

STAFF REPORT: Financial Services



REPORT TO: Finance and Administration Committee
MEETING DATE: March 18, 2008
REPORT NO.: FS.08.11
SUBJECT: 2008 Tax Policy – County of Grey
PREPARED BY: Teresa Oakley, Manager of Revenue

A. Recommendations

THAT Council does receive Staff Report FS.08.11, “2008 Tax Policy – County of Grey” for information purposes.

B. Background

Kevin Wepler, Director of Finance for the County of Grey, presented Report FR-FP-16-08 to the Grey County Finance and Personnel Committee on February 22, 2008. The purpose of the report was to provide the Finance and Personnel Committee with background and advice to enable the County of Grey to establish tax policies for 2008. 2008 recommendations were generally to maintain the status quo from 2007, and in one instance further the goals as set previously by County Council. The recommendations were subsequently adopted by County Council.

Although The Blue Mountains staff were unable to take part in the discussion held with Grey County finance officers due to previous commitments, they concur with the recommendations contained in the report.

Recommendations Summarized:

1. Tax Capping

- continue the practice of recouping the tax shortfall that cannot be passed on to property owners because of “capped” re-assessment-related tax increases, and offset it by holding back a similar portion of the re-assessment-related tax decrease due to property taxpayers in the same property class. (commercial, industrial and multi-residential classes)
- use the tools available to accelerate progress to Current Value Assessment (CVA) for those properties that experience tax capping or clawback of tax reductions

2. Tax Ratios

- tax ratios determine the relative tax burden of each property class compared to the residential class – for example in 2007 the tax ratio applied to taxable commercial assessment was set at 1.306940, meaning that for every \$1 of taxable commercial assessment, a

property owner would pay 1.306940 times the amount of property tax paid by a property owner with taxable residential assessment (tax ratio of 1.) for municipal purposes (Town and County). Education tax rates are set by the Province independent of tax ratios and local revenue requirements.

- adopt the 2007 actual tax ratios for use in setting the 2008 tax rates

3. Tax Rates

- this section references County budget and tax rates

4. Tax Reductions for Mandated Subclasses of Vacant Lands/Units

- continue to use the legal default reductions of 30% for commercial and 35% for industrial vacant lands/units in 2008

5. Tax Reductions for Farmland Awaiting Development Subclasses

- leave the Type 1 at a tax rate of 25% and the Type 4 at up to 100% of the zoned class rate

6. Lower Limit for New Construction Properties

- increase the threshold from 90% to 100% tax level and all new commercial, industrial and multi-residential property class construction be taxed on its full CVA value

7. Optional Classes of Property

- currently includes the class OT, Resort Condominium, referring to certain properties previously classed as commercial and that meet certain criteria as set out in Regulation 213/05
- no need to add any other optional property classes at this time

8. Tax Relief for Low Income Seniors / Low Income Disabled Persons

- continue with the existing policy of tax relief as provided in by-law 3886-2001 which defines tax relief as a re-assessment-related tax increase in excess of \$500 (property owner allowed to defer payment of that calculated increase)

C. The Blue Mountains' Strategic Plan (Statement(s) identifying how actions further the goals of the Strategic Plan)

Ensuring long-term financial sustainability.

D. Budget Impact (cc: Treasury if required)

E. Attached (Relevant documentation not personal information about an identifiable person)

Corporation of the County of Grey Committee Report FR-FP-16-08

Respectfully submitted,

Signature