



Tax Policy Primer

March 27, 2023

Presentation

- How is the Tax Bill determined?
 - Impact of Growth
 - What are ratios?
 - Why consider changing ratios?
 - What might we be asked by taxpayers?
 - What does future assessment look like?
-

How is the Tax Bill Determined



**CITY OF OWEN SOUND
TAX DEPARTMENT**
808 2ND AVE EAST
OWEN SOUND ON N4K 2H4
519-376-4440 ext. 1249



Tax Roll No:	4259-020-011-07400-0000
Account No:	02001107400

Bill No. 263405 2020 Final Tax Bill

Name and Address	Municipal Address
SOMETHING JOHN	123 - ANYWHERE ST
123 ANYWHERE ST	Legal Description
OWEN SOUND, ON N4K 5B2	PLAN 172 N PT LOT 6 STANDISH AVE N

Assessment Tax Class	Value	Municipal Levies	Tax Rate(%)	Amount	County Tax Rate(%)	Amount	Education Tax Rate(%)	Amount
RTEP	169,000	Res/Farm Tx: Full - EPubSup	0.01254208	\$2,119.61	0.00328373	\$554.95	0.00153000	\$258.57
Sub Totals >>>		Municipal Levy		\$2,119.61	County Levy	\$554.95	Education Levy	\$258.57

Special Charges	Instalments	Summary
	September 30, 2020 \$745.32	Tax Levy (Municipal, County & Education) Special Charges 2020 Tax Cap Adjustment
	December 15, 2020 \$745.00	Final 2020 Levies Less Interim Billing Past Due Credit
Total	\$0.00	Total Amount Due
		\$1,490.32

Schedule 2

Final 2019 Levies	Total Year over Year Change	Final 2020 Levies
\$2,885.62	\$47.51	\$2,933.13
Final 2019 Levies		\$2,885.62
2019 Annualized Taxes		\$2,885.62
2020 Local Municipal Levy Change		\$40.80
2020 County Levy Change		\$4.44
2020 Provincial Education Levy Change		
2020 Tax Change Due to Reassessment		\$2.27
Final 2020 Levies		\$2,933.13

Schedule 3

CVA Taxes	Commercial	Industrial	Final Taxes Multi-Res.
2020 CVA Taxes	\$0.00	\$0.00	\$0.00
2019 Annualized Taxes	\$0.00	\$0.00	\$0.00
2020 Tax Cap Amount	\$0.00	\$0.00	\$0.00
2020 Provincial Education Levy Change	\$0.00	\$0.00	\$0.00
2020 Municipal Levy Change	\$0.00	\$0.00	\$0.00
Final 2020 Taxes	\$0.00	\$0.00	\$0.00

Comments:

Levy Date: June 23, 2020

- PLEASE NOTE:** PENALTY CHARGES REFLECTED ON FINAL TAX BILLS HAVE BEEN CALCULATED TO MAY 31ST, 2020 ONLY!
If you have a past due amount appearing on your Final Tax Bill you must contact our office to determine the penalty amount you incurred on June 1st, as you must pay your June 1st penalty charge in addition to the dollar amount reflected on your September 30, Instalment Stub.
- Receipts:** Please retain your cancelled cheque as a receipt. If a receipt is required please mail in both payments and the complete tax bill, along with a self addressed stamped envelope.
- Penalty/Interest:** Payment must be received at City Hall by the Due Date to avoid Penalty/ Interest Charges. Penalty/Interest Charges will be calculated at a rate of 1.25% /Month or 15% /Annum and charged the 1st day of default as well as the first day of the month thereafter.

PLEASE RETAIN TOP PORTION FOR INCOME TAX PURPOSES

020011074000000

020011074000000

RECEIVED FROM:

4259-020-011-07400-0000
SOMETHING JOHN
123 ANYWHERE ST
OWEN SOUND, ON N4K 5B2

DUE DATE:	AMOUNT
September 30, 2020	\$745.32

Total of Both Instalments
\$1,490.32

149032
1 of 1

74532

RECEIVED FROM:

4259-020-011-07400-0000
SOMETHING JOHN
123 ANYWHERE ST
OWEN SOUND, ON N4K 5B2

DUE DATE:	AMOUNT
December 15, 2020	\$745.00

74500

Annual Tax Bill

The focus will be on the top section highlighted with a red box

City of Owen Sound
\$0.72



Grey County
\$0.19

Education
\$0.08

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Account No:	02001107400

Bill No. 263405 2020 Final Tax Bill

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123 ANYWHERE ST	Legal Description
OWEN SOUND, ON N4K 5B2	PLAN 172 N PT LOT 6 STANDISH AVE N

**Components of the
Tax Bill**

Assessment		Municipal			County		Education	
Tax Class	Value	Municipal Levies	Tax Rate(%)	Amount	Tax Rate(%)	Amount	Tax Rate(%)	Amount
RTEP	169,000	Res/Farm Tx:Full - EPubSup	0.01254208	\$2,119.61	0.00328373	\$554.95	0.00153000	\$258.57
Sub Totals >>>		Municipal Levy	\$2,119.61	County Levy	\$554.95	Education Levy	\$258.57	
Total		\$0.00		Total Amount Due		\$1,490.32		

Special Charges		Installments		Summary	
	September 30, 2020	Tax Levy (Municipal, County & Education)		\$2,933.13	
	\$745.32	Special Charges		\$0.00	
		2020 Tax Cap Adjustment		\$0.00	
	December 15, 2020	Final 2020 Levies		\$2,933.13	
	\$745.00	Less Interim Billing		\$1,442.81	
		Past Due/Credit		\$0.00	
		Total		\$1,490.32	

How Your Property Tax is Calculated

<https://www.youtube.com/watch?v=nrWry5i3TBU>

Impact of Growth

Growth due to reassessment

- Same number of taxpayers, different assessment values
- Redistribute the burden of taxation
- No reassessment changes in 2023

Growth due to changes to the roll

- New taxpayers
 - Relieves the burden of tax on existing taxpayers
 - New Growth of \$26,787,700 or 1.28%
 - New Revenue from growth of \$471,926
-

Taxes Payable

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Tax Roll No:	4259-020-011-07400-0000
Account No:	02001107400





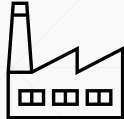
Bill No. 263405 2020 Final Tax Bill

Name and Address	Municipal Address
SOMETHING JOHN	123 - ANYWHERE ST
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	PLAN 172 N PT LOT 6 STANDISH AVE N





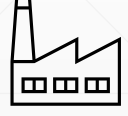
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Special Charges		Instalments		Summary				
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		\$745.32		Special Charges		\$0.00		
		December 15, 2020		2020 Tax Cap Adjustment		\$0.00		
		\$745.00		Final 2020 Levies		\$2,933.13		
				Less Interim Billing		\$1,442.81		
				Past Due Credit		\$0.00		
Total	\$0.00			Total Amount Due		\$1,490.32		

- Taxes Payable = Assessment x Tax Rate
- Assessment is determined by MPAC
- How do we determine the tax rate?




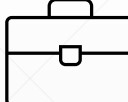

Calculating the Tax Rate without Ratios

		32,550,000.00	Tax Rate	Typcial Property	Annual Taxes	
	Current Value Assessment	Levy				
	RT	1,550,000,000	24,420,378	0.015755	300,000	4,726.52
	MT	155,000,000	2,442,038	0.015755	5,000,000	78,775.41
	FT	4,000,000	63,020	0.015755	1,500,000	23,632.62
	CT	323,000,000	5,088,892	0.015755	750,000	11,816.31
	IT	34,000,000	535,673	0.015755	7,500,000	118,163.12
		2,066,000,000.00	32,550,000.00			

Calculating the Tax Rate with Ratios

		Current Value Assessment	Ratios	Weighted Assessment	Distributed Levy	Tax Rate	Typcial Property	Annual Taxes	
	RT	1,550,000,000	1.000000	1,550,000,000	20,784,506	0.013409	300,000	4,022.81	RT
	MT	155,000,000	1.677900	260,074,500	3,487,432	0.022500	5,000,000	112,497.81	MT
	FT	4,000,000	0.250000	1,000,000	13,409	0.003352	1,500,000	5,028.51	FT
	CT	323,000,000	1.715420	554,080,660	7,429,866	0.023003	750,000	17,252.01	CT
	IT	34,000,000	1.831000	62,254,000	834,786	0.024553	7,500,000	184,144.02	IT
		2,066,000,000.00		2,427,409,160	32,550,000.00				

Comparing Taxes with and without Ratios

		Current Value Assessment	Typcial Property	Annual Taxes unweighted	Annual Taxes weighted	
	RT	1,550,000,000	300,000	4,726.52	4,022.81	RT
	MT	155,000,000	5,000,000	78,775.41	112,497.81	MT
	FT	4,000,000	1,500,000	23,632.62	5,028.51	FT
	CT	323,000,000	750,000	11,816.31	17,252.01	CT
	IT	34,000,000	7,500,000	118,163.12	184,144.02	IT
		2,066,000,000.00				

Balance of Taxation in Owen Sound

Table 10
Balance of Taxation

Realty Tax Class	Assessment		Status Quo
	2022 CVA	Share	
Residential	1,555,767,447	74.18%	62.83%
Farm	3,479,200	0.17%	0.04%
Managed Forest	71,100	0.00%	0.00%
New Multi-Res.	10,450,000	0.50%	0.42%
Multi-Residential	149,071,067	7.11%	10.10%
Commercial	341,440,559	16.28%	23.66%
Industrial	32,560,154	1.55%	2.41%
Pipeline	4,550,000	0.22%	0.54%
Total (Tax + PIL)	2,097,389,527	100.00%	100.00%

Why Change Ratios?

- Closer to County – commitment to move to County ratios over time. Changes to multi residential specifically should be done in step with the County. The County is bringing forward a report to recommend reducing the multi residential ratio in 2023.
 - Reduce exposure to risk of negative changes to non-residential assessment.
 - Smoother reassessment – Tax Shift depends on two things, magnitude of the change and the share of total assessment. Reducing ratios will reduce the share of total assessment therefore reducing the potential impact of shift.
 - Economic Development Strategy – hard to argue that lowering the tax burden on a sector is detrimental to its economic potential.
 - Provincial Legislation.
-

Move Closer to the County

Realty Tax Class	City of Owen Sound	Grey County
Residential	1.0000000	1.0000000
Farm	0.2500000	0.2180000
Managed Forest	0.2500000	0.2500000
New Multi Res	1.0000000	1.0000000
Multi Res	1.6779000	1.4411970
Commercial	1.7154200	1.2969000
Industrial	1.8310000	1.8310000
Pipeline	2.9598250	0.9068480

Reduce Exposure to the Changes in Assessment

- Consider a commercial property that is assessed at \$2,000,000.
 - With a commercial ratio of 1.71542, that property's taxes are calculated on a weighted assessment of \$3,430,840.
 - If they challenge that assessment and the ARB reduces it by say 10% or \$200,000, the value of assessment that shifts away from commercial and on to other tax classes is \$343,084.
 - By reducing ratios, the impact of ARB decisions is softened.
-

Smother Reassessment

- Similar to the impacts noted in the previous slide, in reassessment cycles should a tax class with a higher ratio not increase in value as quickly as the residential tax class, the resulting tax shift is magnified by the ratio.
 - This will likely be the case when we face a new assessment cycle. The values of non-residential properties have increased as quickly as single-family homes have.
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Economic Development Strategy

- Lower ratios are correlated to lower taxes.
 - Are lower taxes a catalyst for development?
 - Hard to argue that they would hurt development.
-

Provincial Legislation

- Province limits ratio changes to only move closer to range of fairness... which for the sake of simplicity is generally to move to 1 or less than 1.
 - Province limits ratio on multi residential to 2.0.
 - There are signs and signals that the Province is exploring options to reduce the upper limit on multi residential even further.
 - If and when that occurs, the closer the Municipality is to 1.0 to begin with, the less impact that change in legislation will have on other tax classes.
-

Impact of Changing Ratios

- With both assessment and the levy set, i.e., assessment is set upon roll return and the levy is set upon budget approval, changing ratios will change the burden of taxation.
 - Year over year if there were no changes to the levy (0% increase) and assessment remained stable (as it did in 2023), reducing a ratio in one tax class will increase the burden in all other classes as the distribution of tax burden shifts.
 - It's a zero-sum game. When one ratio goes down, the tax rates on the other classes will increase to offset the change in levy distribution.
-

Tonight's Report

- Recommendation to Decrease Multi Residential Ratio $\frac{1}{4}$ of the way to 1.0
 - Recommendation matches what will be presented for County consideration in April
 - Decreasing Multi Residential Ratio is an action item in the Development of an Action Plan to Promote and Facilitate Attainable and Affordable Housing
 - There are signals that the Province will be legislating reductions in the multi residential ratio
 - Impact to tenants
 - Support Multi Residential Development
 - Discourage condo conversions of multi residential complexes
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Impact to all Tax Classes

Table 7-D
Total Year-Over-Year Change Under Scenario 2
 (2022 Year-End vs. Scenario 2 – Inclusive of Levy Change)

Realty Tax Class	All (Mun + Ed) Levies		Difference	
	2022 Year-End	2023 Scenario 2	\$	%
<i>Taxable</i>				
Residential	\$28,364,122	\$28,751,206	\$387,084	1.36%
Farm	\$14,923	\$15,128	\$205	1.37%
Managed Forest	\$322	\$327	\$5	1.55%
New Multi-Residential	\$337,092	\$341,692	\$4,600	1.36%
Multi-Residential	\$4,517,281	\$4,142,143	-\$375,138	-8.30%
Commercial	\$12,099,490	\$12,237,262	\$137,772	1.14%
Industrial	\$1,227,211	\$1,241,397	\$14,186	1.16%
Pipeline	\$347,285	\$351,676	\$4,391	1.26%
Sub-Total (Taxable)	\$46,907,726	\$47,080,831	\$173,105	0.37%
<i>Payment in Lieu</i>				
Residential	\$110	\$111	\$1	0.91%
Multi-Residential	\$59,136	\$54,225	-\$4,911	-8.30%
Commercial	\$679,701	\$688,200	\$8,499	1.25%
Industrial	\$24,734	\$24,996	\$262	1.06%
Sub-Total (PIL)	\$763,681	\$767,532	\$3,851	0.50%
Total (Taxable + PIL)	\$47,671,407	\$47,848,363	\$176,956	0.37%

Looking head to Reassessment...What to Prepare for

- What is going to happen to my taxes?
 - Do we have the right tools to respond to reassessment?
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