forest	8,858,807	10,750,471	1,891,664	21.35%
Multi-Residential	28,047,725	28,599,150	551,425	1.97%
Commercial	301,468,370	308,840,326	7,371,956	2.45%
Industrial	99,082,253	100,849,475	1,767,222	1.78%
Pipeline	14,611,447	14,980,300	368,853	2.52%
Sub-Total Taxable	8,552,012,374	9,570,731,248	1,018,718,874	11.91%
<i>Payment in Lieu</i>				
Residential	251,000	271,600	20,600	8.21%
Commercial	12,324,410	13,121,640	797,230	6.47%
Industrial	586,737	603,291	16,554	2.82%
Landfill	1,511,125	1,627,250	116,125	7.68%
Sub-Total PIL	14,673,272	15,623,781	950,509	6.48%
Total (Taxable + PIL)	8,566,685,646	9,586,355,029	1,019,669,383	11.90%

Table 12
Year-One vs. Year-Two Assessment Change Patterns

Realty Tax Class	2016 – 2017		2017 – 2018	
	\$	%	\$	%
<i>Taxable</i>				
Residential	92,877,058	2.95%	125,507,554	3.87%
Farm	880,771,898	22.15%	881,260,200	18.14%
Managed Forest	1,886,865	27.06%	1,891,664	21.35%
Multi-Residential	124,225	0.44%	551,425	1.97%
Commercial	-5,281,692	-1.72%	7,371,956	2.45%
Industrial	-2,219,332	-2.19%	1,767,222	1.78%
Pipeline	368,850	2.59%	368,853	2.52%
Sub-Total Taxable	968,527,872	12.77%	1,018,718,874	11.91%
<i>Payment in Lieu</i>				
Residential	20,600	8.94%	20,600	8.21%
Commercial	501,230	4.24%	797,230	6.47%
Industrial	955	0.16%	16,554	2.82%
Landfill	99,825	7.07%	116,125	7.68%
Sub-Total PIL	622,610	4.43%	950,509	6.48%
Total (Taxable + PIL)	969,150,482	12.76%	1,019,669,383	11.90%

Cycle Progression to Date

Table 13 has been included to give the reader a more detailed picture as to the market value changes that have been applied as of return of the roll for 2018 and the remaining assessment increases yet to be phased in. As can be seen, the total number of assessment dollars against which rates will be struck will continue to increase over the next two taxation years. This will have a corresponding impact on the municipality's tax rate, but it is not assessment growth. Growth and loss will materialize independent of these anticipated changes.

**Table 13
Phase-In Cycle Progression**

Realty Tax Class	Phase-In Base (Jan. 1, 2012)	Decreases Flowed Through	Increases to Date (2017 + 2018)	Outstanding Mitigation	Destination CVA (Jan. 1, 2016)
<i>Taxable</i>					
Residential	3,149,262,522	-32,630,475	251,015,087	251,014,836	3,618,661,970
Farm	3,977,032,294	-488,300	1,762,520,398	1,762,520,247	7,501,584,639
Managed Forest	6,971,942	-4,800	3,783,329	3,783,329	14,533,800
Multi-Residential	27,923,500	-427,200	1,102,850	1,102,850	29,702,000
Commercial	306,750,062	-12,653,646	14,743,910	14,743,893	323,584,219
Industrial	101,301,585	-3,986,554	3,534,444	3,534,436	104,383,911
Pipeline	14,242,597	0	737,703	737,700	15,718,000
Sub-Total Tax	7,583,484,502	-50,190,975	2,037,437,721	2,037,437,291	11,608,168,539
<i>Payment in Lieu</i>					
Residential	230,400	0	41,200	41,200	312,800
Commercial	11,823,180	-296,000	1,594,460	1,594,460	14,716,100
Industrial	585,782	-15,600	33,109	33,109	636,400
Landfill	1,411,300	-16,300	232,250	232,250	1,859,500
Sub-Total PIL	14,050,662	-327,900	1,901,019	1,901,019	17,524,800
Total (Tax + PIL)	7,597,535,164	-50,518,875	2,039,338,740	2,039,338,310	11,625,693,339

PART THREE: REASSESSMENT AND PHASE-IN RELATED TAXATION IMPACTS

Revenue Neutral Tax Rates (NTR)

An increase in a property's assessment does not necessarily result in increased taxes, nor does a reduction in assessment automatically translate into lower taxes. In order to measure the true tax impact associated with changes in market value (reassessment), revenue neutral tax rates, or notional tax rates (NTR) as they are also commonly known, must be calculated.

Simply put, revenue neutral tax rates are the rates that would be set to raise the 2017 final annualized tax from the newly updated assessment roll as returned for 2018 taxation. They are employed to isolate the effects of reassessment from impacts that could result from other budgetary or tax policy changes.

Table 14 demonstrates the relationship between the municipality's actual 2017 tax rates and revenue neutral rates. Also included in this table are the revenue sub-totals and totals associated with the application of each rate set against their respective assessment data. These are critical figures as they highlight the importance of restating tax rates in order to compensate for changes in assessment that are purely related to reassessment and/or phase-in. This is even more important in cases where the notional tax rates increase.

2018 Start Ratios

For the purposes of this report, MTE has calculated start ratios based on the municipality's tax rate relationships for 2017, the 2018 phase-adjusted assessment data, and the relevant Provincial rules. Municipalities subject to hard capping or that maintain optional property classes must consider these ratios carefully, as they may differ from those set via by-law for 2017 taxation.

PIL Assessment and Revenue

For municipalities that do not include the assessment and revenues associated with Payment in Lieu of Tax (PIL) properties in the calculation of tax rates, the amount of PIL revenue is dictated by, or dependant on the rates calculated using the municipality's taxable assessment base. As such, municipalities that have directed MTE to calculate their rates exclusive of PIL revenue and assessment will see that their revenue neutral levy amounts balance with the *Taxable Sub-Total* for 2017. In contrast, where a municipality includes both taxable and PIL revenue and assessment in their tax rate calculations, the total levy (Taxable + PIL) will balance on a year-over-year basis. Where the former approach has been applied, and a loss of PIL revenue is anticipated, the municipality may wish to consider an alternate calculation protocol.

Tax Shifts Using Revenue Neutral Rates

Although the rates calculated and shown in Table 14 are revenue neutral, changes in assessment will inevitably result in shifts between individual properties and groups of properties. The inter-class shifts of the upper tier general levy are documented in Table 15.

Table 14
Starting Ratios and Revenue Neutral (Notional) Tax Rates

Realty Tax Class	Tax Ratios			General Levy Rates		
	2017 Actual	2018 Start	% Change	2017 Actual	2018 Notional	% Change
<i>Taxable</i>						
Residential	1.000000	1.000000	0.00%	0.00283298	0.00264607	-6.60%
Farm	0.250000	0.250000	0.00%	0.00070825	0.00066152	-6.60%
Managed Forest	0.250000	0.250000	0.00%	0.00070825	0.00066152	-6.60%
Multi-Residential	1.925375	1.925375	0.00%	0.00545455	0.00509468	-6.60%
Commercial	1.246900	1.246900	0.00%	0.00353244	0.00329938	-6.60%
Industrial	1.969200	1.969200	0.00%	0.00557870	0.00521064	-6.60%
Pipeline	1.639100	1.639100	0.00%	0.00464354	0.00433717	-6.60%
Sub-Total of Taxable Levy Based on Rate Set				\$14,445,698	\$14,446,016	0.00%
<i>Payment in Lieu</i>						
Residential	1.000000	1.000000	0.00%	0.00283298	0.00264607	-6.60%
Commercial	1.246900	1.246900	0.00%	0.00353244	0.00329938	-6.60%
Industrial	1.969200	1.969200	0.00%	0.00557870	0.00521064	-6.60%
Landfill	1.256425	1.256425	0.00%	0.00355943	0.00332459	-6.60%
Sub-Total of PIL Levy Based on Rate Set				\$52,205	\$51,885	-0.61%
Total Taxable + PIL Levy Based on Rate Set				\$14,497,903	\$14,497,901	0.00%

Table 15
Reassessment Related Upper Tier Inter-Class Tax Shifts

Realty Tax Class	Upper Tier General Levy		Inter-Class Shifts	
	2017 as Revised	2018 Revenue Neutral	\$	%
<i>Taxable</i>				
Residential	\$9,177,346	\$8,903,815	-\$273,531	-2.98%
Farm	\$3,440,540	\$3,796,506	\$355,966	10.35%
Managed Forest	\$6,274	\$7,112	\$838	13.36%
Multi-Residential	\$152,988	\$145,704	-\$7,284	-4.76%
Commercial	\$1,057,738	\$1,011,870	-\$45,868	-4.34%
Industrial	\$542,964	\$516,037	-\$26,927	-4.96%
Pipeline	\$67,848	\$64,972	-\$2,876	-4.24%
Sub-Total Taxable	\$14,445,698	\$14,446,016	\$318	0.00%
<i>Payment in Lieu</i>				
Residential	\$712	\$719	\$7	0.98%
Commercial	\$43,022	\$42,789	-\$233	-0.54%
Industrial	\$3,092	\$2,968	-\$124	-4.01%
Landfill	\$5,379	\$5,409	\$30	0.56%
Sub-Total PIL	\$52,205	\$51,885	-\$320	-0.61%
Total (Taxable + PIL)	\$14,497,903	\$14,497,901	-\$2	0.00%

It is important for the reader to note that the 2017 shifts shown in this table were calculated as of roll return for 2017 and do not include municipality policy or levy changes that were ultimately made. They have been included to specifically consider the differential impact of assessment change between the two taxation years.

In addition to shifting among property classes, the upper-tier levy will also shift among and within local municipalities based on the differential rates of change being experienced County-wide. Table 16 documents these shifts of the upper-tier notional levy at the local level.

Table 17 plots the rate of phase-in change for each local municipality in ascending order and also includes the rate of inter-municipal levy shift. As can be seen, those municipalities with overall phase-in change rates that fall below the County-wide level may expect negative tax shifts. Those experiencing higher rates of change can expect their proportional share of the upper tier levy to increase on a year-over-year basis.

Table 16
Reassessment Related Upper Tier Inter-Municipal Tax Shifts

Local Municipality	Upper Tier General Levy		Inter-Municipal Shifts	
	2017 As Revised	2018 Revenue Neutral	\$	%
North Perth	\$4,738,378	\$4,679,050	-\$59,328	-1.25%
Perth East	\$4,384,085	\$4,406,622	\$22,537	0.51%
Perth South	\$1,917,983	\$1,944,881	\$26,898	1.40%
West Perth	\$3,457,457	\$3,467,348	\$9,891	0.29%
Total (Taxable + PIL)	\$14,497,903	\$14,497,901	-\$2	0.00%

Table 17
Reassessment Related Local Inter-Municipal Tax Shifts

Local Municipality	Rate of Phase-In Change	Inter-Municipal Shifts	
		\$	%
North Perth	10.40%	-\$59,328	-1.25%
Perth County	11.90%	-\$2	0.00%
Perth South	12.15%	\$26,898	1.40%
West Perth	12.52%	\$9,891	0.29%
Perth East	12.61%	\$22,537	0.51%

The rate of tax shift will generally follow the rate of phase-in change a property, or group of properties is experiencing relative to the overall rate of change for the pool of assessment against which the taxes are levied.

This is true at the inter-municipal level as shown in Table 16, but it is also true at the class and property level. Simply put, a property experiencing a phase-in change of 11.90% would likely attract a similar amount of County tax in 2018 as it did in 2017 while a property increasing by 12.61% might expect an increase of around 0.51%.

LOCAL GENERAL LEVIES

As with the upper-tier levy, local levies will shift amongst classes and taxpayers. Table 18 displays the inter-class shifts of the local general on a County-wide basis.

Table 18
Reassessment Related Local Inter-Class Tax Shifts

Realty Tax Class	Local General Levies		Inter-Class Shift	
	2017 as Revised	2018 Revenue Neutral	\$	%
<i>Taxable</i>				
Residential	\$18,353,016	\$17,840,266	-\$512,750	-2.79%
Farm	\$6,429,572	\$7,101,539	\$671,967	10.45%
Managed Forest	\$10,235	\$11,549	\$1,314	12.84%
Multi-Residential	\$350,624	\$336,565	-\$14,059	-4.01%
Commercial	\$2,256,397	\$2,168,883	-\$87,514	-3.88%
Industrial	\$1,175,178	\$1,122,181	-\$52,997	-4.51%
Pipeline	\$141,555	\$135,887	-\$5,668	-4.00%
Sub-Total Taxable	\$28,716,577	\$28,716,870	\$293	0.00%
<i>Payment in Lieu</i>				
Residential	\$1,904	\$1,950	\$46	2.42%
Commercial	\$90,068	\$89,835	-\$233	-0.26%
Industrial	\$7,552	\$7,322	-\$230	-3.05%
Landfill	\$11,427	\$11,552	\$125	1.09%
Sub-Total PIL	\$110,951	\$110,659	-\$292	-0.26%
Total (Taxable + PIL)	\$28,827,528	\$28,827,529	\$1	0.00%

Table 19 considers how the combined (upper-tier + local) general levies are shifting among the property classes. The local levy amounts used in this section, as well as the underlying municipal specific notional tax rates are further documented in the Local Results Addenda attached to this study.

Table 19
Reassessment Related Inter-Class Tax Shifts
(Combined General Levies)

Realty Tax Class	Combined (UT + LT) General Levies		Inter-Class Shifts	
	2017 as Revised	2018 Revenue Neutral	\$	%
<i>Taxable</i>				
Residential	\$27,530,362	\$26,744,081	-\$786,281	-2.86%
Farm	\$9,870,112	\$10,898,045	\$1,027,933	10.41%
Managed Forest	\$16,509	\$18,661	\$2,152	13.04%
Multi-Residential	\$503,612	\$482,269	-\$21,343	-4.24%
Commercial	\$3,314,135	\$3,180,753	-\$133,382	-4.02%
Industrial	\$1,718,142	\$1,638,218	-\$79,924	-4.65%
Pipeline	\$209,403	\$200,859	-\$8,544	-4.08%
Sub-Total Taxable	\$43,162,275	\$43,162,886	\$611	0.00%
<i>Payment in Lieu</i>				
Residential	\$2,616	\$2,669	\$53	2.03%
Commercial	\$133,090	\$132,624	-\$466	-0.35%
Industrial	\$10,644	\$10,290	-\$354	-3.33%
Landfill	\$16,806	\$16,961	\$155	0.92%
Sub-Total PIL	\$163,156	\$162,544	-\$612	-0.38%
Total (Taxable + PIL)	\$43,325,431	\$43,325,430	-\$1	0.00%

Future Year Tax Trend Projections

As soon as the assessment roll is returned for a taxation year it begins to change in response to growth, value adjustments, corrections, etc. In light of this constant change as well as not knowing what the revenue needs of the municipality will be at any given point in the future, it is not possible to predict actual future year tax outcomes with any degree of reliability. What we can do however, is gain an understanding as to how we can expect taxes to change and shift over the coming years as the current assessment and phase-in cycle progresses. Tables 20 and 21 utilize a constant revenue target and the current assessment roll to demonstrate how taxes may shift amongst the property classes between now and 2020. This approach controls for future growth and revenue (budgetary) increases to consider the pure impacts of reassessment and phase-in.

Table 20
Multi-Year Tax Trend
 (General Levy / Revenue Neutral / Status Quo Policy)

Realty Tax Class	2017 Revised	%	2018 Notional	%	2019 Projected	%	2020 Projected	%
<i>Taxable</i>								
Residential	\$9,177,346	63.30%	\$8,903,815	61.41%	\$8,664,152	59.76%	\$8,452,426	58.30%
Farm	\$3,440,540	23.73%	\$3,796,506	26.19%	\$4,108,441	28.34%	\$4,384,001	30.24%
Managed Forest	\$6,274	0.04%	\$7,112	0.05%	\$7,845	0.05%	\$8,493	0.06%
Multi-Residential	\$152,988	1.06%	\$145,704	1.01%	\$139,321	0.96%	\$133,683	0.92%
Commercial	\$1,057,738	7.30%	\$1,011,870	6.98%	\$971,684	6.70%	\$936,183	6.46%
Industrial	\$542,964	3.75%	\$516,037	3.56%	\$492,442	3.40%	\$471,597	3.25%
Pipeline	\$67,848	0.47%	\$64,972	0.45%	\$62,451	0.43%	\$60,224	0.42%
Sub-Total Taxable	\$14,445,698	99.64%	\$14,446,016	99.64%	\$14,446,336	99.64%	\$14,446,607	99.65%
<i>Payment in Lieu</i>								
Residential	\$712	0.00%	\$719	0.00%	\$726	0.01%	\$732	0.01%
Commercial	\$43,022	0.30%	\$42,789	0.30%	\$42,584	0.29%	\$42,405	0.29%
Industrial	\$3,092	0.02%	\$2,968	0.02%	\$2,857	0.02%	\$2,763	0.02%
Landfill	\$5,379	0.04%	\$5,409	0.04%	\$5,438	0.04%	\$5,462	0.04%
Sub-Total PIL	\$52,205	0.36%	\$51,885	0.36%	\$51,605	0.36%	\$51,362	0.35%
Total (Tax + PIL)	\$14,497,903	100.00%	\$14,497,901	100.00%	\$14,497,941	100.00%	\$14,497,969	100.00%

Table 21
Multi-Year Reassessment / Phase-In Related Tax Shifts
 (General Levy / Revenue Neutral / Status Quo Policy)

Realty Tax Class	2017 - 2018		2018 - 2019		2019 - 2020	
Taxable						
Residential	-\$273,531	-2.98%	-\$239,663	-2.69%	-\$211,726	-2.44%
Farm	\$355,966	10.35%	\$311,935	8.22%	\$275,560	6.71%
Managed Forest	\$838	13.36%	\$733	10.31%	\$648	8.26%
Multi-Residential	-\$7,284	-4.76%	-\$6,383	-4.38%	-\$5,638	-4.05%
Commercial	-\$45,868	-4.34%	-\$40,186	-3.97%	-\$35,501	-3.65%
Industrial	-\$26,927	-4.96%	-\$23,595	-4.57%	-\$20,845	-4.23%
Pipeline	-\$2,876	-4.24%	-\$2,521	-3.88%	-\$2,227	-3.57%
Sub-Total Taxable	\$318	0.00%	\$320	0.00%	\$271	0.00%
Payment in Lieu						
Residential	\$7	0.98%	\$7	0.97%	\$6	0.83%
Commercial	-\$233	-0.54%	-\$205	-0.48%	-\$179	-0.42%
Industrial	-\$124	-4.01%	-\$111	-3.74%	-\$94	-3.29%
Landfill	\$30	0.56%	\$29	0.54%	\$24	0.44%
Sub-Total PIL	-\$320	-0.61%	-\$280	-0.54%	-\$243	-0.47%
Total (Taxable + PIL)	-\$2	0.00%	\$40	0.00%	\$28	0.00%

Taxation Impacts/Implications of Assessment Phase-In

Although the assessment phase-in program does not place any specific limitations on year-over-year tax change for individual properties, it does necessarily have consequences for final tax outcomes. The most obvious tax impact of the phase-in program is the benefit to increasing properties, which will not be taxed on their full CVA values until 2020. The tax implications for decreasing properties are not quite as direct, but they are material and measurable.

While there is no delay or phase-in of assessment decreases, the reduced availability of CVA against which to levy taxes in the first three years of a cycle results in the tax rates for those years being higher than would otherwise be the case if the phase-in did not exist. That is, if the full CVA for all properties were made available for 2018 taxation, and revenue requirements were held constant, the tax rates set would be lower. Under such a scenario, all decreasing properties would pay less, while most increasing properties would pay more.

Table 22 considers the difference in tax levy distribution among classes with and without an assessment phase-in program.

Increasesers and Decreasers

While the phase-in program should not have an overall impact on the municipality's taxable levy in any year, that revenue neutrality will not extend to individual taxpayers. As the assessment phase-in program ultimately "delays" increases in CVA, it also delays the movement of tax outcomes. Those with assessment decreases will pay more than they otherwise would if everyone's full unmitigated CVA's were available to be taxed in 2018, and those with assessment increases being phased-in benefit from paying taxes on an assessed value that is less than their full market value.

As these two groups are being treated differently under the system, the relationship between them, and the relationship between the taxes they would be liable for with or without the assessment phase-in program is an important dynamic to be understood.

Table 22
Tax Mitigation Effects of Assessment Phase-In Program by Class
 (General Levy)

Realty Tax Class	2018 Upper Tier General Levy		Tax Impacts of Assessment Phase-In	
	(Full CVA)	(Phased CVA)	\$	%
<i>Taxable</i>				
Residential	\$8,452,426	\$8,903,815	\$451,389	5.34%
Farm	\$4,384,001	\$3,796,506	-\$587,495	-13.40%
Managed Forest	\$8,493	\$7,112	-\$1,381	-16.26%
Multi-Residential	\$133,683	\$145,704	\$12,021	8.99%
Commercial	\$936,183	\$1,011,870	\$75,687	8.08%
Industrial	\$471,597	\$516,037	\$44,440	9.42%
Pipeline	\$60,224	\$64,972	\$4,748	7.88%
Sub-Total Taxable	\$14,446,607	\$14,446,016	-\$591	0.00%
<i>Payment in Lieu</i>				
Residential	\$732	\$719	-\$13	-1.78%
Commercial	\$42,405	\$42,789	\$384	0.91%
Industrial	\$2,763	\$2,968	\$205	7.42%
Landfill	\$5,462	\$5,409	-\$53	-0.97%
Sub-Total PIL	\$51,362	\$51,885	\$523	1.02%
Total (Taxable + PIL)	\$14,497,969	\$14,497,901	-\$68	0.00%

Measuring Other Assessment and Taxation Shifts

In addition to considering the broad class and municipal level impacts that can be expected for 2018 taxation, it is also important to understand how reassessment and the assessment phase-in program is going to affect more specific groups of taxpayers.

Business, Non-Business and Public Sector Revenue

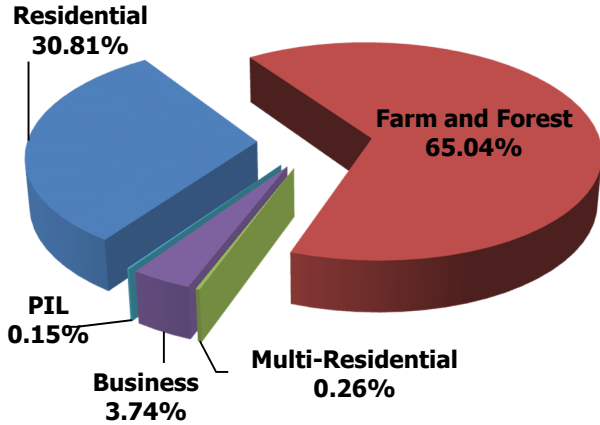
Although some groups or categories of taxpayers are not specifically defined by the *Municipal or Assessment Acts*, it is possible to make distinctions between various types of taxpayers to support informative, interesting and useful analysis.

For many, the distinction between revenue that comes from non-business, business and public sector property owners is of significant interest. Figures 1 through 3 have been prepared to show how the relative burden of assessment and CVA tax may change, and/or be influenced by reassessment and the assessment phase-in program. For the purposes of this report, these categories incorporate the following assessment elements:

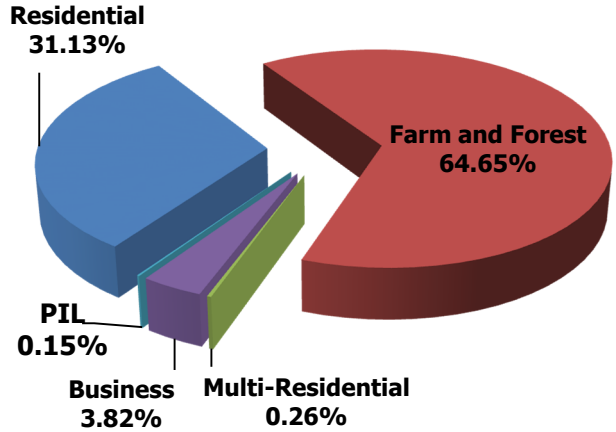
Residential	Taxable Residential
Multi-Residential	Taxable Multi-Residential
Business	Taxable Commercial, Industrial, and Pipeline Classes
PIL	Properties from any class, which are subject to a Payment in Lieu, or Payment on Account of taxes

**Figures 1 through 3
Distribution of Assessment and General Levy
Among Broad Taxpayer Groups**

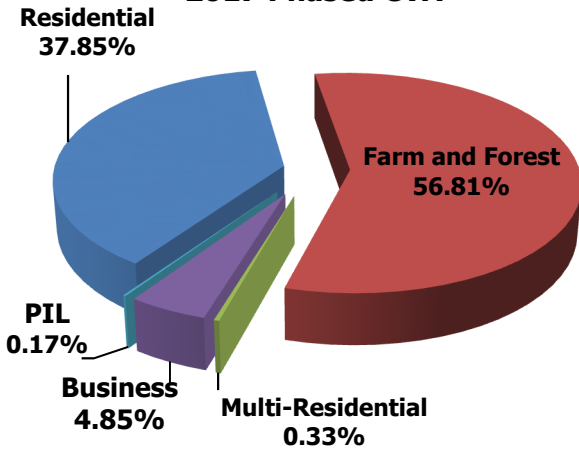
2017 Full CVA



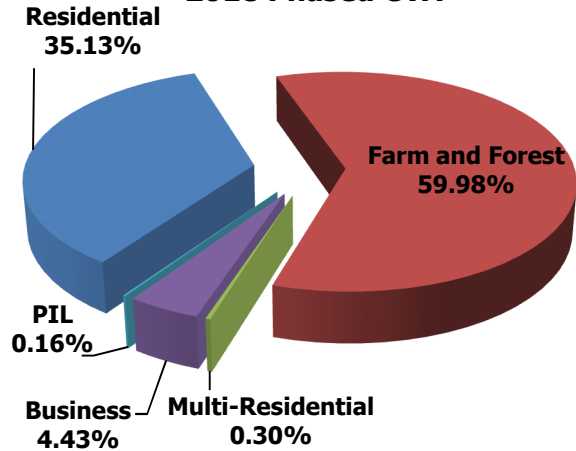
2018 Full CVA



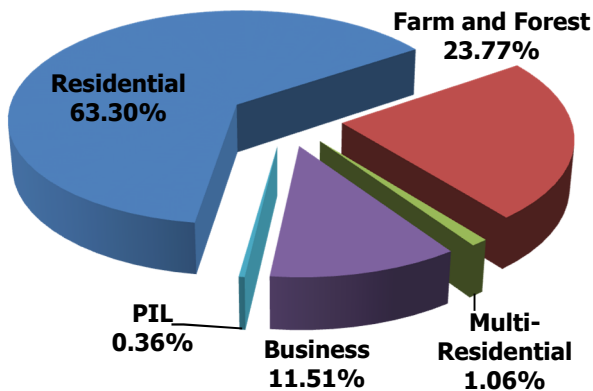
2017 Phased CVA



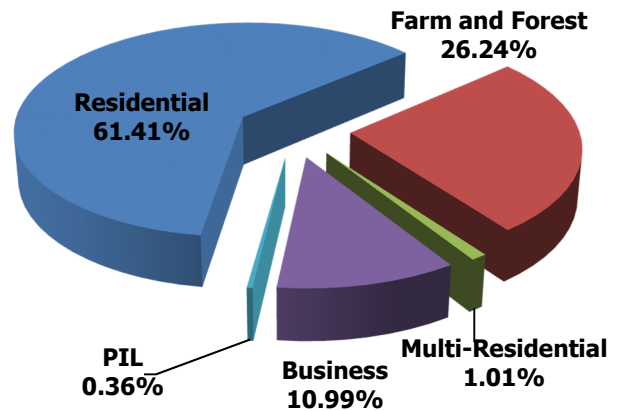
2018 Phased CVA



2017 General Levy



2018 General Start Levy



Farm Class and Whole Farm Property Tax Treatment

The farm property class in the County of Perth is marked by fairly significant market value updates and corresponding rates of phase-in change for 2018. On a County-wide basis, the overall increase in Full CVA is approximately 89% for the current assessment cycle, which has translated into a 2018 phase-in change of 18.14%. These changes are not only high in magnitude, but also have a high rate of occurrence with 99.97% of farm properties increasing.

These patterns are not unique to the County of Perth with some jurisdictions in Southern, Southwestern and central Ontario experiencing average farm class reassessment rates approaching and even exceeding 100% for the current cycle. There are a host of forces behind these value changes including:

- Methodology changes and challenges at MPAC;
- Domestic (GTA) land crush issues; and even
- International weather and currency trends.

Although new notional / revenue neutral tax rates are calculated annually to compensate for the additional assessment being phased-in, these rates are calculated in response to municipal-wide assessment change and are not sensitive to any specific class of property. As such, varying rates of assessment change will inevitably result in shifts between individual properties and groups of properties. The inter-class shifts of the upper tier general levy are previously documented in Table 15.

The rate of tax shift generally follows the rate of phase-in change a property, or group of properties is experiencing relative to the overall rate of change for the pool of assessment against which the taxes are levied.

Table 23 plots the rate of phase-in change for each class in ascending order and also includes the rate of inter-class levy shift. As can be seen, those classes with overall phase-in change rates that fall below the County-wide level may expect negative tax shifts.

**Table 23
Phase-In Change and Resulting Inter-Class Tax Shifts**

Realty Tax Class	Rate of Phase-In Change	Inter-Class Shift	
		\$	%
Industrial	1.79%	-\$53,227	-4.50%
Multi-Residential	1.97%	-\$14,059	-4.01%
Pipeline	2.52%	-\$5,668	-4.00%
Commercial	2.60%	-\$87,747	-3.74%
Residential	3.87%	-\$512,704	-2.79%
Landfill	7.68%	\$125	1.09%
Perth County	11.90%	\$1	0.00%
Farm	18.14%	\$671,967	10.45%
Managed Forest	21.35%	\$1,314	12.84%

The rate of phase-in change, relative to the overall rate of change will generally determine if a tax shift will be positive or negative.

Those experiencing higher rates of change can expect their proportional share of the upper tier levy to increase on a year-over-year basis. This is also true at the inter-municipal and property level. Simply put, a property experiencing a phase-in change of 11.90% would likely attract a similar amount of upper tier tax in 2018 as it did in 2017 while any property (farm or other) increasing by 18.14% might expect an increase of around 10.45%.

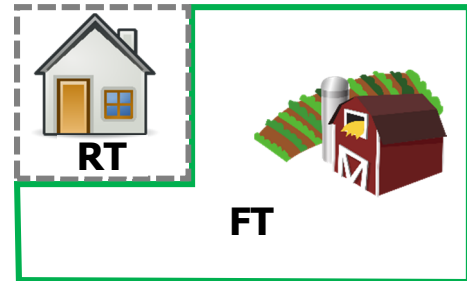
Farm Class vs. Whole Farm Property Tax

Although it is clear that farmland, captured by the farm property class is currently experiencing a relatively high rate of reassessment/phase-in change, this information is not sufficient to fully consider how bottom line taxes are changing for farms and farmers in the County of Perth.

The farm property class is considered to be a special tax incentive class and inclusion is based on a host of ownership, use and occupancy criteria. A large proportion of *farms* as understood outside the realm of property tax are made up of a farm class portion and portions that fall into other classes. It is important to consider these other elements in order to fully and accurately understand how farm taxes are changing.

The most common combination is a farm portion mixed with a residential portion associated with a farm house or other non-farm related improvements. Some farms also have elements classified as commercial or industrial based on use; this will be discussed later in the report.

This figure provides a simple illustration of a typical farm with a farmhouse. This property would fall under a single roll number, but would be comprised of two separate portions; a farm class portion and a residential portion.



For assessment purposes the underlying land is valued as farmland and the home and barn are valued on a replacement cost model derived from comparable farms.

One acre of land along with the farmhouse is classified and taxed as residential; the remainder of the land and all farm related out buildings are classified and taxed in the farm property class and subject to tax rates that are ¼ of those applicable to residential property.

As of roll return for 2018 taxation, there are 5,822 roll numbers (properties) in the County of Perth that fall entirely or partially in the farm property class. The following tables have been prepared to give the reader a sense of these properties.

Table 24 shows that 66% of all properties that make up the farm class have at least one other portion on the same roll number that is captured by another property class. Further, approximately 80% of farm property portions within the County are part of multi-portion farms.

**Table 24
Farm Class Rolls and Whole-Farm Property Portions**

Local Municipality	Farm Class Rolls	Farm Property Portions	Farm Class Only			Multi-Portion Farms		
			Count	Share of Farm Rolls	Share of Farm Portions	Count	Share of Farm Rolls	Share of Farm Portions
North Perth	1,261	2,174	391	31.01%	17.99%	870	68.99%	82.01%
Perth East	1,920	3,407	525	27.34%	15.41%	1,395	72.66%	84.59%
Perth South	1,050	1,797	352	33.52%	19.59%	698	66.48%	80.41%
West Perth	1,591	2,527	683	42.93%	27.03%	908	57.07%	72.97%
County	5,822	9,905	1,951	33.51%	19.70%	3,871	66.49%	80.30%

Typical Properties

It is important to consider the impacts of reassessment at the property level. While the specific changes experienced by each ratepayer can vary widely, considering how the assessment and tax changes will materialize for a typical or average property can be very helpful in placing the broader change trends in an understandable perspective.

To this end, we have prepared Tables 25-A through F to illustrate the potential impact on various “typical” taxable properties within the jurisdiction, including:

- Single Detached Residential;
- Other Residential;
- All Residential;
- Multi-Residential;
- Commercial Occupied (CT/XT); and
- Industrial Occupied (IT/JT).

Typical Farm Property Changes

In light of the fact that the County’s *Farms* are not fully, or well represented by changes to farm class assessment and tax change alone, MTE has expanded on the typical farm property analysis.

- Table 25-G includes farm class property portions only, regardless of whether they represent the entire farm or only a component of the property;
- Table 25-H is based on single portion farms classified solely in the farm property class;
- Table 25-I looks at only those farm properties with additional non-farm portions; and
- Table 25-J is based on all portions of all properties including both single and multi-portion farms.

Table 25-A
Reassessment Related CVA and CVA Tax Change: Single Detached Typical Residential Properties

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	241,748	248,056	6,308	2.61%	\$685	\$1,863	\$656	\$1,808	-\$29	-\$55	-\$84	-3.30%
Perth East	295,491	303,160	7,669	2.60%	\$837	\$1,106	\$802	\$1,054	-\$35	-\$52	-\$87	-4.48%
Perth South	313,543	324,072	10,529	3.36%	\$888	\$1,432	\$858	\$1,363	-\$30	-\$69	-\$99	-4.27%
West Perth	240,584	246,333	5,749	2.39%	\$682	\$1,392	\$652	\$1,327	-\$30	-\$65	-\$95	-4.58%
County	261,673	268,544	6,871	2.63%	\$741	\$1,426	\$711	\$1,367	-\$30	-\$59	-\$89	-4.11%

Table 25-B
Reassessment Related CVA and CVA Tax Change: Other Typical Residential Properties

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	185,947	195,781	9,834	5.29%	\$527	\$1,433	\$518	\$1,427	-\$9	-\$6	-\$15	-0.77%
Perth East	204,380	217,659	13,279	6.50%	\$579	\$765	\$576	\$757	-\$3	-\$8	-\$11	-0.82%
Perth South	209,133	223,504	14,371	6.87%	\$592	\$955	\$591	\$940	-\$1	-\$15	-\$16	-1.03%
West Perth	177,885	187,931	10,046	5.65%	\$504	\$1,029	\$497	\$1,012	-\$7	-\$17	-\$24	-1.57%
County	193,005	204,557	11,553	5.99%	\$547	\$1,052	\$541	\$1,041	-\$6	-\$11	-\$17	-1.06%

Table 25-C
Reassessment Related CVA and CVA Tax Change: All Typical Residential Properties

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	218,299	226,088	7,790	3.57%	\$618	\$1,682	\$598	\$1,648	-\$20	-\$34	-\$54	-2.35%
Perth East	251,440	261,821	10,382	4.13%	\$712	\$941	\$693	\$910	-\$19	-\$31	-\$50	-3.02%
Perth South	255,112	267,791	12,679	4.97%	\$723	\$1,165	\$709	\$1,126	-\$14	-\$39	-\$53	-2.81%
West Perth	216,381	223,788	7,407	3.42%	\$613	\$1,252	\$592	\$1,206	-\$21	-\$46	-\$67	-3.59%
County	231,147	240,099	8,952	3.87%	\$655	\$1,260	\$635	\$1,222	-\$20	-\$38	-\$58	-3.03%

Table 25-D
Reassessment Related CVA and CVA Tax Change: Typical Occupied Multi-Residential Properties

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	966,745	984,403	17,658	1.83%	\$5,273	\$14,341	\$5,015	\$13,812	-\$258	-\$529	-\$787	-4.01%
Perth East	687,557	687,557	0	0.00%	\$3,750	\$4,953	\$3,503	\$4,602	-\$247	-\$351	-\$598	-6.87%
<i>Perth South does not have assessment in the MT class</i>												
West Perth	895,113	924,225	29,113	3.25%	\$4,882	\$9,969	\$4,709	\$9,587	-\$173	-\$382	-\$555	-3.74%
County	885,217	901,844	16,627	1.88%	\$4,828	\$9,789	\$4,595	\$9,348	-\$233	-\$441	-\$674	-4.61%

**Table 25-E
Reassessment Related CVA and CVA Tax Change: Typical Commercial Properties
(CT and XT)**

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	380,626	388,071	7,445	1.96%	\$1,345	\$3,657	\$1,280	\$3,526	-\$65	-\$131	-\$196	-3.92%
Perth East	257,985	263,834	5,849	2.27%	\$911	\$1,204	\$870	\$1,144	-\$41	-\$60	-\$101	-4.78%
Perth South	219,359	225,928	6,569	2.99%	\$775	\$1,249	\$745	\$1,185	-\$30	-\$64	-\$94	-4.64%
West Perth	252,070	259,755	7,685	3.05%	\$890	\$1,818	\$857	\$1,745	-\$33	-\$73	-\$106	-3.91%
County	296,487	303,402	6,915	2.33%	\$1,047	\$2,015	\$1,001	\$1,925	-\$46	-\$90	-\$136	-4.44%

**Table 25-F
Reassessment Related CVA and CVA Tax Change: Typical Industrial Properties
(IT and JT)**

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	545,214	556,119	10,906	2.00%	\$3,042	\$8,272	\$2,898	\$7,980	-\$144	-\$292	-\$436	-3.85%
Perth East	273,519	277,831	4,312	1.58%	\$1,526	\$2,015	\$1,448	\$1,902	-\$78	-\$113	-\$191	-5.39%
Perth South	309,646	319,805	10,159	3.28%	\$1,727	\$2,785	\$1,666	\$2,649	-\$61	-\$136	-\$197	-4.37%
West Perth	400,674	406,207	5,534	1.38%	\$2,235	\$4,564	\$2,117	\$4,309	-\$118	-\$255	-\$373	-5.49%
County	372,667	379,749	7,083	1.90%	\$2,079	\$3,999	\$1,979	\$3,806	-\$100	-\$193	-\$293	-4.82%

Table 25-G
Typical Farm Class (FT) Property Portions Only: Single and Multi-Portion Farms
 (2017 actual to 2018 Notional General Municipal Levy Amounts – Farm Class Tax Only)

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	819,883	979,244	159,360	19.44%	\$581	\$1,579	\$648	\$1,784	\$67	\$205	\$272	12.59%
Perth East	809,847	961,961	152,114	18.78%	\$574	\$757	\$636	\$836	\$62	\$79	\$141	10.59%
Perth South	930,632	1,072,378	141,746	15.23%	\$659	\$1,063	\$709	\$1,128	\$50	\$65	\$115	6.68%
West Perth	811,981	962,461	150,481	18.53%	\$575	\$1,174	\$637	\$1,296	\$62	\$122	\$184	10.52%
County	834,388	985,755	151,367	18.14%	\$591	\$1,137	\$652	\$1,254	\$61	\$117	\$178	10.30%

Interpretation Note:

Based on all property in the farm property class but does not consider any portions of those properties that may be classified in other classes.

Table 25-H
Typical Single Portion / Stand-Alone Farm Class (FT) Properties
 (2017 actual to 2018 Notional General Municipal Levy Amounts – Farm Class Tax Only)

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	645,236	775,292	130,056	20.16%	\$457	\$1,243	\$513	\$1,412	\$56	\$169	\$225	13.24%
Perth East	618,245	741,857	123,612	19.99%	\$438	\$578	\$491	\$645	\$53	\$67	\$120	11.81%
Perth South	729,753	844,457	114,704	15.72%	\$517	\$833	\$559	\$888	\$42	\$55	\$97	7.19%
West Perth	670,779	800,136	129,357	19.28%	\$475	\$970	\$529	\$1,078	\$54	\$108	\$162	11.21%
County	662,164	787,471	125,307	18.92%	\$469	\$895	\$521	\$994	\$52	\$99	\$151	11.07%

Interpretation Note:

This table only includes properties that are solely assessed in the farm property class. Farm properties attached to non-farm portions have been excluded.

Table 25-I
Multi-Portion Farm Properties: Farm (FT) + Additional Portion(s)
(2017 actual to 2018 Notional General Municipal Levy Amounts for all Applicable Classes)

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	1,079,789	1,264,381	184,592	17.10%	\$1,173	\$3,189	\$1,242	\$3,422	\$69	\$233	\$302	6.92%
Perth East	1,080,523	1,256,221	175,698	16.26%	\$1,201	\$1,586	\$1,264	\$1,661	\$63	\$75	\$138	4.95%
Perth South	1,224,707	1,392,923	168,216	13.74%	\$1,283	\$2,068	\$1,334	\$2,121	\$51	\$53	\$104	3.10%
West Perth	1,085,323	1,261,747	176,424	16.26%	\$1,128	\$2,303	\$1,190	\$2,423	\$62	\$120	\$182	5.30%
County	1,107,483	1,284,001	176,518	15.94%	\$1,192	\$2,202	\$1,255	\$2,318	\$63	\$116	\$179	5.27%

Interpretation Note:

These results consider all multi-portion farms, which are those rolls with a farm classification and at least one other portion (residential, commercial, etc...). Properties solely assessed in the farm property class have been excluded.

Table 25-J
All Farm Rolls: Single and Multi-Portion Farms
(2017 actual to 2018 Notional General Municipal Levy Amounts for all Applicable Classes)

Municipality	Average Phased CVA		Change		2017 Levy		2018 Levy		2018 Tax Shift			
	2017	2018	\$	%	County	Local	County	Local	County	Local	Combined	
North Perth	945,047	1,112,729	167,682	17.74%	\$951	\$2,586	\$1,016	\$2,799	\$65	\$213	\$278	7.86%
Perth East	954,119	1,115,575	161,456	16.92%	\$993	\$1,311	\$1,053	\$1,383	\$60	\$72	\$132	5.73%
Perth South	1,058,779	1,209,056	150,277	14.19%	\$1,026	\$1,654	\$1,074	\$1,708	\$48	\$54	\$102	3.81%
West Perth	907,364	1,063,582	156,218	17.22%	\$848	\$1,731	\$906	\$1,845	\$58	\$114	\$172	6.67%
County	958,252	1,117,609	159,357	16.63%	\$950	\$1,764	\$1,009	\$1,875	\$59	\$111	\$170	6.26%

Interpretation Note:

This table shows the average assessment and corresponding taxes for all properties with a farm classification. It considers single portion farms and all elements of multi-portion farm properties.

New Agri-Food Business Subclasses for Farm Properties

As part of the Province's *2017 Ontario Economic Outlook and Fiscal Review (Fall Budget)*, The Minister of Finance announced that new property sub-classes would be introduced to facilitate special treatment of commercial and industrial improvements on farm properties. These new sub-classes will be *optional for municipal purposes* and are intended to give municipalities a means of incenting / supporting small scale Agri-Food enterprises.

The Province intends to employ these sub-classes for education purposes, regardless of whether a municipality chooses to participate. This means that local municipalities will be required to administer these new sub-classes even if they do not use them for municipal tax purposes.

The following has been prepared to provide staff and decision makers with a measure of general insight regarding the purpose, nature and potential financial implications of these new sub-classes. While the details and regulations required to operationalize these sub-classes remain outstanding, there is sufficient information regarding the assessment and taxation parameters to consider how these new sub-classes might impact the local property tax landscape at a high level.

That is, it is not possible at this time to incorporate these new classes into a fully realized tax policy model, but we can begin to sketch out the potential tax implications at a broad hypothetical level. To this end, MTE has prepared this report to consider:

- The purpose, structure and function of the new sub-classes;
- The incidence of potentially eligible properties summarized by municipality and class; and
- High level impact estimates expressed in assessed value, general levy dollars, and education savings.

Critical Notes and Limitations

As noted above, the new sub-classes have only been announced and currently have no formal basis within the property tax system. Eligible properties are not explicitly coded or identified for assessment purposes and there is no authority to calculate, set, levy or adjust taxes based on their theoretical application.

In the absence of any legislative or regulatory provisions, MTE has relied on program announcements and generally accepted true principals and conventions of Ontario's property assessment and taxation systems.

The reader is advised to read, consider and understand the assumptions that have been made in preparing this report and all quantitative figures. These assumptions include:

- That the sub-classes will apply only to property portions classified as commercial and industrial that form constitute parts of a property primarily captured by the farm property class;
- That eligible properties will necessarily have assessable improvements (buildings) and that unimproved land will be excluded;
- That the full portion ceiling value of 1,000,000 and the sub-class maximum of 50,000 will be based on full, non-phase-adjusted Current Value Assessment (CVA);
- That phase-adjusted CVA values will be set based on the current rate of phase-in change for each eligible portion; and
- That the introduction of these sub-classes for eligible properties will not have an impact on the assessed value of properties overall.

It can be expected that the final form of regulatory provisions will differ to some manner and degree from these assumptions and consequently that actual outcomes will also differ.

It is absolutely critical for the reader to accept the information contained in this report as general and speculative in nature. It is only intended to support a general understanding as to the potential scope and magnitude that the introduction of these sub-classes might have on the local tax landscape.

This report cannot be relied upon to support formal or final tax policy decisions and no by-laws should be, prepared, made or altered based on the contents herein.

Finally, the reader is reminded that taxes cannot be levied, adjusted, written off or even calculated based on the application of these sub-classes until such time as regulations have been duly filed and all municipal by-law requirements met.

Farm Class and New Sub-Class Overview

Sub-Classes

Currently Ontario's property assessment and taxation system includes two mandated sub-classes within each of the commercial and industrial property classes: vacant land and excess land. In simple terms, the vacant land sub-classes include complete parcels (rolls) that are classified as commercial or industrial due to zoning or historic use but which are completely absent of assessable improvements. The excess land sub-class is assigned to unused portions of improved property that exceed local zoning requirements³.

The newly announced sub-classes will also be constituent of the commercial and industrial classes but distinct from those described above in three critical ways:

- 1) They will be optional and will not apply for municipal purposes unless adopted⁴;
- 2) They will only apply to commercial or industrial portions of rolls that also include a portion included in the farm property class; and
- 3) Rather than applying to a physically delineated or identifiable property or portion of property, they apply to a portion of the property's value and as such will really only exist for taxation purposes alone.

Also, with uniform class specific reductions of 75% these sub-classes will attract much larger discounts than the current sub-classes, which default at 30% and 35% for commercial and industrial respectively.

Eligible Properties

A large proportion of *farms* as understood outside the realm of property tax are made up of a farm class portion and portions that fall into other classes. The most common combination is a farm (FT) portion mixed with a residential (RT) portion associated with a farm house or other non-farm related improvements.

³ For example: If zoning required two acres for a gas station and the property was 10 acres, the buildings and two acres may be assessed as full commercial and the remaining eight acres assessed as commercial excess.

⁴ The existing sub-classes apply by default and municipalities must seek special regulatory authority to opt out.

Some farms do have elements classified as commercial or industrial based on use. For example, if a farmer were to operate a feed or seed store as part of their overall business model, the property could be made up of three separate portions: farmland, residential and commercial.

In this example the property is captured by a single roll number but made up of three separately classified and valued portions, each of which attracts distinct tax rates for both municipal and education purposes.

Element	Classification	CVA	Ratio	Rate	Tax
Farm Land & Buildings	Farm (FT)	300,000	0.25	0.25%	\$750
Home	Residential (RT)	100,000	1.00	1.00%	\$1,000
Retail Store	Commercial (CT)	125,000	1.50	1.50%	\$1,875
Property Total		525,000			\$3,625



It is understood that these new sub-classes will be exclusive to properties such as this that have a commercial or industrial portion, but which are mainly, or at least partially, assessed in the farm property class.

If adopted, the subclass would apply to the first 50,000 of the commercial CVA, thereby splitting the property into four portions rather than three. The following table illustrates the impact on our hypothetical example.

Element	Classification	CVA	Ratio	Discount	Rate	Tax
Farm Land & Buildings	Farm (FT)	300,000	0.25	1.00	0.25%	\$750
Home	Residential (RT)	100,000	1.00	1.00	1.00%	\$1,000
Retail Store	<i>Commercial</i>					
	Agri-Food Sub-Class	50,000	1.50	0.25	0.38%	\$188
	Fully Occupied	75,000	1.50	1.00	1.50%	\$1,125
Property Total		525,000				\$3,063
Without Sub-Class		525,000				\$3,625
Tax Savings			0			-\$563

As noted above, the application of this new treatment should not impact the overall assessment of the commercial (industrial) element or any other portion of the property. Also, unlike portions classified into one of the vacant or excess land sub-classes, the eligible element cannot be physically delineated or identified separately from the greater commercial (industrial portion).

We are simply splitting the value of the commercial portion to apply a lower rate of taxation to the first 50,000. If the business class portion as a whole was assessed at less than 50,000 it would be captured solely by the sub-class.

As the Province intends this to be an incentive/benefit for small-scale commercial and industrial operations that are ostensibly ancillary to farming operations, they will place a ceiling of 1,000,000 of CVA on the overall value of eligible portions. As such, if our example property included a large scale retail operation with over 1,000,000 in commercial CVA, the sub-class would not apply.

This limitation is intended to ensure a level playing field among larger on-farm and off-farm commercial and industrial enterprises.

Nature of Enterprise

The information regarding these new classes makes reference to *Agri-Food* enterprises but it is not known if the specific nature of the on-farm business will be part of the eligibility criteria. That is, will a small produce market be eligible and the craft market or antique store on the farm next door be excluded?

At this time we are unable to answer this question and are unsure if MPAC would even have enough accurate, property specific information to apply such a parameter in their classification efforts. Further, we suspect that if such a distinction were attempted it could cause no end of issues and challenges over what is and what isn't eligible.

For the purposes of this preliminary and speculative report properties have not been culled or defined on this basis.

Pool of (Potentially) Eligible Properties in the County of Perth

Based on the assessment roll as returned for 2018 and the assumptions outlined in the introduction of this report MTE has endeavored to identify the pool of potentially eligible properties within the County. In doing this we have identified all commercial and industrial property portions where the parent property includes a portion classified as farm. These properties are summarized in Table 26.

Phase-Adjusted CVA Apportionment

Consistent with known convention, overall eligibility and the sub-class / full class apportionment of value has been based on full, non-phase adjusted CVA. In order to consider tax implications for 2018, or any year where phase-in applies, it is necessary to calculate the phase-adjusted CVA for each portion.

This has been done in the manner we believe will be applied in the preparation of actual amended notices for eligible properties whereby the phase-in base value for each property will be split in the same proportion as the full CVA. After apportioning the phase-in base for the eligible sub-class portion and the portion remaining as fully occupied, the phase-adjusted CVA values are calculated for each year. The results of this exercise are summarized in Table 27.

Table 26
Hypothetical Portion and Value Split Summary
(2018 Full CVA)

Class / Municipality	Count	Split Portions	Full CVA as Returned	Sub-Class Apportionment	
				Sub-Class CVA	Full Class CVA
Commercial					
North Perth	38	30	7,453,100	1,802,500	5,650,600
Perth East	67	51	9,251,900	2,938,100	6,313,800
Perth South	32	22	5,432,400	1,369,900	4,062,500
West Perth	25	20	5,696,900	1,157,100	4,539,800
Commercial Sub-Total	162	123	27,834,300	7,267,600	20,566,700
Industrial					
North Perth	9	5	872,400	390,000	482,400
Perth East	31	18	2,408,500	1,215,000	1,193,500
Perth South	11	5	1,493,800	345,600	1,148,200
West Perth	9	3	372,200	263,200	109,000
Industrial Sub-Total	60	31	5,146,900	2,213,800	2,933,100
Total (Com. + Ind.)	222	154	32,981,200	9,481,400	23,499,800

Table 27
Hypothetical Portion and Value Split Summary
(2018 Phase-Adjusted CVA)

Class / Municipality	Count	2018 Roll Return		Sub-Class Apportionment	
		Full CVA	Phased CVA	Sub-Class CVA	Full Class CVA
Commercial					
North Perth	38	7,453,100	6,606,826	1,583,397	5,023,429
Perth East	67	9,251,900	8,019,145	2,568,046	5,451,099
Perth South	32	5,432,400	4,817,302	1,228,868	3,588,434
West Perth	25	5,696,900	5,055,800	1,035,978	4,019,822
Commercial Sub-Total	162	27,834,300	24,499,073	6,416,289	18,082,784
Industrial					
North Perth	9	872,400	765,100	360,854	404,246
Perth East	31	2,408,500	2,208,650	1,143,306	1,065,344
Perth South	11	1,493,800	1,457,038	332,588	1,124,450
West Perth	9	372,200	364,250	259,220	105,030
Industrial Sub-Total	60	5,146,900	4,795,038	2,095,968	2,699,070
Total (Com. + Ind.)	222	32,981,200	29,294,111	8,512,257	20,781,854

In addition to identifying the pool of potentially eligible properties, it is also important to consider the incidence of these properties within the larger farm property population. To this end, Table 28 has been prepared to compare the total number of farm properties against those that may have an eligible sub-class portion. As can be seen, the subject properties make up a small subset of the overall farm population.

Table 28
Farm Property and Sub-Class Portion Counts by Local Municipality

Local Municipality	All Farms	Potential Sub-Class Portions	
North Perth	1,261	47	3.73%
Perth East	1,920	98	5.10%
Perth South	1,050	43	4.10%
West Perth	1,591	34	2.14%
County-Wide	5,822	222	3.81%

Hypothetical Farm Sub-Class Tax Implications

In order to provide staff and decision makers with a general understanding of the potential tax impacts that might be expected if these classes were adopted, MTE has prepared an estimate using general upper-tier and local rates as well as Provincial education rates.

We have applied a discount of 75% to the municipal general and education tax rates for each potentially eligible portion. Tables 29, 30 and 31 have been prepared to summarize the impact in upper-tier, local and education tax dollars respectively. Table 32 shows the combined impact.

Table 29
Hypothetical Tax Impact on Upper-Tier General Levy

Class / Municipality	Status Quo County Tax	Sub-Class Applied			Difference	
		Sub-Class Tax	Full Class Tax	Total Revised	\$	%
Commercial						
North Perth	\$21,797	\$1,306	\$16,578	\$17,884	-\$3,913	-17.95%
Perth East	\$26,457	\$2,115	\$17,988	\$20,103	-\$6,354	-24.02%
Perth South	\$15,893	\$1,012	\$11,838	\$12,850	-\$3,043	-19.15%
West Perth	\$16,680	\$854	\$13,262	\$14,116	-\$2,564	-15.37%
Commercial Sub-Total	\$80,827	\$5,287	\$59,666	\$64,953	-\$15,874	-19.64%
Industrial						
North Perth	\$3,987	\$471	\$2,106	\$2,577	-\$1,410	-35.36%
Perth East	\$11,509	\$1,487	\$5,549	\$7,036	-\$4,473	-38.87%
Perth South	\$7,592	\$432	\$5,859	\$6,291	-\$1,301	-17.14%
West Perth	\$1,898	\$337	\$547	\$884	-\$1,014	-53.42%
Industrial Sub-Total	\$24,986	\$2,727	\$14,061	\$16,788	-\$8,198	-32.81%
Total (Com. + Ind.)	\$105,813	\$8,014	\$73,727	\$81,741	-\$24,072	-22.75%

Table 30
Hypothetical Tax Impact on Local General Levies

Class / Municipality	Status Quo Local General Tax	Sub-Class Applied			Difference	
		Sub- Class Tax	Full Class Tax	Total Revised	\$	%
Commercial						
North Perth	\$60,033	\$3,594	\$45,645	\$49,239	-\$10,794	-17.98%
Perth East	\$34,762	\$2,782	\$23,633	\$26,415	-\$8,347	-24.01%
Perth South	\$25,268	\$1,614	\$18,821	\$20,435	-\$4,833	-19.13%
West Perth	\$33,962	\$1,740	\$27,003	\$28,743	-\$5,219	-15.37%
Commercial Sub-Total	\$154,025	\$9,730	\$115,102	\$124,832	-\$29,193	-18.95%
Industrial						
North Perth	\$10,980	\$1,294	\$5,801	\$7,095	-\$3,885	-35.38%
Perth East	\$15,122	\$1,963	\$7,292	\$9,255	-\$5,867	-38.80%
Perth South	\$12,069	\$690	\$9,315	\$10,005	-\$2,064	-17.10%
West Perth	\$3,862	\$687	\$1,114	\$1,801	-\$2,061	-53.37%
Industrial Sub-Total	\$42,033	\$4,634	\$23,522	\$28,156	-\$13,877	-33.01%
Total (Com. + Ind.)	\$196,058	\$14,364	\$138,624	\$152,988	-\$43,070	-21.97%

Table 31
Hypothetical Tax Impact on Provincial Education Tax

Class / Municipality	Status Quo Education Tax	Sub-Class Applied			Difference	
		Sub-Class Tax	Full Class Tax	Total Revised	\$	%
Commercial						
North Perth	\$72,019	\$4,313	\$54,757	\$59,070	-\$12,949	-17.98%
Perth East	\$87,403	\$6,994	\$59,414	\$66,408	-\$20,995	-24.02%
Perth South	\$52,508	\$3,350	\$39,116	\$42,466	-\$10,042	-19.12%
West Perth	\$55,109	\$2,823	\$43,818	\$46,641	-\$8,468	-15.37%
Commercial Sub-Total	\$267,039	\$17,480	\$197,105	\$214,585	-\$52,454	-19.64%
Industrial						
North Perth	\$10,021	\$1,161	\$5,378	\$6,539	-\$3,482	-34.75%
Perth East	\$27,819	\$3,620	\$13,346	\$16,966	-\$10,853	-39.01%
Perth South	\$16,463	\$1,007	\$12,434	\$13,441	-\$3,022	-18.36%
West Perth	\$4,880	\$867	\$1,408	\$2,275	-\$2,605	-53.38%
Industrial Sub-Total	\$59,183	\$6,655	\$32,566	\$39,221	-\$19,962	-33.73%
Total (Com. + Ind.)	\$326,222	\$24,135	\$229,671	\$253,806	-\$72,416	-22.20%

Important Note:

These sub-classes will **automatically apply for education tax purposes** regardless of whether the municipality chooses to adopt them.

Table 32
Hypothetical Tax Impact on General Municipal and Provincial Education Tax
(Sum of Tables 29, 30 and 31)

Class / Municipality	Status Quo Total Tax	Sub-Class Applied			Difference	
		Sub-Class Tax	Full Class Tax	Total Revised	\$	%
Commercial						
North Perth	\$153,849	\$9,213	\$116,980	\$126,193	-\$27,656	-17.98%
Perth East	\$148,622	\$11,891	\$101,035	\$112,926	-\$35,696	-24.02%
Perth South	\$93,669	\$5,976	\$69,775	\$75,751	-\$17,918	-19.13%
West Perth	\$105,751	\$5,417	\$84,083	\$89,500	-\$16,251	-15.37%
Commercial Sub-Total	\$501,891	\$32,497	\$371,873	\$404,370	-\$97,521	-19.43%
Industrial						
North Perth	\$24,988	\$2,926	\$13,285	\$16,211	-\$8,777	-35.12%
Perth East	\$54,450	\$7,070	\$26,187	\$33,257	-\$21,193	-38.92%
Perth South	\$36,124	\$2,129	\$27,608	\$29,737	-\$6,387	-17.68%
West Perth	\$10,640	\$1,891	\$3,069	\$4,960	-\$5,680	-53.38%
Industrial Sub-Total	\$126,202	\$14,016	\$70,149	\$84,165	-\$42,037	-33.31%
Total (Com. + Ind.)	\$628,093	\$46,513	\$442,022	\$488,535	-\$139,558	-22.22%

Implementation

The Minister has indicated that these new sub-classes will be available for 2018 taxation, however, as the classifications do not currently exist, and the portions are not formally identifiable on the roll, these sub-classes cannot be incorporated into a 2018 tax rate calculation at this time.

MTE does not recommend that municipalities wait for amended assessment information to be published in order to facilitate a revised roll calculation. First, no time-line exists for such revisions and the dollars involved do not warrant departing from a returned roll levy calculation as the impact is estimated at a mere 0.05% of upper tier general levy. MTE recommends that municipalities considering these sub-classes for 2018 should plan for tax write-offs later in the year. The figures in this report can be used to establish a general estimate of what those write-offs might be.

If tabled and approved in principle within the context of Council’s tax policy decision making process, it may be possible to have rates ready for a final rating by-law but we would not suggest these be incorporated into the actual levy calculation. Alternatively, rating by-laws could be amended by the addition of a special schedule before any taxes are actually adjusted.

It is expected that eligible properties will be explicitly identified on the roll returned for 2019 and municipalities will be able to fully integrate these properties in their 2018 final growth analysis and all 2019 levy calculations.

Education Levy

As noted earlier, the Province intends to apply discounted education rates to eligible properties regardless of whether the municipality chooses to adopt them. This means that local municipalities will be required to administer these classes even if they are not utilized for municipal tax purposes.

This can be expected to create a measure of taxpayer confusion; it also places the municipality in the de facto position of having to choose if they wish to deny relief rather than deciding if they want to provide it.

PART FOUR: TAX POLICY SENSITIVITY ANALYSIS

For 2018, the *Municipal Act* continues to provide upper and single-tier municipalities with a range of tax policy tools that may be used to alter the distribution of the tax burden both within and between tax classes. The following tools may be used to change or achieve local tax policy objectives, target the benefits of growth, or redistribute the impacts of assessment change.⁵

1. Tax ratios may be adjusted to affect the level of taxation on different tax classes;
2. Optional business property classes may be employed or collapsed to alter taxation within broad commercial or industrial tax classes;
3. Sub-class discounts for vacant and excess land may be adjusted;
4. Graduated taxation schemes for the business classes can be used to impose higher rates of taxation on properties with higher current value assessment in order to provide tax relief on properties with lower assessed values.

A comprehensive examination of tax ratios and a relevant sensitivity analysis should be undertaken each year. Specific examination of the use of optional tax classes and graduated taxation are generally only required if these options are being actively considered. After considering the contents of this report Council may wish to further explore the utility and application of these alternate apportionment and mitigation strategies.

Moving Tax Ratios

Single-tier municipalities are required to establish tax ratios for the multi-residential, commercial, industrial, landfill and pipeline classes prior to finalizing tax rates for the current year's tax cycle. Established ratios will ultimately govern the relationship between the rate of taxation for each affected class and the tax rate for the residential property class.

The tax ratio for the residential class is legislated at 1.0, while the farm and managed forest classes have a prescribed tax ratio of 0.25. Municipalities do have the flexibility to set a tax ratio for the farm class that is below 0.25, however, this reduction would only apply to the municipal portion of the property tax bill.

In setting tax ratios for all other property classes, municipalities must do so within the guidelines prescribed by the Province. Council may choose to adopt: (1) either the current tax ratio for any class (2017 adopted or 2018 starting ratio where levy restriction and/or optional classes applied in 2017), (2) establish a new tax ratio for the year that is closer to or within the Range of Fairness, as shown in Table 33; or (3) utilize restated revenue neutral transition ratios to mitigate reassessment related tax shifts between classes in accordance with the regulated calculations.

⁵ The by-law deadlines for many tax policy decisions is December 31st of the subject taxation year. A complete listing of mandatory and optional tax and assessment policy decisions are contained in Appendix A, including any by-law and timing requirements.

Table 33
Tax Ratio Summary

Realty Tax Class	2017 Ratios	2018 Start Ratios	Ranges of Fairness		Threshold Ratios	
			Lower Limit	Upper Limit	Threshold	Subject to Levy Restriction
Residential	1.000000	1.000000	1.00	1.00	-	N/A
Farm	0.250000	0.250000	0.00	0.25	-	N/A
Managed Forest	0.250000	0.250000	0.25	0.25	-	N/A
Multi-Residential	1.925375	1.925375	1.00	1.10	2.00	No
Commercial	1.246900	1.246900	0.60	1.10	1.98	No
Industrial	1.969200	1.969200	0.60	1.10	2.63	No
Landfill	1.256425	1.256425	0.60	1.10	25.00	No
Pipeline	1.639100	1.639100	0.60	0.70	-	N/A

Where Optional Classes Apply

Where a municipality has elected to use optional tax classes, changes to tax ratios are regulated based on the relationship of the municipality's broad class ratios (the weighted average of commercial, shopping centre, office, and parking lot is equivalent to the broad commercial class, and industrial and large industrial are deemed to be the broad industrial class).

Council must ensure that the weighted average broad class ratio for the current year does not exceed the broad class ratio for the prior year. To strictly comply with the provisions of Section 308 of the *Municipal Act*, adjustments to tax ratios may be required for the commercial and industrial tax classes.

The legislated deadline that previously applied to the creation of new, or the collapsing of existing optional classes, has now been eliminated, however, municipalities that intend to make a change to the class structure need to make this decision before any tax rate or ratio by-laws can be passed. It is also critical to provide the Province with as much advanced notice of any such change, as it could impact the manner in which education tax rates are calculated and/or regulated for the taxation year.

For a complete discussion of issues surrounding the adoption or elimination of optional tax classes, the reader is referred to Appendix B of this report.

Tax Ratios and Balance of Taxation

Tax ratios govern the tax rate of each property class in relation to the tax rate for the residential property class. Ontario's tax ratio system is not simply about expressing the relationship among tax rates, the real function of tax ratios is to manipulate the balance of taxation among property classes.

Tax ratios effectively alter the weighting, or distribution of the tax burden compared to how the total levy would be shared if each dollar of CVA was treated equally. Table 34 shows how the share of tax differs from the share of assessment for each class in accordance with the municipality's starting ratios for the year. The more dramatic the ratio, the larger the difference between the share of assessment and share of tax each class carries. By changing tax ratios, the municipality can influence and alter this balance.

Table 34
Balance of Taxation

Realty Tax Class	Assessment		General Levy	
	2018 CVA	%	2018 Tax	%
<i>Taxable</i>				
Residential	3,367,647,134	35.13%	\$8,903,815	61.41%
Farm	5,739,064,392	59.87%	\$3,796,506	26.19%
Managed Forest	10,750,471	0.11%	\$7,112	0.05%
Multi-Residential	28,599,150	0.30%	\$145,704	1.01%
Commercial	308,840,326	3.22%	\$1,011,870	6.98%
Industrial	100,849,475	1.05%	\$516,037	3.56%
Pipeline	14,980,300	0.16%	\$64,972	0.45%
Sub-Total Taxable	9,570,731,248	99.84%	\$14,446,016	99.64%
<i>Payment in Lieu</i>				
Residential	271,600	0.00%	\$719	0.00%
Commercial	13,121,640	0.14%	\$42,789	0.30%
Industrial	603,291	0.01%	\$2,968	0.02%
Landfill	1,627,250	0.02%	\$5,409	0.04%
Sub-Total PIL	15,623,781	0.16%	\$51,885	0.36%
Total (Taxable + PIL)	9,586,355,029	100.00%	\$14,497,901	100.00%

Tax Policy Sensitivity Analysis

To assist staff and Council in evaluating the potential impact of various tax policy and levy change scenarios, MTE has modelled the effects of the following on the upper tier general levy:

1. Reducing the farm class ratio to 0.2400;
2. Reducing the farm class ratio to 0.2250;
3. Reducing the farm class ratio to 0.2200; and
4. Reducing the farm class ratio to 0.2000.

Table 35 below provides the scenario parameters and impacts at a glance.

The scenarios have been developed for illustrative purposes and are not intended to reflect specific recommendations or suggested strategies.

The results for models 1, 2, 3 and 4 are set out in Tables 36 A, B and C; 37 A, B and C; 38 A, B and C; 39 A, B and C respectively.

Each of the "A" Tables contain the ratios, rates and levy sub-totals for each model, which are provided in comparison to the municipality's 2018 status quo starting rate and levy scenario.

The "B" Tables show the class level impacts that could be expected under each alternate model. These results are provided in contrast to the class distribution of taxes under the municipality's levy calculated using status quo tax policy.

The "C" Tables compare the net year-over-year tax change between the base-line and alternate model.

The "D" and "E" Tables represent the results of the "B" and "C" Tables by local municipality.

**Table 35
Sensitivity Scenario Outline**

Realty Tax Class	Status Quo / Revenue Neutral	Scenario 1		Scenario 2		Scenario 3		Scenario 4	
		Parameter	Change	Parameter	Change	Parameter	Change	Parameter	Change
Residential	1.000000	1.000000	0.00%	1.000000	0.00%	1.000000	0.00%	1.000000	0.00%
Farm	0.250000	0.240000	-4.00%	0.225000	-10.00%	0.220000	-12.00%	0.200000	-20.00%
Managed Forest	0.250000	0.250000	0.00%	0.250000	0.00%	0.250000	0.00%	0.250000	0.00%
Multi-Residential	1.925375	1.925375	0.00%	1.925375	0.00%	1.925375	0.00%	1.925375	0.00%
Commercial	1.246900	1.246900	0.00%	1.246900	0.00%	1.246900	0.00%	1.246900	0.00%
Industrial	1.969200	1.969200	0.00%	1.969200	0.00%	1.969200	0.00%	1.969200	0.00%
Landfill	1.256425	1.256425	0.00%	1.256425	0.00%	1.256425	0.00%	1.256425	0.00%
Pipeline	1.639100	1.639100	0.00%	1.639100	0.00%	1.639100	0.00%	1.639100	0.00%
Levy Target	\$14,497,901	\$14,497,901		\$14,497,901		\$14,497,901		\$14,497,901	

Alternate Policy Scenario 1: Reducing the farm class ratio to 0.2400.

**Table 36-A
Tax Rate Sensitivity**

Realty Tax Class	Tax Ratios			General Levy Tax Rates		
	Start	Alternate Model	% Change	Status Quo	Model	% Change
Residential	1.000000	1.000000	0.00%	0.00264607	0.00267408	1.06%
Farm	0.250000	0.240000	-4.00%	0.00066152	0.00064178	-2.98%
Managed Forest	0.250000	0.250000	0.00%	0.00066152	0.00066852	1.06%
Multi-Residential	1.925375	1.925375	0.00%	0.00509468	0.00514861	1.06%
Commercial	1.246900	1.246900	0.00%	0.00329938	0.00333431	1.06%
Industrial	1.969200	1.969200	0.00%	0.00521064	0.00526580	1.06%
Landfill	1.256425	1.256425	0.00%	0.00332459	0.00335978	1.06%
Pipeline	1.639100	1.639100	0.00%	0.00433717	0.00438308	1.06%

**Table 36-B
General Levy Sensitivity
(In comparison to 2018 Base-Line Levy)**

Realty Tax Class	2018 General Levy		2018 General Levy		Difference	
	Start Ratio	% Share	Model	% Share	\$	%
Taxable						
Residential	\$8,903,815	61.41%	\$8,998,067	62.06%	\$94,252	1.06%
Farm	\$3,796,506	26.19%	\$3,683,217	25.41%	-\$113,289	-2.98%
Managed Forest	\$7,112	0.05%	\$7,186	0.05%	\$74	1.04%
Multi-Residential	\$145,704	1.01%	\$147,246	1.02%	\$1,542	1.06%
Commercial	\$1,011,870	6.98%	\$1,022,584	7.05%	\$10,714	1.06%
Industrial	\$516,037	3.56%	\$521,497	3.60%	\$5,460	1.06%
Pipeline	\$64,972	0.45%	\$65,660	0.45%	\$688	1.06%
Sub-Total Tax	\$14,446,016	99.64%	\$14,445,457	99.64%	-\$559	0.00%
Payment in Lieu						
Residential	\$719	0.00%	\$726	0.01%	\$7	0.97%
Commercial	\$42,789	0.30%	\$43,240	0.30%	\$451	1.05%
Industrial	\$2,968	0.02%	\$2,998	0.02%	\$30	1.01%
Landfill	\$5,409	0.04%	\$5,467	0.04%	\$58	1.07%
Sub-Total PIL	\$51,885	0.36%	\$52,431	0.36%	\$546	1.05%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,888	100.00%	-\$13	0.00%

Alternate Policy Scenario 1: Reducing the farm class ratio to 0.2400.

Table 36-C
General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Realty Tax Class	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
<i>Taxable</i>					
Residential	\$9,177,346	-\$273,531	-2.98%	-\$179,279	-1.95%
Farm	\$3,440,540	\$355,966	10.35%	\$242,677	7.05%
Managed Forest	\$6,274	\$838	13.36%	\$912	14.54%
Multi-Residential	\$152,988	-\$7,284	-4.76%	-\$5,742	-3.75%
Commercial	\$1,057,738	-\$45,868	-4.34%	-\$35,154	-3.32%
Industrial	\$542,964	-\$26,927	-4.96%	-\$21,467	-3.95%
Pipeline	\$67,848	-\$2,876	-4.24%	-\$2,188	-3.22%
Sub-Total Taxable	\$14,445,698	\$318	0.00%	-\$241	0.00%
<i>Payment in Lieu</i>					
Residential	\$712	\$7	0.98%	\$14	1.97%
Commercial	\$43,022	-\$233	-0.54%	\$218	0.51%
Industrial	\$3,092	-\$124	-4.01%	-\$94	-3.04%
Landfill	\$5,379	\$30	0.56%	\$88	1.64%
Sub-Total PIL	\$52,205	-\$320	-0.61%	\$226	0.43%
Total (Taxable + PIL)	\$14,497,903	-\$2	0.00%	-\$15	0.00%

Alternate Policy Scenario 1: Reducing the farm class ratio to 0.2400.

Table 36-D
Upper Tier General Levy Sensitivity
(In comparison to 2018 Base-Line Levy)

Local Municipality	Start Ratio	2018 General Levy		Difference	
		% Share	Model	% Share	\$ %
North Perth	\$4,679,050	32.27%	\$4,695,556	32.39%	\$16,506 0.35%
Perth East	\$4,406,622	30.39%	\$4,403,874	30.38%	-\$2,748 -0.06%
Perth South	\$1,944,881	13.41%	\$1,935,357	13.35%	-\$9,524 -0.49%
West Perth	\$3,467,348	23.92%	\$3,463,101	23.89%	-\$4,247 -0.12%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,888	100.00%	-\$13 0.00%

Table 36-E
Upper Tier General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Local Municipality	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
North Perth	\$4,738,378	-\$59,328	-1.25%	-\$42,822	-0.90%
Perth East	\$4,384,085	\$22,537	0.51%	\$19,789	0.45%
Perth South	\$1,917,983	\$26,898	1.40%	\$17,374	0.91%
West Perth	\$3,457,457	\$9,891	0.29%	\$5,644	0.16%
Total (Tax + PIL)	\$14,497,903	-\$2	0.00%	-\$15	0.00%

Alternate Policy Scenario 2: Reducing the farm class ratio to 0.2250.

**Table 37-A
Tax Rate Sensitivity**

Realty Tax Class	Tax Ratios			General Levy Tax Rates		
	Start	Model	% Change	Status Quo	Model	% Change
Residential	1.000000	1.000000	0.00%	0.00264607	0.00271723	2.69%
Farm	0.250000	0.225000	-10.00%	0.00066152	0.00061138	-7.58%
Managed Forest	0.250000	0.250000	0.00%	0.00066152	0.00067931	2.69%
Multi-Residential	1.925375	1.925375	0.00%	0.00509468	0.00523169	2.69%
Commercial	1.246900	1.246900	0.00%	0.00329938	0.00338811	2.69%
Industrial	1.969200	1.969200	0.00%	0.00521064	0.00535077	2.69%
Landfill	1.256425	1.256425	0.00%	0.00332459	0.00341400	2.69%
Pipeline	1.639100	1.639100	0.00%	0.00433717	0.00445381	2.69%

**Table 37-B
General Levy Sensitivity**
(In comparison to 2018 Base-Line Levy)

Realty Tax Class	2018 General Levy				Difference	
	Start Ratio	% Share	Model	% Share	\$	%
Taxable						
Residential	\$8,903,815	61.41%	\$9,143,263	63.07%	\$239,448	2.69%
Farm	\$3,796,506	26.19%	\$3,508,749	24.20%	-\$287,757	-7.58%
Managed Forest	\$7,112	0.05%	\$7,303	0.05%	\$191	2.69%
Multi-Residential	\$145,704	1.01%	\$149,622	1.03%	\$3,918	2.69%
Commercial	\$1,011,870	6.98%	\$1,039,083	7.17%	\$27,213	2.69%
Industrial	\$516,037	3.56%	\$529,915	3.66%	\$13,878	2.69%
Pipeline	\$64,972	0.45%	\$66,718	0.46%	\$1,746	2.69%
Sub-Total Tax	\$14,446,016	99.64%	\$14,444,653	99.63%	-\$1,363	-0.01%
Payment in Lieu						
Residential	\$719	0.00%	\$738	0.01%	\$19	2.64%
Commercial	\$42,789	0.30%	\$43,938	0.30%	\$1,149	2.69%
Industrial	\$2,968	0.02%	\$3,049	0.02%	\$81	2.73%
Landfill	\$5,409	0.04%	\$5,554	0.04%	\$145	2.68%
Sub-Total PIL	\$51,885	0.36%	\$53,279	0.37%	\$1,394	2.69%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,932	100.00%	\$31	0.00%

Alternate Policy Scenario 2: Reducing the farm class ratio to 0.2250.

Table 37-C
General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Realty Tax Class	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
<i>Taxable</i>					
Residential	\$9,177,346	-\$273,531	-2.98%	-\$34,083	-0.37%
Farm	\$3,440,540	\$355,966	10.35%	\$68,209	1.98%
Managed Forest	\$6,274	\$838	13.36%	\$1,029	16.40%
Multi-Residential	\$152,988	-\$7,284	-4.76%	-\$3,366	-2.20%
Commercial	\$1,057,738	-\$45,868	-4.34%	-\$18,655	-1.76%
Industrial	\$542,964	-\$26,927	-4.96%	-\$13,049	-2.40%
Pipeline	\$67,848	-\$2,876	-4.24%	-\$1,130	-1.67%
Sub-Total Taxable	\$14,445,698	\$318	0.00%	-\$1,045	-0.01%
<i>Payment in Lieu</i>					
Residential	\$712	\$7	0.98%	\$26	3.65%
Commercial	\$43,022	-\$233	-0.54%	\$916	2.13%
Industrial	\$3,092	-\$124	-4.01%	-\$43	-1.39%
Landfill	\$5,379	\$30	0.56%	\$175	3.25%
Sub-Total PIL	\$52,205	-\$320	-0.61%	\$1,074	2.06%
Total (Taxable + PIL)	\$14,497,903	-\$2	0.00%	\$29	0.00%

Alternate Policy Scenario 2: Reducing the farm class ratio to 0.2250.

Table 37-D
Upper Tier General Levy Sensitivity
(In comparison to 2018 Base-Line Levy)

Local Municipality	Start Ratio	2018 General Levy		Difference		
		% Share	Model	% Share	\$	%
North Perth	\$4,679,050	32.27%	\$4,721,001	32.56%	\$41,951	0.90%
Perth East	\$4,406,622	30.39%	\$4,399,662	30.35%	-\$6,960	-0.16%
Perth South	\$1,944,881	13.41%	\$1,920,693	13.25%	-\$24,188	-1.24%
West Perth	\$3,467,348	23.92%	\$3,456,576	23.84%	-\$10,772	-0.31%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,932	100.00%	\$31	0.00%

Table 37-E
Upper Tier General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Local Municipality	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
North Perth	\$4,738,378	-\$59,328	-1.25%	-\$17,377	-0.37%
Perth East	\$4,384,085	\$22,537	0.51%	\$15,577	0.36%
Perth South	\$1,917,983	\$26,898	1.40%	\$2,710	0.14%
West Perth	\$3,457,457	\$9,891	0.29%	-\$881	-0.03%
Total (Tax + PIL)	\$14,497,903	-\$2	0.00%	\$29	0.00%

Alternate Policy Scenario 3: Reducing the farm class ratio to 0.2200.

**Table 38-A
Tax Rate Sensitivity**

Realty Tax Class	Tax Ratios			General Levy Tax Rates		
	Start	Model	% Change	Status Quo	Model	% Change
Residential	1.000000	1.000000	0.00%	0.00264607	0.00273192	3.24%
Farm	0.250000	0.220000	-12.00%	0.00066152	0.00060102	-9.15%
Managed Forest	0.250000	0.250000	0.00%	0.00066152	0.00068298	3.24%
Multi-Residential	1.925375	1.925375	0.00%	0.00509468	0.00525997	3.24%
Commercial	1.246900	1.246900	0.00%	0.00329938	0.00340643	3.24%
Industrial	1.969200	1.969200	0.00%	0.00521064	0.00537970	3.24%
Landfill	1.256425	1.256425	0.00%	0.00332459	0.00343245	3.24%
Pipeline	1.639100	1.639100	0.00%	0.00433717	0.00447789	3.24%

**Table 38-B
General Levy Sensitivity**
(In comparison to 2018 Base-Line Levy)

Realty Tax Class	2018 General Levy				Difference	
	Start Ratio	% Share	Model	% Share	\$	%
Taxable						
Residential	\$8,903,815	61.41%	\$9,192,693	63.41%	\$288,878	3.24%
Farm	\$3,796,506	26.19%	\$3,449,293	23.79%	-\$347,213	-9.15%
Managed Forest	\$7,112	0.05%	\$7,343	0.05%	\$231	3.25%
Multi-Residential	\$145,704	1.01%	\$150,431	1.04%	\$4,727	3.24%
Commercial	\$1,011,870	6.98%	\$1,044,702	7.21%	\$32,832	3.24%
Industrial	\$516,037	3.56%	\$532,779	3.67%	\$16,742	3.24%
Pipeline	\$64,972	0.45%	\$67,080	0.46%	\$2,108	3.24%
Sub-Total Tax	\$14,446,016	99.64%	\$14,444,321	99.63%	-\$1,695	-0.01%
Payment in Lieu						
Residential	\$719	0.00%	\$741	0.01%	\$22	3.06%
Commercial	\$42,789	0.30%	\$44,177	0.30%	\$1,388	3.24%
Industrial	\$2,968	0.02%	\$3,063	0.02%	\$95	3.20%
Landfill	\$5,409	0.04%	\$5,585	0.04%	\$176	3.25%
Sub-Total PIL	\$51,885	0.36%	\$53,566	0.37%	\$1,681	3.24%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,887	100.00%	-\$14	0.00%

Alternate Policy Scenario 3: Reducing the farm class ratio to 0.2200.

Table 38-C
General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Realty Tax Class	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
<i>Taxable</i>					
Residential	\$9,177,346	-\$273,531	-2.98%	\$15,347	0.17%
Farm	\$3,440,540	\$355,966	10.35%	\$8,753	0.25%
Managed Forest	\$6,274	\$838	13.36%	\$1,069	17.04%
Multi-Residential	\$152,988	-\$7,284	-4.76%	-\$2,557	-1.67%
Commercial	\$1,057,738	-\$45,868	-4.34%	-\$13,036	-1.23%
Industrial	\$542,964	-\$26,927	-4.96%	-\$10,185	-1.88%
Pipeline	\$67,848	-\$2,876	-4.24%	-\$768	-1.13%
Sub-Total Taxable	\$14,445,698	\$318	0.00%	-\$1,377	-0.01%
<i>Payment in Lieu</i>					
Residential	\$712	\$7	0.98%	\$29	4.07%
Commercial	\$43,022	-\$233	-0.54%	\$1,155	2.68%
Industrial	\$3,092	-\$124	-4.01%	-\$29	-0.94%
Landfill	\$5,379	\$30	0.56%	\$206	3.83%
Sub-Total PIL	\$52,205	-\$320	-0.61%	\$1,361	2.61%
Total (Taxable + PIL)	\$14,497,903	-\$2	0.00%	-\$16	0.00%

Alternate Policy Scenario 3: Reducing the farm class ratio to 0.2200.

Table 38-D
Upper Tier General Levy Sensitivity
(In comparison to 2018 Base-Line Levy)

Local Municipality	Start Ratio	2018 General Levy		Difference		
		% Share	Model	% Share	\$	%
North Perth	\$4,679,050	32.27%	\$4,729,647	32.62%	\$50,597	1.08%
Perth East	\$4,406,622	30.39%	\$4,398,209	30.34%	-\$8,413	-0.19%
Perth South	\$1,944,881	13.41%	\$1,915,693	13.21%	-\$29,188	-1.50%
West Perth	\$3,467,348	23.92%	\$3,454,338	23.83%	-\$13,010	-0.38%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,887	100.00%	-\$14	0.00%

Table 38-E
Upper Tier General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Local Municipality	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
North Perth	\$4,738,378	-\$59,328	-1.25%	-\$8,731	-0.18%
Perth East	\$4,384,085	\$22,537	0.51%	\$14,124	0.32%
Perth South	\$1,917,983	\$26,898	1.40%	-\$2,290	-0.12%
West Perth	\$3,457,457	\$9,891	0.29%	-\$3,119	-0.09%
Total (Tax + PIL)	\$14,497,903	-\$2	0.00%	-\$16	0.00%

Alternate Policy Scenario 4: Reducing the farm class ratio to 0.2000.

**Table 39-A
Tax Rate Sensitivity**

Realty Tax Class	Tax Ratios			General Levy Tax Rates		
	Start	Model	% Change	Status Quo	Model	% Change
Residential	1.000000	1.000000	0.00%	0.00264607	0.00279231	5.53%
Farm	0.250000	0.200000	-20.00%	0.00066152	0.00055846	-15.58%
Managed Forest	0.250000	0.250000	0.00%	0.00066152	0.00069808	5.53%
Multi-Residential	1.925375	1.925375	0.00%	0.00509468	0.00537624	5.53%
Commercial	1.246900	1.246900	0.00%	0.00329938	0.00348173	5.53%
Industrial	1.969200	1.969200	0.00%	0.00521064	0.00549862	5.53%
Landfill	1.256425	1.256425	0.00%	0.00332459	0.00350833	5.53%
Pipeline	1.639100	1.639100	0.00%	0.00433717	0.00457688	5.53%

**Table 39-B
General Levy Sensitivity**
(In comparison to 2018 Base-Line Levy)

Realty Tax Class	2018 General Levy				Difference	
	Start Ratio	% Share	Model	% Share	\$	%
Taxable						
Residential	\$8,903,815	61.41%	\$9,395,901	64.81%	\$492,086	5.53%
Farm	\$3,796,506	26.19%	\$3,205,037	22.11%	-\$591,469	-15.58%
Managed Forest	\$7,112	0.05%	\$7,505	0.05%	\$393	5.53%
Multi-Residential	\$145,704	1.01%	\$153,755	1.06%	\$8,051	5.53%
Commercial	\$1,011,870	6.98%	\$1,067,794	7.37%	\$55,924	5.53%
Industrial	\$516,037	3.56%	\$544,556	3.76%	\$28,519	5.53%
Pipeline	\$64,972	0.45%	\$68,562	0.47%	\$3,590	5.53%
Sub-Total Tax	\$14,446,016	99.64%	\$14,443,110	99.62%	-\$2,906	-0.02%
Payment in Lieu						
Residential	\$719	0.00%	\$758	0.01%	\$39	5.42%
Commercial	\$42,789	0.30%	\$45,153	0.31%	\$2,364	5.52%
Industrial	\$2,968	0.02%	\$3,132	0.02%	\$164	5.53%
Landfill	\$5,409	0.04%	\$5,710	0.04%	\$301	5.56%
Sub-Total PIL	\$51,885	0.36%	\$54,753	0.38%	\$2,868	5.53%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,863	100.00%	-\$38	0.00%

Alternate Policy Scenario 4: Reducing the farm class ratio to 0.2000.

Table 39-C
General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Realty Tax Class	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
<i>Taxable</i>					
Residential	\$9,177,346	-\$273,531	-2.98%	\$218,555	2.38%
Farm	\$3,440,540	\$355,966	10.35%	-\$235,503	-6.84%
Managed Forest	\$6,274	\$838	13.36%	\$1,231	19.62%
Multi-Residential	\$152,988	-\$7,284	-4.76%	\$767	0.50%
Commercial	\$1,057,738	-\$45,868	-4.34%	\$10,056	0.95%
Industrial	\$542,964	-\$26,927	-4.96%	\$1,592	0.29%
Pipeline	\$67,848	-\$2,876	-4.24%	\$714	1.05%
Sub-Total Taxable	\$14,445,698	\$318	0.00%	-\$2,588	-0.02%
<i>Payment in Lieu</i>					
Residential	\$712	\$7	0.98%	\$46	6.46%
Commercial	\$43,022	-\$233	-0.54%	\$2,131	4.95%
Industrial	\$3,092	-\$124	-4.01%	\$40	1.29%
Landfill	\$5,379	\$30	0.56%	\$331	6.15%
Sub-Total PIL	\$52,205	-\$320	-0.61%	\$2,548	4.88%
Total (Taxable + PIL)	\$14,497,903	-\$2	0.00%	-\$40	0.00%

Alternate Policy Scenario 4: Reducing the farm class ratio to 0.2000.

Table 39-D
Upper Tier General Levy Sensitivity
(In comparison to 2018 Base-Line Levy)

Local Municipality	Start Ratio	2018 General Levy		Difference		
		% Share	Model	% Share	\$	%
North Perth	\$4,679,050	32.27%	\$4,765,237	32.87%	\$86,187	1.84%
Perth East	\$4,406,622	30.39%	\$4,392,288	30.30%	-\$14,334	-0.33%
Perth South	\$1,944,881	13.41%	\$1,895,157	13.07%	-\$49,724	-2.56%
West Perth	\$3,467,348	23.92%	\$3,445,181	23.76%	-\$22,167	-0.64%
Total (Tax + PIL)	\$14,497,901	100.00%	\$14,497,863	100.00%	-\$38	0.00%

Table 39-E
Upper Tier General Levy Sensitivity / Year-Over-Year Tax Change
(In comparison to 2017 Year-End Levy)

Local Municipality	2017 As Revised	Status Quo		Model	
		\$	%	\$	%
North Perth	\$4,738,378	-\$59,328	-1.25%	\$26,859	0.57%
Perth East	\$4,384,085	\$22,537	0.51%	\$8,203	0.19%
Perth South	\$1,917,983	\$26,898	1.40%	-\$22,826	-1.19%
West Perth	\$3,457,457	\$9,891	0.29%	-\$12,276	-0.36%
Total (Tax + PIL)	\$14,497,903	-\$2	0.00%	-\$40	0.00%

Effects of Levy Restriction

Section 311 of the *Municipal Act* mandates that where a municipality's tax ratio for any of the multi-residential, or broad commercial and industrial classes is above the Provincial "threshold", the class is deemed to be *levy restricted* and is protected from the full effect of any municipal budgetary increase. When this circumstance prevails a larger share of levy change is absorbed by the unrestricted classes.

Table 33 includes a comparison of the municipality's 2017 starting tax ratios at the broad class level to the current Provincial Threshold Ratios. Where a levy restriction applies, the limitations on municipal increases must be considered relative to a specific budgetary decision. The municipality's revenue neutral tax rate, which raises the revenue limit on taxation, can be used as the benchmark.

Under certain budget increase scenarios, Council may wish to consider exercising its option to reduce the tax ratio for any restricted class(es) to or below the Provincial Threshold. By doing so, the class previously receiving the benefit of the restriction would absorb its full share of the municipality's budgetary increase. This should, however, be carefully weighed against the cost of reducing the tax ratio, which will result in tax shifts to all other classes.

The County of Perth is not currently subject to levy restriction in any class.

PART FIVE: OTHER REVENUE AND LEVIES

Provincial Education Taxes

While municipalities levy and collect the education portion of the property tax bill, they have no authority over the tax rates employed for this purpose. Since 1998, education tax rates have been regulated by the Minister of Finance on an annual basis. Uniform education tax rates have been prescribed for properties in residential, multi-residential, farm and managed forest property classes, which apply across the entire province. Traditionally, annual adjustments to the uniform residential education rate have been made to maintain approximate revenue neutrality on a Province-wide basis; it will inevitably impact overall tax levels within each municipal jurisdiction, depending on how values in each area have behaved relative to Province-wide phase-in change averages.

The Province also prescribes business education (BET) rates, however, which are set at a unique level for each upper and single-tier jurisdiction. From 1998 through 2007, the Province attempted to maintain revenue neutrality at the single and upper-tier municipal level when setting education tax rates for the business classes, which meant municipal specific adjustments in reassessment years and rate freezes for non-reassessment years. This changed, however, in 2008 at which time the Minister of Finance began a migration towards uniform commercial and industrial education tax rates. This migration was slowed as of 2011, however, some progress continued in subsequent years. The schedule of target and maximum, or ceiling rates is for each year is shown below.

BET Annual Target and Ceiling Rates

Year	Target BET Rates (C&I)	Southern Ontario		Northern Ontario	
		Commercial	Industrial	Commercial	Industrial
2008	1.60%	2.50%	3.00%	2.35%	2.75%
2009	1.52%	2.30%	2.70%	2.00%	2.25%
2010	1.43%	2.15%	2.45%	1.43%	1.43%
2011	1.33%	1.73%	1.93%	1.33%	1.33%
2012	1.26%	1.49%	1.59%	1.26%	1.26%
2013	1.26%	1.49%	1.59%	1.26%	1.26%
2014	1.22%	1.46%	1.56%	1.22%	1.22%
2015	1.19%	1.43%	1.53%	1.19%	1.19%
2016	1.18%	1.40%	1.50%	1.18%	1.18%
2017	1.14%	1.39%	1.39%	1.14%	1.14%
2018	1.09%	1.34%	1.34%	1.09%	1.09%

Treatment of "New Construction" Properties

Certain business properties may also receive special tax treatment for education purposes if they are eligible for inclusion in one of the "new construction" classes.

- Commercial New Construction: commercial residual, shopping centre or office building.
- Industrial New Construction: industrial residual or large industrial.

The five new construction property classes are based on the same criteria as their traditional counterpart classes, and are subject to differential treatment for education tax purposes only. Properties classified in one of these classes are subject to BET rates that are the lower of:

- 1) The Provincial uniform new construction rate for the year; and
- 2) The municipal specific BET rate for non-new construction properties of the same type.

2018 Education Tax Rates

The Province has published education rates which will ultimately be ratified via regulation for 2018 taxation. The updates indicated are as follows:

- The uniform residential education rate, which applies to the residential, multi-residential and new multi-residential classes, is being adjusted downwards by approximately 5.0% from 0.179% to 0.170%.
- The discounted rate for farm and managed forest will be reduced proportionally from 0.04475% to 0.04250%.
- The maximum rates for commercial and industrial classes outside Northern Ontario will be reduced modestly from 1.39% to 1.34% for both classes.
- The Target/New Construction rates for both the commercial and industrial classes will be reduced by 0.05%, from 1.14% to 1.09%. These rates also serve as the Northern Ontario maximum rates.

Table 40 shows the full class 2017 and 2018 education rates for each property class. Table 41 has been prepared to quantify the combined impact of these new rates and the first year of the assessment phase-in. This table compares the 2017 year-end and 2018 starting education tax levy.

**Table 40
2017 vs. 2018 Provincial Education Tax Rates**

Realty Tax Class	Education Rates		% Change
	2017	2018	
Residential	0.00179000	0.00170000	-5.03%
Farm	0.00044750	0.00042500	-5.03%
Managed Forest	0.00044750	0.00042500	-5.03%
Multi-Residential	0.00179000	0.00170000	-5.03%
Commercial	0.01140000	0.01090000	-4.39%
Industrial	0.01390000	0.01340000	-3.60%
Landfill	0.01140000	0.01090000	-4.39%
Pipeline	0.01390000	0.01340000	-3.60%
New Construction (C&I)	0.01140000	0.01090000	-4.39%

Table 41
2017 vs. 2018 Provincial Education Levy

Realty Tax Class	Education Levy		Difference	
	2017 as Revised	2018 as Returned	\$	%
<i>Taxable</i>				
Residential	\$5,800,009	\$5,721,660	-\$78,349	-1.35%
Farm	\$2,173,868	\$2,439,102	\$265,234	12.20%
Managed Forest	\$3,965	\$4,568	\$603	15.21%
Multi-Residential	\$50,206	\$48,619	-\$1,587	-3.16%
Commercial	\$2,780,503	\$2,724,429	-\$56,074	-2.02%
Commercial New Construction	\$633,068	\$618,444	-\$14,624	-2.31%
Industrial	\$965,171	\$947,373	-\$17,798	-1.84%
Industrial New Construction	\$317,964	\$308,859	-\$9,105	-2.86%
Pipeline	\$203,099	\$200,736	-\$2,363	-1.16%
Sub-Total Taxable	\$12,927,853	\$13,013,790	\$85,937	0.66%
<i>Payment in Lieu</i>				
Residential	\$20	\$20	\$0	0.00%
Commercial	\$84,019	\$86,579	\$2,560	3.05%
Industrial	\$6,272	\$6,134	-\$138	-2.20%
Landfill	\$17,227	\$17,737	\$510	2.96%
Sub-Total PIL	\$107,538	\$110,470	\$2,932	2.73%
Total (Taxable + PIL)	\$13,035,391	\$13,124,260	\$88,869	0.68%

Linear Properties

Unlike the types of properties discussed in preceding elements of this report, railway and power utility lands (commonly known as linear properties) are taxed on the basis of area rather than market value. To facilitate this from an assessment perspective linear properties are returned on the roll with an acreage area rather than a CVA. The tax liability of each property is calculated by applying provincially regulated rates per acre by the reported area.

The rates per acre prescribed for municipal and education purposes are set out by geographic region in *Ontario Regulations 387/98* and *392/98* respectively. A summary of the current rates for each property type and levy is contained in Table 42. As only a single municipal rate is prescribed, municipalities within two-tier jurisdictions must calculate the upper-tier and local shares of the revenue within the context of their broader “banking” function. In its simplest form, the sharing formula relies on the proportional share each tier collects from the commercial property class.

The treatment of these properties for education purposes, and the manner in which the education portion raised is shared, varies depending on the ownership and tax status of each specific property. The education portion is remitted to the school boards unless local retention is explicitly provided for. Properties coded with an RTQ of “G” do not attract an education rate.

Table 43 has been prepared to assist the municipality in quantifying the revenue that may be collected from these properties. These results are summarized by local municipality and RTC-Q. The retention of education levy amounts is discussed further in this report.

Table 42
Rate per Acre Summary

Linear Property Type	Rates Per Acre	
	Municipal	Education
Utility Corridors	19.94	34.39
Railway Right-of-Way	80.00	74.12
Shortline Railway Right-of-Way	54.18	74.12

Linear Rate Critical Notes

The rates utilized herein are those most recently regulated by the Ministry of Finance. It is unknown if rates will be updated for 2018. Municipalities must confirm final application of rates prior to billing.

MTE flagged two railway properties located in Perth South and West Perth as being *potentially* eligible for the shortline rate. Currently MPAC does not identify these properties on the roll and no tax class exists under which to levy these rates. It is anticipated that special regulations will be made and that amended assessment notices will be issued to facilitate billing/adjustment of these taxes.

**Table 43
Preliminary Linear Property Levies**

Local Municipality	RTC/ RTQ	Category	Property Count	Acreage	Preliminary 2018 Levies ⁶		
					Municipal	Education	Total
Perth East	UH	Utility	1	98.43	\$1,963	\$3,385	\$5,348
Perth East	WT	Railway	1	122.54	\$9,803	\$9,083	\$18,886
Perth South	WT	Railway	2	126.06	\$10,085	\$9,344	\$19,428
Perth South	UH	Utility	2	41.88	\$835	\$1,440	\$2,275
West Perth	WT	Railway	1	133.98	\$10,718	\$9,931	\$20,649
County-Wide			7	522.89	\$33,404	\$33,182	\$66,586

Retained Education Levies for Certain Payment in Lieu Properties

Federal and Provincially owned and occupied properties are exempt from both municipal and Provincial (education) property taxes. Both levels of government do, however, maintain programs whereby payments are made to local governments in lieu of the taxes that would otherwise be applicable to property that they own and occupy.

PIL payments are made and administered under a variety of Federal and Provincial statutes and regulations, including the federal *Payment in Lieu of Taxes Act*, and Ontario's *Municipal Tax Assistance Act*, *Municipal Act, 2001*, *Assessment Act*, and various supporting regulations. This collection of statutes and regulations prescribe not only the circumstances and amounts of PILs that are made, but also the manner in which the payments are shared and distributed.

Of particular interest regarding the sharing of revenues raised against PIL properties is the fact that in certain circumstances the local municipality retains the education portion of the levy as local revenue. This is provided for under sections 2 and 3 of *Ontario Regulation 392/98*, which state that in the case of payments made under a number of specifically authorities, the "education" portion is ultimately retained by the local municipality. The eligible payments captured by these rules, are those made in accordance with:

- Subsection 27 (3) of the *Assessment Act*;
- The *Municipal Grants Act (Canada)*, which may be referenced as the Payment in Lieu of Taxes Act; and
- Subsections 84(2), (3) or (5) of the *Electricity Act*.

Table 45 provides a speculative summary of the education levy amounts that may be raised under these authorities and which may be retained by the local municipality.

⁶ Based on regulated rates as of the date of publication.

Table 45
Retained Education Levy Amounts

RTC/RTQ	2018 CVA	Education Levy		Change	
		2017	2018	\$	%
<i>North Perth</i>					
CF	2,636,900	\$29,134	\$28,742	-\$392	-1.35%
IH	324,591	\$4,464	\$4,350	-\$114	-2.55%
IJ	7,250	\$65	\$63	-\$2	-3.08%
HF	415,750	\$4,173	\$4,532	\$359	8.60%
Total	3,384,491	\$37,836	\$37,687	-\$149	-0.39%
<i>Perth East</i>					
CF	1,660,550	\$17,087	\$18,100	\$1,013	5.93%
IH	39,950	\$547	\$535	-\$12	-2.19%
IJ	77,900	\$671	\$679	\$8	1.19%
HF	155,350	\$1,617	\$1,693	\$76	4.70%
UH		\$3,385	\$3,385	\$0	0.00%
Total	1,933,750	\$23,307	\$24,392	\$1,085	4.66%
<i>Perth South</i>					
CF	228,600	\$2,338	\$2,492	\$154	6.59%
IH	5,400	\$75	\$72	-\$3	-4.00%
IJ	11,400	\$101	\$99	-\$2	-1.98%
HF	56,300	\$564	\$614	\$50	8.87%
UH		\$1,440	\$1,440	\$0	0.00%
Total	301,700	\$4,518	\$4,717	\$199	4.40%
<i>West Perth</i>					
CF	3,416,940	\$35,460	\$37,245	\$1,785	5.03%
IF	14,700	\$204	\$197	-\$7	-3.43%
IH	10,400	\$145	\$139	-\$6	-4.14%
HF	999,850	\$10,873	\$10,898	\$25	0.23%
Total	4,441,890	\$46,682	\$48,479	\$1,797	3.85%
County-Wide	10,061,831	\$112,343	\$115,275	\$2,932	2.61%

PART SIX: NEXT STEPS

Recommended Next Steps

The analysis contained in this report describes the effects of the updates to the municipality's assessment base relying on historic policy parameters. The municipality, after reviewing this analysis and other information, is urged to continue its 2018 tax policy development process by:

1. Extending the analysis to address any local specific concerns or opportunities;
2. Updating the analysis to reflect any new, or changing priorities or goals; and
3. Contemplating each tax policy decision as set out in Appendix A.

Staff are also encouraged to take steps necessary to ensure that both Council and the public are well informed regarding the patterns and implications of assessment, budgetary and any tax policy issues or decisions. MTE would be pleased to provide any level or type of support that may be deemed appropriate and/or necessary in this regard.

Appendix A: 2018 Tax Policy Decision Making Framework

Mandatory Tasks	Annotations, Options	2018 Decision Requirements ¹
<p>Tax Ratios</p> <ul style="list-style-type: none"> ➤ Upper and single-tiers are responsible for setting tax ratios to govern all municipal tax rates. ➤ Lower tiers must set tax ratios <i>only</i> if ratio setting authority has been delegated. 	<p>Tax ratios may be set based on any of the following strategies:</p> <ol style="list-style-type: none"> (1) Adopt the previous year’s actual tax ratio, subject to levy restriction rules, which could require that a new starting ratio be calculated for any restricted class and broad class ratio limits where optional classes are employed; or (2) Move tax ratios that exceed the Ranges of Fairness closer towards them; this will shift a larger share of the tax burden onto residential ratepayers; (3) Establish tax ratios anywhere within the Ranges of Fairness; or (4) Set new maximum transition ratios to mitigate the impact of reassessment. 	<p>Upper or Single-Tier by-law required by December 31</p>
<p>Tax Rates</p> <ul style="list-style-type: none"> ➤ All municipalities must set tax rates for their own municipal purposes. ➤ Education rates are prescribed annually. 	<p>All tax rates, including special area tax rates, must conform to the tax burden relationships prescribed by the tax ratios established for a given tax year.</p>	<p>Upper, Lower & Single-Tier by-laws required by December 31</p>
<p>Tax Relief for Low Income Seniors / Low Income Disabled Persons</p> <p>Upper and single-tiers are required to create a policy to cancel or defer reassessment related tax increases.</p>	<p>Eligibility and procedural requirements must be determined by the upper / single-tier.</p> <p>The statute prescribes the eligible amount as the increase in tax between the current year’s CVA taxes and previous year’s CVA tax in the event that a general reassessment has taken place.</p>	<p>By-law required if changes made to program from current treatment. No deadline</p>

¹ Regardless of the legislated by-law deadline for any section, MTE recommends that by-laws be put in place prior to the billing of final taxes.



<p>Tax Reductions For Farmland Awaiting Development Sub-classes</p> <ul style="list-style-type: none"> ➤ Upper and single-tiers must establish a policy for the tax treatment of farmland awaiting development. ➤ Policy to be expressed as a percentage discount of applicable tax rate. 	<p>Two Categories of Farmland Awaiting Development:</p> <ol style="list-style-type: none"> (1) Type 1 with subdivision registered – may be taxed at between 25% - 75% of the residential tax rate; can only be increased by 10% per annum; and (2) Type 4 with building permit issued – may be taxed at up to 100% of zoned class rate. 	<p>No legislated deadline, however, should be established before or in conjunction with ratio and rate by-laws</p>
<p>Tax Reductions For Mandated Sub-classes of Vacant Land/Units</p> <ul style="list-style-type: none"> ➤ Upper and single-tiers must establish a policy to reduce the tax burden on vacant commercial and industrial land. ➤ Policy to be expressed as a percentage discount of occupied class tax rate. 	<p>Vacant Commercial and Industrial:</p> <ol style="list-style-type: none"> (1) Use legal default reductions of 30% and 35% for the commercial and industrial classes respectively, or (2) Set a uniform discount rate for both classes anywhere between 30% and 35%. <p>New Provincial Direction has indicated additional flexibility in respect of sub-class discounts.</p> <p>Municipalities interested in pursuing further reductions must seek special regulatory provisions.</p>	<p>No legislated deadline, however, should be established before or in conjunction with ratio and rate by-laws</p>

Capping Tasks / Options	Annotations, Options	2018 Decision Requirements
<p>Maximum Tax Protection Mechanism</p> <ul style="list-style-type: none"> ➤ Increases in taxation are limited to 5% over last year's adjusted taxes for property in the multi-residential, commercial, and industrial classes. ➤ Council may choose to alter the year-over-year increase limit. 	<p>Council may choose to fund mandatory relief by:</p> <ol style="list-style-type: none"> (1) Recovering costs within the same tax class (claw-back) from decreasing properties; (2) Recovering costs from other classes via the general levy, subject to levy restrictions (hard-capping provisions); (3) Employing other sources of funding, such as reserves; or (4) Any combination of the preceding. 	<p>By-law required to specify funding method required by December 31</p>
<p>Increase of Year-Over-Year Limit</p> <p>Upper and single-tiers may establish a policy to increase the limit on year-over-year assessment related increase for commercial, industrial and multi-residential properties from 5% of the previous year's annualized tax to a maximum of 10%.</p>	<p>Limits on reassessment related tax changes remain mandatory, however, municipalities have the option to increase the rate at which capped properties move to their full CVA tax responsibility. Under increased limits, capped properties will experience greater year-over-year tax increases.</p>	<p>Upper or Single-Tier by-law required by December 31</p>
<p>Limit Based on CVA Tax</p> <p>Upper and single-tiers may establish a policy to set the maximum year-over-year assessment related increase for capped class properties to the greater of that calculated based on the previous year's actual annualized tax or up to 10% of the previous year's annualized CVA tax.</p>	<p>This policy may be adopted on its own or may be used in conjunction with an increase to the traditional limit. This option will affect outlier properties with extremely low tax levels, and where properties are captured by this policy, it will serve to reduce the cost of capping.</p>	<p>Upper or Single-Tier by-law required by December 31</p>

Capping Tasks / Options	Annotations, Options	2018 Decision Requirements
<p>Dollar Threshold on Capping Adjustments Upper and single-tiers may set a threshold for capping adjustments of up to \$500. This may be applied to increasing properties, decreasing properties or both. Where a threshold is employed, all properties that are within a dollar amount in relation to their CVA tax will pay their full CVA tax liability.</p>	<p>The application of a threshold for decreasing or <i>claw-back</i> properties will have a different impact on the cap than a threshold applied to increasing or <i>capped</i> properties. Increasing Properties:</p> <ul style="list-style-type: none"> ➤ Will move all properties with a capping adjustment equal to or less than threshold amount to full CVA tax, which will reduce the overall cost of capping. <p>Decreasing Properties:</p> <ul style="list-style-type: none"> ➤ Will move all properties with a claw-back equal to or less than the threshold amount to their CVA tax level. ➤ Provides relief to those properties that are paying the smallest proportion of the costs of capping and increases the cost for those which are already carrying a greater proportion of that cost. ➤ In some circumstances this policy could create or increase a capping shortfall for a class. 	<p>Upper or Single-Tier by-law required by December 31</p>
<p>CVA Exclusion Options Since 2009 upper and single-tier municipalities have been able to adopt exclusion policies which will effectively remove properties from the capping regime based on their relationship to their CVA tax destination. Municipalities have the option to choose from:</p> <ul style="list-style-type: none"> ➤ Properties excluded from capping when they reach their CVA destination, and/or ➤ Properties excluded when they crossover their CVA destination. 	<ul style="list-style-type: none"> ➤ Begins migration to the elimination of capping. ➤ Greater number of properties will be billed at CVA tax, regardless of reassessment impacts. ➤ Will reduce capping costs where properties might otherwise be eligible for capping protection. ➤ Can lead to inequities between properties with similar CVA's where one reaches CVA taxes and is excluded, but the other continues to receive protection indefinitely. ➤ Could lead to increased risk of capping shortfalls as pool of potential claw-back properties is reduced or eliminated. 	<p>Upper or Single-Tier by-law required by December 31</p>

Capping Tasks / Options	Annotations, Options	2018 Decision Requirements
<p>Municipal Opt Out from Capping Municipalities may choose to exclude any or all of the multi-residential, commercial or industrial property classes from the capping exercise altogether if no actual capping adjustments were made within the class as of final 2016 billing.</p>	<p>This allows municipalities currently “going through the motions” of the capping process, without any capping adjustments actually being made to exit altogether.</p>	<p>1) Eligibility requirements must be met 2) Upper or Single-Tier by-law required by December 31</p>
<p>Municipal Phase Out from Capping Municipalities may choose to initiate a four-year phase-out of the capping program for any or all of the multi-residential, commercial or industrial property classes once all occupied properties in the class were taxed at a level greater than 50% of the property’s uncapped taxes as of final 2016 billing.</p>	<p>This allows municipalities (or classes within a municipality) that are not currently eligible for the complete Opt Out to be moved into an eligible position over a planned and finite period of time. NEW as of 2017: The 50% was been modified to allow the phase-out to begin as long as all occupied properties are above that tax level threshold. Vacant land properties with tax levels below 50% will still be subject to capping, but will not prevent this policy from being implemented.</p>	<p>1) Eligibility requirements must be met 2) Upper or Single-Tier by-law required by December 31</p>
<p>Freeze at 2017 Protection Level This newly announced tool will allow municipalities to apply an additional flow-through to capped properties, which will effectively “freeze” the <u>maximum</u> capping protection as of 2017.</p>	<p>This tool will work by effectively allowing an additional increase to be applied after the core capping calculation has been completed. The additional flow-through will approximate the tax change the property would have experienced if it was subject to pure CVA tax. That is, the difference in year-over-year CVA tax.</p>	<p>Upper or Single-Tier by-law required by December 31</p>
<p>Lower Limit for New Construction Properties Municipalities may place a lower limit, or floor, on the starting tax level for new construction properties that <u>become</u> eligible within the taxation year.</p>	<p>This has become a general house-keeping issue and can be abandoned once the municipality is out of capping entirely.</p>	<p>Upper or Single-Tier by-law required by December 31</p>

Other Optional Tools / Policies	Annotations, Options	2018 Decision Requirements
<p>Optional Classes of Property Upper and single-tiers may opt to use any or all of the 5 optional main classes of property:</p> <ul style="list-style-type: none"> (1) new multi-residential, (2) office buildings, (3) shopping centres, (4) parking lots, and (5) large industrial. 	<ul style="list-style-type: none"> ➤ May be used to shift tax burdens between the residual and/or optional classes, and/or achieve broader policy objectives. ➤ Must carefully review optional class tax ratios to determine the impact on the residual class. ➤ Discriminatory: may provide for the preferential treatment of some at the expense of other properties (e.g. may penalize "large" properties). ➤ Could alter the distribution of upper-tier costs in a two-tier system. 	<p>Upper or Single-Tier by-law required by December 31</p> <p>(MTE Recommends that a by-law be in place prior to taxes being billed)</p>
<p>Municipal Tax Reductions Upper and single-tiers may establish a policy to specifically target properties with tax reductions as an alternative to achieving capping relief.</p>	<p>Municipalities are required to fund the education portion of any relief provided, as school boards are exempt from participating in the program. In two-tier systems, the cost is shared between the upper and lower-tiers.</p>	<p>Upper or Single-Tier by-law required by December 31</p>
<p>Graduated Tax Rates (Banding) Upper and single-tiers may set bands of assessment and parameters within the broad commercial and/or industrial classes to weight property tax rates based on assessment value.</p>	<p>Municipalities may choose two or three bands, and establish value thresholds. Effects to be considered:</p> <ul style="list-style-type: none"> ➤ Provide tax relief for properties with lower values and increase proportional tax burden for properties with higher values; ➤ Achieve broader policy objectives; ➤ May create additional, undesirable tax impacts within classes; and ➤ No inter-class tax shifts; the class burden is not changed. 	<p>By-Laws required by December 31, however, decision must be made before 2017 tax ratios and rates can be ratified.</p>

<p>Flow-through Levy Change to Levy Restricted Classes</p> <p>Municipalities have the option to flow-through levy increases to property classes up to a prescribed maximum where the class's tax ratio is above the Provincial threshold.</p> <p>New as of 2017: This optional flexibility does not apply to levy restricted multi-residential classes.</p>	<p>Municipalities may choose to pass on a portion of any municipal levy increase to restricted classes by means of a limited, fractional rate increase equal to or less than 50% of the rate increase being passed onto the residential class.</p> <p>For example: If the residential class is facing a rate increase of four percent, a two percent rate increase can be passed onto a restricted class.</p>	<p>No Special by-law required, however, tax rates must comply with the regulated flow-through formula.</p>
<p>Rebates for Charities and Similar Organizations</p> <p>Municipalities have the option to tailor the mandatory rebate program for registered charities occupying property in one of the commercial or industrial classes.</p>	<p>Municipalities may choose to pass a by-law in order to confirm the default provisions of this program or to adopt any combination of the following optional provisions:</p> <ul style="list-style-type: none"> ➤ Designate organizations that are considered to be similar in nature to a registered charity for the purposes of this program; ➤ Designate property classes other than the commercial and industrial property classes as eligible for the purposes of this program; and/or ➤ Set a different percentage for the calculation of rebates for a single or all eligible charities or similar organizations. <p>Municipalities may also choose to increase their tax rates to pay for rebates under this program.</p>	<p>By-law required if changes made to default program.</p>

Appendix B: Key Concepts

A brief discussion of key concepts related to quantifying and interpreting the effects of reassessment may be useful as a starting point to understanding the content of the municipality's 2018 Tax Policy Study.

Current Value Assessment (CVA) Cycles

For the 2013 through 2016 taxation years, valuation was based on a reassessment date of January 1st 2012, whereby any increase in assessment over the 2008 base was phased-in over the course of four years in 25 percent increments.

As of the return of the roll for 2017 taxation, all property values were updated to reflect a valuation date of January 1st 2016. In theory, all of the new values assigned to properties reflected the changes in the market value that occurred during the intervening four years. This valuation date applies to the 2017 through 2020 taxation years. Increases in assessment were phased-in in 25 percent increments over this four year period.

Reformed Schedule of Valuation Dates

Taxation Years	Valuation Dates
1998, 1999 and 2000	Current Value on June 30, 1996
2001 and 2002	Current Value on June 30, 1999
2003	Current Value on June 30, 2001
2004 and 2005	Current Value on June 30, 2003
2006, 2007 and 2008	Current Value on January 1, 2005
2009, 2010, 2011 and 2012	Current Value on January 1, 2008
2013, 2014, 2015 and 2016	Current Value on January 1, 2012
2017, 2018, 2019 and 2020	Current Value on January 1, 2016
Each Subsequent 4 Year Cycle	Current Value on January 1 of the year preceding the first year of the cycle.

Phase-In of Assessment Increases

As part of the four-year assessment cycle introduced in 2009, the Province incorporated a mandatory program, which requires that reassessment related increases in CVA for all properties be phased-in in equal increments over the duration of the four-year cycle.

The phase-in program applies to properties in any class that experience an increase in CVA due to reassessment. Where an increase in market value occurs, the increase is added to the property's "Phased" CVA in twenty-five percent (25%) increments each year over the four-year period. As such, affected taxpayers will not be taxed on their January 1st 2016 full market value until 2020, which is the last year of the current assessment cycle. Market values will again be updated for 2021, and the phase-in program will be re-calculated.

Assessment decreases are not phased-in. Where a property's CVA has been reduced as a result of reassessment, the new, lower CVA is set as the property's phased CVA for the duration of the four-year assessment cycle.

While MPAC is chiefly responsible for the administration of the assessment phase-in program, it is critical that all municipal finance staff and Council members have an understanding of both the mechanics of this program, and the impacts it has on the municipality and taxpayers.

The following schematic illustrates how the program functions in its most basic form.

	Increasing Property	Decreasing Property
Full CVA as of Valuation Dates		
January 1, 2012	1,000,000	1,000,000
January 1, 2016	1,400,000	800,000
<i>Market Change</i>	<i>+400,000</i>	<i>-200,000</i>
<i>CVA Eligible for Phase-In</i>	<i>400,000 or 40%</i>	<i>0</i>
Phased (<i>Taxable</i>) CVA		
2017	1,100,000	800,000
2018	1,200,000	800,000
2019	1,300,000	800,000
2020	1,400,000	800,000

Revenue Neutral Tax Rates

Revenue Neutral or *Notional Tax Rates (NTR's)* must be determined as the basis for comparison of taxation between years, and are a critical tool in evaluating tax shifts, budget decisions and tax policy changes. NTR's are rates that are calculated to raise the previous year's levy based on the current year's assessment roll.

Revenue Neutral (notional) tax rates are also used in a number of provincially mandated tax protection programs for properties in the commercial, industrial and multi-residential property classes:

- Levy restriction, which limits the flexibility of the municipality to increase tax rates where the tax ratio for a class exceeds the Provincial Threshold (Average) Ratio; and
- The year-over-year limit on assessment related tax increases (Capping).

As of 2017, the manner in which these rates are calculated and utilized within the context of the Standard Tax Bill has become more formalized. Municipalities will need to confirm additional compliance as of this taxation year.

OTHER TAX POLICY TOOLS

Optional Classes

Optional tax classes give upper and single-tier municipalities the flexibility to set different tax ratios for property falling into different sub-categories of the broad commercial and industrial classes. The optional classes may be summarized as follows.

Broad Class	Optional Classes
Commercial	Residual Commercial Class Office Building Shopping Centre Parking Lot
Industrial	Large Industrial
<i>Becomes a "Stand Alone" Class</i>	New Multi-Residential

Where a municipality has elected to use optional commercial or industrial tax classes, changes to tax ratios are regulated based on the relationship of the municipality's broad class ratios to the Ranges of Fairness (the weighted average of commercial, shopping centre, office, and parking lot is equivalent to the broad commercial class, and industrial and large industrial are deemed to be the broad industrial class).

The greatest advantage to using the optional classes was in adopting those classes in 1998, when the Provincial transition ratios showed the most tax burden differentiation between classes.

For municipalities contemplating the creation of optional tax classes, advanced dialogue with the Ministry of Finance is required to obtain direction as to the transition ratios for new optional tax classes. This input is a necessary pre-condition to being able to analyze and measure the effect of creating new tax classes.

Municipalities may also choose to adopt the new multi-residential class, which allows for newly built or converted multi-residential properties to be taxed at the residential rate for a period of 35 years. The adoption of the new multi-residential class does not impact the tax ratio or tax treatment of properties in the multi-residential class. Once adopted, properties that have qualified into the new multi-residential class will continue for the duration of the 35 year period, even if Council passes a by-law to discontinue the class for subsequent years.

Graduated Taxation

Graduated taxation is a mechanism that may be employed to redistribute the tax burden within the commercial or industrial classes based on two or three predetermined bands of assessment. Generally, this tool is applied so that properties with higher assessments within the class are taxed at a higher rate than properties with lower values. This tool has, however, never enjoyed widespread popularity because it fails to address the problem that there is often not a strong correlation between the assessed value of a property and the size (or ability to pay) of the business operating out of it.

In addition to this shortcoming, a detailed review of the assessment roll often shows that assessment size is a less persuasive reason to create a tax differential than (for example) geographic location (downtown versus outlying), ownership (local versus regional), or type of business (banks versus retail). For these and other reasons, application of a graduated tax structure often creates unintended tax advantages and disadvantages on a per-property basis. For example:

- A business that operates on two smaller parcels of land is at an advantage relative to a competitor that operates on one larger parcel of land.
- Businesses in shopping malls are at a disadvantage relative to those based out of smaller, separately assessed properties.
- Medical offices with several practitioners and nursing homes tend to be more highly assessed properties, attracting the higher graduated rate.
- Very small (home) businesses may receive the double benefit of assessment at a nominal amount and taxation at a reduced, graduated rate.
- Some large businesses (e.g. Banks) may operate from a large number of small locations. They would be at an advantage under graduated taxation relative to a local business operating out of a single, larger location.

Discount Rates

In addition to decisions regarding tax ratios, upper and single-tier municipalities may also consider changes to discount factors that apply to the tax rate for assessment falling into sub-classes of the commercial and industrial tax classes.

Municipalities may use the legislated default reductions of 30% for the commercial classes and 35% for the industrial classes for vacant units, vacant land and excess land, or as an alternative, they may establish a uniform reduction factor applicable to both classes that is anywhere between 30% and 35%.

Municipalities have been invited to make submissions to the Province if they wish to alter the local treatment of vacant and excess land beyond the scope currently set out in the *Municipal Act* and supporting regulations. No changes have been formalized as of the publication of this report, however, those changes are anticipated.

Farmland awaiting development (Phase I), regardless of class, is effectively taxed at a reduced rate relative to the residential tax ratio of 1. Upper and single-tier municipalities have the latitude to adjust the discount rate up or down by 10% in any year, provided that the discount rate remains between 25% and 75%.

Farmland awaiting development (Phase II) recognizes that building permits have been issued in respect of the property, and development may be in progress in various stages. The rate for the second sub-class reduces the occupied tax rate of a property in any class to a fraction of that class's rate. As with Phase I, Council may choose to maintain the existing discount percentage, or alter the percentage discount applied by 10% per annum.

Because of the relatively small total value of CVA in these sub-classes, changes to reduction percentages will have a negligible effect on other classes. However, Council does have the option to vary the discounts if it is deemed desirable to achieve a different tax consequence for property in the above-noted sub-classifications.

Phase-in Programs

Section 318 of the *Municipal Act* states that upper and single-tier municipalities may elect to pass a by-law on or before December 31 of the taxation year to phase-in tax increases or decreases for any class of property in order to mitigate the impact of a general reassessment. As 2017 marked the start of a reassessment year, municipalities had the option to initiate a new tax phase-in program.

Municipal Tax Reduction Program

The Municipal Tax Reduction program set out in section 362 of the *Municipal Act, 2001*, is intended to provide a means for municipalities to flow through tax reductions to specific increasing properties in the capped classes. A reduction under this program is limited to the difference between the capped tax amount and the CVA tax amount for the property. For example, if a property's tax liability was capped at \$105,000 and its CVA tax amount was \$120,000, the maximum reduction under this program would be \$15,000.

Essentially, the amount that may be reduced is the amount that would already be eliminated from the tax liability through the capping process. The taxpayer will not receive any advantage from the application of this program that is not already provided via the capping scheme.

As any reduction under this section is only shared by the municipalities that share in the revenue, the amount owed to the school board is not affected. This means that municipalities must fully fund the amount of protection provided under the tax reduction program.

For those municipalities that treat all capping protection as foregone revenue, institution of this program would be a redundant measure as all classes are already funding the protection. Only where a by-law is passed to provide for "in-class" recovery, would adoption of the program for specific properties assist in reducing the cost of capping for the whole class.

Local Results Table 1
2017 Local Assessment Growth
(Full / Non Phase-Adjusted CVA)

<i>North Perth</i> Realty Tax Class	2017 Full CVA		Full CVA Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	1,192,031,709	1,224,000,109	31,968,400	2.68%
Farm	1,637,628,400	1,636,733,000	-895,400	-0.05%
Managed Forest	567,000	567,000	0	0.00%
Multi-Residential	16,315,500	16,315,500	0	0.00%
Commercial	147,426,300	149,471,000	2,044,700	1.39%
Industrial	48,055,300	49,268,300	1,213,000	2.52%
Pipeline	6,001,000	6,073,000	72,000	1.20%
Sub-Total: Taxable	3,048,025,209	3,082,427,909	34,402,700	1.13%
<i>Payment In Lieu</i>				
Residential	304,000	304,000	0	0.00%
Commercial	5,316,800	5,316,800	0	0.00%
Industrial	457,700	467,700	10,000	2.18%
Landfill	515,100	515,100	0	0.00%
Sub-Total: Payment In Lieu	6,593,600	6,603,600	10,000	0.15%
Total (Taxable + PIL)	3,054,618,809	3,089,031,509	34,412,700	1.13%

Local Results Table 2
2017 Local Assessment Growth
(Phase-Adjusted CVA)

<i>North Perth</i>	2017 Phased CVA		Phased CVA Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	1,071,365,973	1,105,739,769	34,373,796	3.21%
Farm	1,033,743,925	1,033,872,859	128,934	0.01%
Managed Forest	321,000	321,000	0	0.00%
Multi-Residential	15,467,925	15,467,925	0	0.00%
Commercial	138,618,450	140,659,959	2,041,509	1.47%
Industrial	45,964,786	47,154,155	1,189,369	2.59%
Pipeline	5,640,250	5,700,651	60,401	1.07%
Sub-Total: Taxable	2,311,122,309	2,348,916,318	37,794,009	1.64%
<i>Payment In Lieu</i>				
Residential	243,700	243,700	0	0.00%
Commercial	4,564,625	4,564,625	0	0.00%
Industrial	422,675	431,462	8,787	2.08%
Landfill	366,075	366,075	0	0.00%
Sub-Total: Payment In Lieu	5,597,075	5,605,862	8,787	0.16%
Total (Taxable + PIL)	2,316,719,384	2,354,522,180	37,802,796	1.63%

Local Results Table 3
2017 Local Revenue Growth
(Annualized)

<i>North Perth</i>	2017 Local General Levy		Annualized Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	\$8,236,240	\$8,501,492	\$265,252	3.22%
Farm	\$1,991,105	\$1,991,353	\$248	0.01%
Managed Forest	\$618	\$618	\$0	0.00%
Multi-Residential	\$229,450	\$229,450	\$0	0.00%
Commercial	\$1,320,602	\$1,340,409	\$19,807	1.50%
Industrial	\$671,358	\$695,360	\$24,003	3.58%
Pipeline	\$71,227	\$71,990	\$763	1.07%
Sub-Total: Taxable	\$12,520,600	\$12,830,672	\$310,073	2.48%
<i>Payment In Lieu</i>				
Residential	\$1,877	\$1,877	\$0	0.00%
Commercial	\$43,645	\$43,645	\$0	0.00%
Industrial	\$6,374	\$6,507	\$133	2.09%
Landfill	\$3,544	\$3,544	\$0	0.00%
Sub-Total: Payment In Lieu	\$55,440	\$55,573	\$133	0.24%
Total (Taxable + PIL)	\$12,576,040	\$12,886,245	\$310,206	2.47%

Local Results Table 4
Year-Over-Year Phase-In Change
(2017 to 2018 Phased CVA)

<i>North Perth</i> Realty Tax Class	Phase Adjusted CVA		Change	
	2017 Revised	2018 Returned	\$	%
<i>Taxable</i>				
Residential	1,105,739,769	1,145,159,910	39,420,141	3.57%
Farm	1,033,872,859	1,234,826,254	200,953,395	19.44%
Managed Forest	321,000	403,000	82,000	25.55%
Multi-Residential	15,467,925	15,750,450	282,525	1.83%
Commercial	140,659,959	143,596,974	2,937,015	2.09%
Industrial	47,154,155	47,858,872	704,717	1.49%
Pipeline	5,700,651	5,824,768	124,117	2.18%
Sub-Total: Taxable	2,348,916,318	2,593,420,228	244,503,910	10.41%
<i>Payment In Lieu</i>				
Residential	243,700	263,800	20,100	8.25%
Commercial	4,564,625	4,815,350	250,725	5.49%
Industrial	431,462	443,541	12,079	2.80%
Landfill	366,075	415,750	49,675	13.57%
Sub-Total: Payment In Lieu	5,605,862	5,938,441	332,579	5.93%
Total (Taxable + PIL)	2,354,522,180	2,599,358,669	244,836,489	10.40%

Local Results Table 5
Starting Ratios and Revenue Neutral (Notional) Tax Rates
(Local General Levy)

<i>North Perth</i> Realty Tax Class	-----Tax Ratios-----			-----Tax Rates-----		
	2017 Actual	2018 Start Ratio	Change %	2017 Actual	2018 Revenue Neutral (Notional)	Change %
<i>Taxable</i>						
Residential	1.000000	1.000000	0.00%	0.00770443	0.00728736	-5.41%
Farm	0.250000	0.250000	0.00%	0.00192611	0.00182184	-5.41%
Managed Forest	0.250000	0.250000	0.00%	0.00192611	0.00182184	-5.41%
Multi-Residential	1.925375	1.925375	0.00%	0.01483391	0.01403090	-5.41%
Commercial	1.246900	1.246900	0.00%	0.00960665	0.00908661	-5.41%
Industrial	1.969200	1.969200	0.00%	0.01517156	0.01435027	-5.41%
Pipeline	1.639100	1.639100	0.00%	0.01262833	0.01194471	-5.41%
Sub-Total of Taxable Levy				\$12,830,672	\$12,830,633	0.00%
<i>Payment In Lieu</i>						
Residential	1.000000	1.000000	0.00%	0.00770443	0.00728736	-5.41%
Commercial	1.246900	1.246900	0.00%	0.00960665	0.00908661	-5.41%
Industrial	1.969200	1.969200	0.00%	0.01517156	0.01435027	-5.41%
Landfill	1.256425	1.256425	0.00%	0.00968004	0.00915602	-5.41%
Sub-Total of Payment In Lieu Levy				\$55,573	\$55,610	0.07%
Total Taxable + PIL Levies Based on Rate Set				\$12,886,245	\$12,886,243	0.00%

NOTE: These results are based on preliminary start ratios and notional levy amounts and are subject to change based on municipal policy decisions, spending decisions and/or Provincial tax policy updates. No rates or ratios should be considered final, or used for actual taxation purposes until final by-laws are passed.



Local Results Table 6
Year-Over-Year Interclass Tax Shifts
(Local General Levy)

<i>North Perth</i> Realty Tax Class	Local General Levy		Change	
	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$8,501,492	\$8,328,174	-\$173,318	-2.04%
Farm	\$1,991,353	\$2,249,656	\$258,303	12.97%
Managed Forest	\$618	\$734	\$116	18.77%
Multi-Residential	\$229,450	\$220,993	-\$8,457	-3.69%
Commercial	\$1,340,409	\$1,294,120	-\$46,289	-3.45%
Industrial	\$695,360	\$667,381	-\$27,979	-4.02%
Pipeline	\$71,990	\$69,575	-\$2,415	-3.35%
Sub-Total: Taxable	\$12,830,672	\$12,830,633	-\$39	0.00%
<i>Payment In Lieu</i>				
Residential	\$1,877	\$1,923	\$46	2.45%
Commercial	\$43,645	\$43,551	-\$94	-0.22%
Industrial	\$6,507	\$6,329	-\$178	-2.74%
Landfill	\$3,544	\$3,807	\$263	7.42%
Sub-Total: Payment In Lieu	\$55,573	\$55,610	\$37	0.07%
Total (Taxable + PIL)	\$12,886,245	\$12,886,243	-\$2	0.00%

Local Results Table 7
Year-Over-Year Upper-Tier Levy Shifts
 (Upper-Tier General Levy)

<i>North Perth</i>	Upper-Tier General Levy		Change	
Realty Tax Class	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$3,126,066	\$3,023,994	-\$102,072	-3.27%
Farm	\$732,240	\$816,862	\$84,622	11.56%
Managed Forest	\$227	\$267	\$40	17.62%
Multi-Residential	\$84,371	\$80,244	-\$4,127	-4.89%
Commercial	\$492,879	\$469,899	-\$22,980	-4.66%
Industrial	\$255,688	\$242,329	-\$13,359	-5.22%
Pipeline	\$26,471	\$25,263	-\$1,208	-4.56%
Sub-Total: Taxable	\$4,717,942	\$4,658,858	-\$59,084	-1.25%
<i>Payment In Lieu</i>				
Residential	\$691	\$698	\$7	1.01%
Commercial	\$16,049	\$15,814	-\$235	-1.46%
Industrial	\$2,393	\$2,298	-\$95	-3.97%
Landfill	\$1,303	\$1,382	\$79	6.06%
Sub-Total: Payment In Lieu	\$20,436	\$20,192	-\$244	-1.19%
Total (Taxable + PIL)	\$4,738,378	\$4,679,050	-\$59,328	-1.25%

Local Results Table 1
2017 Local Assessment Growth
(Full / Non Phase-Adjusted CVA)

<i>Perth East</i>	2017 Full CVA		Full CVA Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	1,106,355,600	1,121,135,600	14,780,000	1.34%
Farm	2,424,251,000	2,431,081,200	6,830,200	0.28%
Managed Forest	3,898,000	3,898,000	0	0.00%
Multi-Residential	4,812,900	4,812,900	0	0.00%
Commercial	87,461,730	87,384,030	-77,700	-0.09%
Industrial	21,921,500	22,628,600	707,100	3.23%
Pipeline	2,625,000	2,972,000	347,000	13.22%
Sub-Total: Taxable	3,651,325,730	3,673,912,330	22,586,600	0.62%
<i>Payment In Lieu</i>				
Residential	8,800	8,800	0	0.00%
Commercial	3,468,100	3,468,100	0	0.00%
Industrial	126,400	126,400	0	0.00%
Landfill	182,400	182,400	0	0.00%
Sub-Total: Payment In Lieu	3,785,700	3,785,700	0	0.00%
Total (Taxable + PIL)	3,655,111,430	3,677,698,030	22,586,600	0.62%

Local Results Table 2
2017 Local Assessment Growth
(Phase-Adjusted CVA)

<i>Perth East</i>	2017 Phased CVA		Phased CVA Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	977,972,165	997,568,694	19,596,529	2.00%
Farm	1,549,671,425	1,554,906,685	5,235,260	0.34%
Managed Forest	2,386,300	2,386,300	0	0.00%
Multi-Residential	4,812,900	4,812,900	0	0.00%
Commercial	81,106,429	81,281,464	175,035	0.22%
Industrial	20,951,260	21,591,333	640,073	3.06%
Pipeline	2,447,250	2,743,897	296,647	12.12%
Sub-Total: Taxable	2,639,347,729	2,665,291,273	25,943,544	0.98%
<i>Payment In Lieu</i>				
Residential	7,300	7,300	0	0.00%
Commercial	2,900,575	2,900,575	0	0.00%
Industrial	113,575	113,575	0	0.00%
Landfill	141,825	141,825	0	0.00%
Sub-Total: Payment In Lieu	3,163,275	3,163,275	0	0.00%
Total (Taxable + PIL)	2,642,511,004	2,668,454,548	25,943,544	0.98%

Local Results Table 3
2017 Local Revenue Growth
(Annualized)

<i>Perth East</i>	2017 Local General Levy		Annualized Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	\$3,658,635	\$3,731,952	\$73,317	2.00%
Farm	\$1,449,470	\$1,454,366	\$4,897	0.34%
Managed Forest	\$2,232	\$2,232	\$0	0.00%
Multi-Residential	\$34,670	\$34,670	\$0	0.00%
Commercial	\$375,822	\$376,635	\$812	0.22%
Industrial	\$153,587	\$158,411	\$4,825	3.14%
Pipeline	\$15,008	\$16,827	\$1,819	12.12%
Sub-Total: Taxable	\$5,689,424	\$5,775,093	\$85,670	1.51%
<i>Payment In Lieu</i>				
Residential	\$27	\$27	\$0	0.00%
Commercial	\$13,364	\$13,364	\$0	0.00%
Industrial	\$646	\$646	\$0	0.00%
Landfill	\$667	\$667	\$0	0.00%
Sub-Total: Payment In Lieu	\$14,704	\$14,704	\$0	0.00%
Total (Taxable + PIL)	\$5,704,128	\$5,789,797	\$85,670	1.50%

Local Results Table 4
Year-Over-Year Phase-In Change
(2017 to 2018 Phased CVA)

<i>Perth East</i> Realty Tax Class	Phase Adjusted CVA		Change	
	2017 Revised	2018 Returned	\$	%
<i>Taxable</i>				
Residential	997,568,694	1,038,757,693	41,188,999	4.13%
Farm	1,554,906,685	1,846,964,869	292,058,184	18.78%
Managed Forest	2,386,300	2,890,200	503,900	21.12%
Multi-Residential	4,812,900	4,812,900	0	0.00%
Commercial	81,281,464	83,315,656	2,034,192	2.50%
Industrial	21,591,333	21,937,089	345,756	1.60%
Pipeline	2,743,897	2,819,932	76,035	2.77%
Sub-Total: Taxable	2,665,291,273	3,001,498,339	336,207,066	12.61%
<i>Payment In Lieu</i>				
Residential	7,300	7,800	500	6.85%
Commercial	2,900,575	3,089,750	189,175	6.52%
Industrial	113,575	117,850	4,275	3.76%
Landfill	141,825	155,350	13,525	9.54%
Sub-Total: Payment In Lieu	3,163,275	3,370,750	207,475	6.56%
Total (Taxable + PIL)	2,668,454,548	3,004,869,089	336,414,541	12.61%

Local Results Table 5
Starting Ratios and Revenue Neutral (Notional) Tax Rates
(Local General Levy)

<i>Perth East</i> Realty Tax Class	-----Tax Ratios-----			-----Tax Rates-----		
	2017 Actual	2018 Start Ratio	Change %	2017 Actual	2018 Revenue Neutral (Notional)	Change %
<i>Taxable</i>						
Residential	1.000000	1.000000	0.00%	0.00374135	0.00347664	-7.08%
Farm	0.250000	0.250000	0.00%	0.00093534	0.00086916	-7.08%
Managed Forest	0.250000	0.250000	0.00%	0.00093534	0.00086916	-7.08%
Multi-Residential	1.925375	1.925375	0.00%	0.00720350	0.00669384	-7.08%
Commercial	1.246900	1.246900	0.00%	0.00466509	0.00433502	-7.08%
Industrial	1.969200	1.969200	0.00%	0.00736747	0.00684620	-7.08%
Pipeline	1.639100	1.639100	0.00%	0.00613245	0.00569856	-7.08%
Sub-Total of Taxable Levy				\$5,775,093	\$5,775,248	0.00%
<i>Payment In Lieu</i>						
Residential	1.000000	1.000000	0.00%	0.00374135	0.00347664	-7.08%
Commercial	1.246900	1.246900	0.00%	0.00466509	0.00433502	-7.08%
Industrial	1.969200	1.969200	0.00%	0.00736747	0.00684620	-7.08%
Landfill	1.256425	1.256425	0.00%	0.00470073	0.00436814	-7.08%
Sub-Total of Payment In Lieu Levy				\$14,704	\$14,555	-1.01%
Total Taxable + PIL Levies Based on Rate Set				\$5,789,797	\$5,789,803	0.00%

NOTE: These results are based on preliminary start ratios and notional levy amounts and are subject to change based on municipal policy decisions, spending decisions and/or Provincial tax policy updates. No rates or ratios should be considered final, or used for actual taxation purposes until final by-laws are passed.



Local Results Table 6
Year-Over-Year Interclass Tax Shifts
(Local General Levy)

<i>Perth East</i>	Local General Levy		Change	
Realty Tax Class	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$3,731,952	\$3,611,092	-\$120,860	-3.24%
Farm	\$1,454,366	\$1,605,308	\$150,942	10.38%
Managed Forest	\$2,232	\$2,512	\$280	12.54%
Multi-Residential	\$34,670	\$32,217	-\$2,453	-7.08%
Commercial	\$376,635	\$358,503	-\$18,132	-4.81%
Industrial	\$158,411	\$149,546	-\$8,865	-5.60%
Pipeline	\$16,827	\$16,070	-\$757	-4.50%
Sub-Total: Taxable	\$5,775,093	\$5,775,248	\$155	0.00%
<i>Payment In Lieu</i>				
Residential	\$27	\$27	\$0	0.00%
Commercial	\$13,364	\$13,228	-\$136	-1.02%
Industrial	\$646	\$621	-\$25	-3.87%
Landfill	\$667	\$679	\$12	1.80%
Sub-Total: Payment In Lieu	\$14,704	\$14,555	-\$149	-1.01%
Total (Taxable + PIL)	\$5,789,797	\$5,789,803	\$6	0.00%

Local Results Table 7
Year-Over-Year Upper-Tier Levy Shifts
 (Upper-Tier General Levy)

<i>Perth East</i>	Upper-Tier General Levy		Change	
Realty Tax Class	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$2,825,864	\$2,748,402	-\$77,462	-2.74%
Farm	\$1,101,263	\$1,221,804	\$120,541	10.95%
Managed Forest	\$1,690	\$1,912	\$222	13.14%
Multi-Residential	\$26,252	\$24,520	-\$1,732	-6.60%
Commercial	\$285,190	\$272,856	-\$12,334	-4.32%
Industrial	\$119,951	\$113,821	-\$6,130	-5.11%
Pipeline	\$12,741	\$12,231	-\$510	-4.00%
Sub-Total: Taxable	\$4,372,951	\$4,395,546	\$22,595	0.52%
<i>Payment In Lieu</i>				
Residential	\$21	\$21	\$0	0.00%
Commercial	\$10,120	\$10,067	-\$53	-0.52%
Industrial	\$488	\$472	-\$16	-3.28%
Landfill	\$505	\$516	\$11	2.18%
Sub-Total: Payment In Lieu	\$11,134	\$11,076	-\$58	-0.52%
Total (Taxable + PIL)	\$4,384,085	\$4,406,622	\$22,537	0.51%

Local Results Table 1
2017 Local Assessment Growth
(Full / Non Phase-Adjusted CVA)

<i>Perth South</i> Realty Tax Class	2017 Full CVA		Full CVA Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	438,110,100	440,017,500	1,907,400	0.44%
Farm	1,419,168,700	1,423,664,400	4,495,700	0.32%
Managed Forest	7,465,000	7,772,600	307,600	4.12%
Commercial	18,557,000	22,902,100	4,345,100	23.41%
Industrial	8,948,200	9,321,400	373,200	4.17%
Pipeline	3,090,000	3,097,000	7,000	0.23%
Sub-Total: Taxable	1,895,339,000	1,906,775,000	11,436,000	0.60%
<i>Payment In Lieu</i>				
Residential	11,300	0	-11,300	-100.00%
Commercial	1,043,700	1,043,700	0	0.00%
Industrial	17,200	17,200	0	0.00%
Landfill	70,000	70,000	0	0.00%
Sub-Total: Payment In Lieu	1,142,200	1,130,900	-11,300	-0.99%
Total (Taxable + PIL)	1,896,481,200	1,907,905,900	11,424,700	0.60%

Local Results Table 2
2017 Local Assessment Growth
(Phase-Adjusted CVA)

<i>Perth South</i>	2017 Phased CVA		Phased CVA Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	379,233,911	382,923,225	3,689,314	0.97%
Farm	973,907,875	977,163,665	3,255,790	0.33%
Managed Forest	4,748,950	4,961,407	212,457	4.47%
Commercial	16,935,350	20,984,582	4,049,232	23.91%
Industrial	7,899,689	8,490,671	590,982	7.48%
Pipeline	2,865,750	2,872,242	6,492	0.23%
Sub-Total: Taxable	1,385,591,525	1,397,395,792	11,804,267	0.85%
<i>Payment In Lieu</i>				
Residential	10,550	0	-10,550	-100.00%
Commercial	920,550	920,550	0	0.00%
Industrial	16,600	16,600	0	0.00%
Landfill	49,450	49,450	0	0.00%
Sub-Total: Payment In Lieu	997,150	986,600	-10,550	-1.06%
Total (Taxable + PIL)	1,386,588,675	1,398,382,392	11,793,717	0.85%

Local Results Table 3
2017 Local Revenue Growth
(Annualized)

<i>Perth South</i>	2017 Local General Levy		Annualized Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	\$1,731,889	\$1,748,738	\$16,848	0.97%
Farm	\$1,111,911	\$1,115,628	\$3,717	0.33%
Managed Forest	\$5,422	\$5,664	\$243	4.48%
Commercial	\$95,717	\$118,870	\$23,153	24.19%
Industrial	\$70,632	\$75,946	\$5,315	7.52%
Pipeline	\$21,451	\$21,500	\$49	0.23%
Sub-Total: Taxable	\$3,037,022	\$3,086,346	\$49,325	1.62%
<i>Payment In Lieu</i>				
Residential	\$48	\$0	-\$48	-100.00%
Commercial	\$5,067	\$5,067	\$0	0.00%
Industrial	\$114	\$114	\$0	0.00%
Landfill	\$284	\$284	\$0	0.00%
Sub-Total: Payment In Lieu	\$5,513	\$5,465	-\$48	-0.87%
Total (Taxable + PIL)	\$3,042,535	\$3,091,811	\$49,277	1.62%

Local Results Table 4
Year-Over-Year Phase-In Change
(2017 to 2018 Phased CVA)

<i>Perth South</i> Realty Tax Class	Phase Adjusted CVA		Change	
	2017 Revised	2018 Returned	\$	%
<i>Taxable</i>				
Residential	382,923,225	401,954,662	19,031,437	4.97%
Farm	977,163,665	1,125,997,255	148,833,590	15.23%
Managed Forest	4,961,407	5,898,471	937,064	18.89%
Commercial	20,984,582	21,623,756	639,174	3.05%
Industrial	8,490,671	8,767,581	276,910	3.26%
Pipeline	2,872,242	2,947,162	74,920	2.61%
Sub-Total: Taxable	1,397,395,792	1,567,188,887	169,793,095	12.15%
<i>Payment In Lieu</i>				
Commercial	920,550	961,600	41,050	4.46%
Industrial	16,600	16,800	200	1.20%
Landfill	49,450	56,300	6,850	13.85%
Sub-Total: Payment In Lieu	986,600	1,034,700	48,100	4.88%
Total (Taxable + PIL)	1,398,382,392	1,568,223,587	169,841,195	12.15%

Local Results Table 5
Starting Ratios and Revenue Neutral (Notional) Tax Rates
(Local General Levy)

<i>Perth South</i> Realty Tax Class	-----Tax Ratios-----			-----Tax Rates-----		
	2017 Actual	2018 Start Ratio	Change %	2017 Actual	2018 Revenue Neutral (Notional)	Change %
<i>Taxable</i>						
Residential	1.000000	1.000000	0.00%	0.00456681	0.00420651	-7.89%
Farm	0.250000	0.250000	0.00%	0.00114170	0.00105163	-7.89%
Managed Forest	0.250000	0.250000	0.00%	0.00114170	0.00105163	-7.89%
Commercial	1.246900	1.246900	0.00%	0.00569436	0.00524510	-7.89%
Industrial	1.969200	1.969200	0.00%	0.00899296	0.00828346	-7.89%
Pipeline	1.639100	1.639100	0.00%	0.00748546	0.00689489	-7.89%
Sub-Total of Taxable Levy				\$3,086,346	\$3,086,531	0.01%
<i>Payment In Lieu</i>						
Commercial	1.246900	1.246900	0.00%	0.00569436	0.00524510	-7.89%
Industrial	1.969200	1.969200	0.00%	0.00899296	0.00828346	-7.89%
Landfill	1.256425	1.256425	0.00%	0.00573785	0.00528516	-7.89%
Sub-Total of Payment In Lieu Levy				\$5,465	\$5,281	-3.37%
Total Taxable + PIL Levies Based on Rate Set				\$3,091,811	\$3,091,812	0.00%

NOTE: These results are based on preliminary start ratios and notional levy amounts and are subject to change based on municipal policy decisions, spending decisions and/or Provincial tax policy updates. No rates or ratios should be considered final, or used for actual taxation purposes until final by-laws are passed.



Local Results Table 6
Year-Over-Year Interclass Tax Shifts
(Local General Levy)

<i>Perth South</i> Realty Tax Class	Local General Levy		Change	
	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$1,748,738	\$1,690,826	-\$57,912	-3.31%
Farm	\$1,115,628	\$1,184,132	\$68,504	6.14%
Managed Forest	\$5,664	\$6,203	\$539	9.52%
Commercial	\$118,870	\$112,810	-\$6,060	-5.10%
Industrial	\$75,946	\$72,240	-\$3,706	-4.88%
Pipeline	\$21,500	\$20,320	-\$1,180	-5.49%
Sub-Total: Taxable	\$3,086,346	\$3,086,531	\$185	0.01%
<i>Payment In Lieu</i>				
Commercial	\$5,067	\$4,877	-\$190	-3.75%
Industrial	\$114	\$106	-\$8	-7.02%
Landfill	\$284	\$298	\$14	4.93%
Sub-Total: Payment In Lieu	\$5,465	\$5,281	-\$184	-3.37%
Total (Taxable + PIL)	\$3,091,811	\$3,091,812	\$1	0.00%

Local Results Table 7
Year-Over-Year Upper-Tier Levy Shifts
 (Upper-Tier General Levy)

<i>Perth South</i> Realty Tax Class	Upper-Tier General Levy		Change	
	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$1,084,814	\$1,063,600	-\$21,214	-1.96%
Farm	\$692,076	\$744,870	\$52,794	7.63%
Managed Forest	\$3,514	\$3,902	\$388	11.04%
Commercial	\$73,740	\$70,962	-\$2,778	-3.77%
Industrial	\$47,112	\$45,443	-\$1,669	-3.54%
Pipeline	\$13,337	\$12,782	-\$555	-4.16%
Sub-Total: Taxable	\$1,914,593	\$1,941,559	\$26,966	1.41%
<i>Payment In Lieu</i>				
Commercial	\$3,143	\$3,068	-\$75	-2.39%
Industrial	\$71	\$67	-\$4	-5.63%
Landfill	\$176	\$187	\$11	6.25%
Sub-Total: Payment In Lieu	\$3,390	\$3,322	-\$68	-2.01%
Total (Taxable + PIL)	\$1,917,983	\$1,944,881	\$26,898	1.40%

Local Results Table 1
2017 Local Assessment Growth
(Full / Non Phase-Adjusted CVA)

<i>West Perth</i> Realty Tax Class	2017 Full CVA		Full CVA Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	819,683,246	833,508,761	13,825,515	1.69%
Farm	2,010,819,854	2,010,106,039	-713,815	-0.04%
Managed Forest	2,296,200	2,296,200	0	0.00%
Multi-Residential	8,573,600	8,573,600	0	0.00%
Commercial	61,850,200	63,827,089	1,976,889	3.20%
Industrial	22,714,400	23,165,611	451,211	1.99%
Pipeline	3,439,000	3,576,000	137,000	3.98%
Sub-Total: Taxable	2,929,376,500	2,945,053,300	15,676,800	0.54%
<i>Payment In Lieu</i>				
Commercial	4,550,600	4,887,500	336,900	7.40%
Industrial	25,100	25,100	0	0.00%
Landfill	1,093,400	1,092,000	-1,400	-0.13%
Sub-Total: Payment In Lieu	5,669,100	6,004,600	335,500	5.92%
Total (Taxable + PIL)	2,935,045,600	2,951,057,900	16,012,300	0.55%

Local Results Table 2
2017 Local Assessment Growth
(Phase-Adjusted CVA)

<i>West Perth</i> Realty Tax Class	2017 Phased CVA		Phased CVA Growth	
	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	737,894,325	755,907,892	18,013,567	2.44%
Farm	1,292,019,364	1,291,860,983	-158,381	-0.01%
Managed Forest	1,190,100	1,190,100	0	0.00%
Multi-Residential	7,766,900	7,766,900	0	0.00%
Commercial	56,605,660	58,542,365	1,936,705	3.42%
Industrial	21,381,403	21,846,094	464,691	2.17%
Pipeline	3,176,500	3,294,657	118,157	3.72%
Sub-Total: Taxable	2,120,034,252	2,140,408,991	20,374,739	0.96%
<i>Payment In Lieu</i>				
Commercial	3,675,935	3,938,660	262,725	7.15%
Industrial	25,100	25,100	0	0.00%
Landfill	954,050	953,775	-275	-0.03%
Sub-Total: Payment In Lieu	4,655,085	4,917,535	262,450	5.64%
Total (Taxable + PIL)	2,124,689,337	2,145,326,526	20,637,189	0.97%

Local Results Table 3
2017 Local Revenue Growth
(Annualized)

<i>West Perth</i>	2017 Local General Levy		Annualized Growth	
Realty Tax Class	As Returned	As Revised	\$	%
<i>Taxable</i>				
Residential	\$4,266,633	\$4,370,834	\$104,201	2.44%
Farm	\$1,868,454	\$1,868,225	-\$229	-0.01%
Managed Forest	\$1,721	\$1,721	\$0	0.00%
Multi-Residential	\$86,504	\$86,504	\$0	0.00%
Commercial	\$406,482	\$420,483	\$14,002	3.44%
Industrial	\$239,911	\$245,461	\$5,549	2.31%
Pipeline	\$30,118	\$31,238	\$1,120	3.72%
Sub-Total: Taxable	\$6,899,823	\$7,024,466	\$124,643	1.81%
<i>Payment In Lieu</i>				
Commercial	\$26,097	\$27,992	\$1,895	7.26%
Industrial	\$285	\$285	\$0	0.00%
Landfill	\$6,934	\$6,932	-\$2	-0.03%
Sub-Total: Payment In Lieu	\$33,316	\$35,209	\$1,893	5.68%
Total (Taxable + PIL)	\$6,933,139	\$7,059,675	\$126,536	1.83%

Local Results Table 4
Year-Over-Year Phase-In Change
(2017 to 2018 Phased CVA)

<i>West Perth</i> Realty Tax Class	Phase Adjusted CVA		Change	
	2017 Revised	2018 Returned	\$	%
<i>Taxable</i>				
Residential	755,907,892	781,774,869	25,866,977	3.42%
Farm	1,291,860,983	1,531,276,014	239,415,031	18.53%
Managed Forest	1,190,100	1,558,800	368,700	30.98%
Multi-Residential	7,766,900	8,035,800	268,900	3.46%
Commercial	58,542,365	60,303,940	1,761,575	3.01%
Industrial	21,846,094	22,285,933	439,839	2.01%
Pipeline	3,294,657	3,388,438	93,781	2.85%
Sub-Total: Taxable	2,140,408,991	2,408,623,794	268,214,803	12.53%
<i>Payment In Lieu</i>				
Commercial	3,938,660	4,254,940	316,280	8.03%
Industrial	25,100	25,100	0	0.00%
Landfill	953,775	999,850	46,075	4.83%
Sub-Total: Payment In Lieu	4,917,535	5,279,890	362,355	7.37%
Total (Taxable + PIL)	2,145,326,526	2,413,903,684	268,577,158	12.52%

Local Results Table 5
Starting Ratios and Revenue Neutral (Notional) Tax Rates
(Local General Levy)

<i>West Perth</i> Realty Tax Class	-----Tax Ratios-----			-----Tax Rates-----		
	2017 Actual	2018 Start Ratio	Change %	2017 Actual	2018 Revenue Neutral (Notional)	Change %
<i>Taxable</i>						
Residential	1.000000	1.000000	0.00%	0.00578458	0.00538752	-6.86%
Farm	0.250000	0.250000	0.00%	0.00144615	0.00134688	-6.86%
Managed Forest	0.250000	0.250000	0.00%	0.00144615	0.00134688	-6.86%
Multi-Residential	1.925375	1.925375	0.00%	0.01113749	0.01037300	-6.86%
Commercial	1.246900	1.246900	0.00%	0.00721279	0.00671770	-6.86%
Industrial	1.969200	1.969200	0.00%	0.01139099	0.01060910	-6.86%
Pipeline	1.639100	1.639100	0.00%	0.00948151	0.00883068	-6.86%
Sub-Total of Taxable Levy				\$7,024,466	\$7,024,461	0.00%
<i>Payment In Lieu</i>						
Commercial	1.246900	1.246900	0.00%	0.00721279	0.00671770	-6.86%
Industrial	1.969200	1.969200	0.00%	0.01139099	0.01060910	-6.86%
Landfill	1.256425	1.256425	0.00%	0.00726789	0.00676901	-6.86%
Sub-Total of Payment In Lieu Levy				\$35,209	\$35,213	0.01%
Total Taxable + PIL Levies Based on Rate Set				\$7,059,675	\$7,059,674	0.00%

NOTE: These results are based on preliminary start ratios and notional levy amounts and are subject to change based on municipal policy decisions, spending decisions and/or Provincial tax policy updates. No rates or ratios should be considered final, or used for actual taxation purposes until final by-laws are passed.



Local Results Table 6
Year-Over-Year Interclass Tax Shifts
(Local General Levy)

<i>West Perth</i> Realty Tax Class	Local General Levy		Change	
	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$4,370,834	\$4,210,174	-\$160,660	-3.68%
Farm	\$1,868,225	\$2,062,445	\$194,220	10.40%
Managed Forest	\$1,721	\$2,100	\$379	22.02%
Multi-Residential	\$86,504	\$83,355	-\$3,149	-3.64%
Commercial	\$420,483	\$403,451	-\$17,032	-4.05%
Industrial	\$245,461	\$233,014	-\$12,447	-5.07%
Pipeline	\$31,238	\$29,922	-\$1,316	-4.21%
Sub-Total: Taxable	\$7,024,466	\$7,024,461	-\$5	0.00%
<i>Payment In Lieu</i>				
Commercial	\$27,992	\$28,179	\$187	0.67%
Industrial	\$285	\$266	-\$19	-6.67%
Landfill	\$6,932	\$6,768	-\$164	-2.37%
Sub-Total: Payment In Lieu	\$35,209	\$35,213	\$4	0.01%
Total (Taxable + PIL)	\$7,059,675	\$7,059,674	-\$1	0.00%

Local Results Table 7
Year-Over-Year Upper-Tier Levy Shifts
 (Upper-Tier General Levy)

<i>West Perth</i> Realty Tax Class	Upper-Tier General Levy		Change	
	2017 as Revised	2018 Notional	\$	%
<i>Taxable</i>				
Residential	\$2,140,602	\$2,067,819	-\$72,783	-3.40%
Farm	\$914,961	\$1,012,970	\$98,009	10.71%
Managed Forest	\$843	\$1,031	\$188	22.30%
Multi-Residential	\$42,365	\$40,940	-\$1,425	-3.36%
Commercial	\$205,929	\$198,153	-\$7,776	-3.78%
Industrial	\$120,213	\$114,444	-\$5,769	-4.80%
Pipeline	\$15,299	\$14,696	-\$603	-3.94%
Sub-Total: Taxable	\$3,440,212	\$3,450,053	\$9,841	0.29%
<i>Payment In Lieu</i>				
Commercial	\$13,710	\$13,840	\$130	0.95%
Industrial	\$140	\$131	-\$9	-6.43%
Landfill	\$3,395	\$3,324	-\$71	-2.09%
Sub-Total: Payment In Lieu	\$17,245	\$17,295	\$50	0.29%
Total (Taxable + PIL)	\$3,457,457	\$3,467,348	\$9,891	0.29%