

***Request for Decision     United Townships of Head, Clara & Maria Council***

Type of Decision									
Meeting Date	Friday, January 9, 2015				Report Date	Wednesday, January-07-15			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed

## Provincial Review of Provincial Land Tax - Report #09/01/15/1202

**Subject:**

Request for comments on the Provincial Land Review by the Ontario Ministry of Finance.

**RECOMMENDATION:**

That Council approve the following resolution expressing concern with the current process being used for the Provincial Land Tax applied to unorganized territories in Northern Ontario.

Resolution – still being drafted...

**BACKGROUND/EXECUTIVE SUMMARY:**

The Summary of Stakeholder Consultations from the Ministry of Finance has been emailed to you and will be linked on our webpage. The following is an executive summary from our Treasurer.

**Properties in Unincorporated areas**

- Approximately 63,000 taxable properties in unincorporated areas, 93% are residential and 40% are seasonal.
- PLT (Provincial Land Tax) - introduced in 1924 - provide a way to recover the costs of local service delivery in unincorporated areas.
- Unincorporated area residents pay other fees, such as Local Roads and Services Board charges, which have increased over time. There is a range of fees paid reflecting differences in costs and services. *For example*, in some areas, residents pay only PLT; in others, they pay PLT plus LRB (Local Roads Boards) charges, while others pay PLT and LSB (Local Services Board) charges; and in others, they pay PLT, LRB charges, plus LSB charges. (the Local Roads & Services Boards are volunteer based but provide a service similar to Council members)
- Charges paid by unincorporated area residents in some common situations. Inequity between Northern Municipal Taxes and PLT

- PLT: Unincorporated area pays an average of \$164 per year for residential taxes no matter how their home is assessed – location – age – etc.
- Northern Municipalities: homeowner's pays an average of \$2,200 per year
- There are 31% of properties located in unincorporated areas which are located outside a school board area and 69% inside.
  - For every \$100,000 in assessed value, a residential property outside a school board area, a residential property pays \$25 per year for school board costs
  - For a residential property within a school board area, the owner pays \$162 per year.
  - Property owners located outside a school board area have **never** paid education taxes.
- The average PLT paid per household has not changed since the 1950's. At that time, average per household PLT and municipal tax rates were more similar.
  - PLT was approx. \$27 per household
  - Northern municipal property tax was approx. \$40 per household
- The assessed values of properties were based on in the 1940's values and then remained unchanged until 2009. (explained in more detail below)
- The PLT rate of 1.5% has remained the same since 1954 until 2009.

### **Changes beginning**

- In 1998, CVA (Current Assessment Value) was introduced across Ontario which affected all properties in municipalities, however in unincorporated areas
  - Only properties inside schoolboard areas were assessed based on CVA, not properties outside schoolboard areas.
  - This is when the new iPLT (Interim Provincial Land Tax) was introduced. This iPLT was levied in addition to the PLT and only in unincorporated area properties that were inside schoolboard areas. Meaning, it did not affect the average per-household tax level because when the iPLT was introduced, it was offset by an equal reduction in the education tax.
  - Now the education tax and the new iPLT were calculated using the updated CVA values, so between 1998 and 2008, two different assessment bases were used for properties inside school boards: the new CVA for education tax and the old 1940's assessment values for PLT.
- In 2009, all unincorporated area properties (both inside/outside schoolboard areas) moved to CVA base. A new PLT Act was introduced and the iPLT and the PLT were combined to create a single PLT for properties inside schoolboard areas.

- This is when the reduction of the PLT rates for properties inside the schoolboard areas went to 0.169% from the 1954 rate of 1.5% to offset the increase in assessed values with the introduction of CVA.
- For properties outside the schoolboard areas the PLT changed to 0.026% from the 1954 rate of 1.5%. *(AGAIN, SEE THE DIFFERENCE IN THE RATES BETWEEN INSIDE AND OUTSIDE SCHOOLBOARD AREAS)*

### Local Boards & Services

- Many local boards charge either a minimum tax or flat fee rather than basing charges on a property's assessed value. (garbage disposal)

### Provincial Funding of Services

- The Province provides **100%** funding for unincorporated areas such as:
  - **Social Assistance** - Ontario Works Benefits, Ontario Works, Administration, Other social assistance benefits and administration; **Child Care** – program costs , administration; Land ambulance; Social housing; Public health; Policing;
  - The additional cost to the Province is approximately \$65 million more than under the arrangement that is in place with municipalities
  - This is on top of Provincial funding that is provided as part of the normal Provincial-municipal cost-sharing of these programs
- Provincial funding in Municipalities:
  - **89% - Social Assistance** - **50%** - Ontario Works Benefits, Ontario Works, Administration, **100%** - Other social assistance benefits and administration; **Child Care** – **80%** - program costs , **50%** - administration;**50%** - Land ambulance; **0%** - Social housing; **75%** - Public health; **0%** - Policing;

### Assessment Services

- Municipalities provide MPAC with building permit information related to property upgrades or new builds so that MPAC can undertake assessments, however, building permits are **NOT** issued in unincorporated areas, so there is no parallel mechanism in place for transmitting similar information to MPAC. Therefore, the information is **NOT** reflected in the assessment rolls.

**Options/Discussion:**

**Financial Considerations/Budget Impact:**

**Policy Impact:**

**Others Consulted:**

Noella LeBreton, Treasurer

Approved and Recommended by the Clerk

Melinda Reith,  
Municipal Clerk