

2025 TAX POLICY SENSITIVITY ANALYSIS

Prepared For:
THE CITY OF OWEN SOUND

Prepared By:
MUNICIPAL TAX EQUITY (MTE) CONSULTANTS INC.
WWW.MTE.CA

Published On:
TUESDAY, MARCH 4TH, 2025

DISCLAIMER AND CAUTION

The information, views, data and discussions in this document and related material are provided for general reference purposes only.

Regulatory and statutory references are, in many instances, not directly quoted excerpts and the reader should refer to the relevant provisions of the legislation and regulations for complete information.

The discussion and commentary contained in this report do not constitute legal advice or the provision of legal services as defined by the *Law Society Act*, any other Act, or Regulation. If legal advice is required or if legal rights are, or may be an issue, the reader must obtain an independent legal opinion.

Decisions should not be made in the sole consideration of or reliance on the information and discussions contained in this report. It is the responsibility of each individual in either of a decision-making or advisory capacity to acquire all relevant and pertinent information required to make an informed and appropriate decision with regards to any matter under consideration concerning municipal finance issues.

MTE is not responsible to the municipality, nor to any other party for damages arising based on incorrect data or due to the misuse of the information contained in this study, including without limitation, any related, indirect, special, or consequential damages.

Analysis contained in this report is based on the use of tax rates for general local municipal purposes only. Education tax rates have not been included except where explicitly noted.

DISCUSSION AND EXPLANATION

Municipal Tax Equity (MTE) Consultants has prepared the property tax models set out in this report in support of the City of Owen Sound's consideration of its tax policy and tax levy options for 2025. While alternate levy amounts and/or tax policy factors have been applied in the generation of this modelling, the following parameters and base data are common to all calculations.

1. All calculations are performed using the assessment roll as originally returned for 2025 taxation;
2. 2025 Start Ratios and subclass discounts have been relied upon for the calculation of notional and all *Status Quo* models;
3. A 2025 City Revenue Limit of \$35,393,420 has been used to calculate the municipality's 2025 notional levy for general purposes;
4. A City target levy of \$36,247,590;
5. Municipal tax calculations, have been calculated based on taxable assessment and grantable (PIL) assessment and revenue as per the municipality's historic protocols; and
6. Education amounts are not included in any tax summaries unless explicitly noted.

Important Note Re: County of Grey Requisition and Tax Policy

It is critical for the reader to be aware that the results set out in this report are based in part on hypothetical tax policy models prepared for the County of Grey. As of the date of publication, County Council has not considered these models or made any 2025 tax policy decisions. Should the County choose a tax policy model other than that relied upon in the preparation of this document, the analysis in this report must be updated.

2025 TAX MODELLING AND RESULTS

Tax Ratios and the Balance of Taxation

This report considers the City’s revenue neutral and full levy tax outcomes under two separate tax policy models. The first relies on the City’s status quo tax ratios, the second reduces the City’s multi-residential ratio to 1.169475 which would be the third increment of a four-year phased reduction to 1.0.

Tax ratios and subclass discounts 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 1 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 1
Balance of Taxation**

Realty Tax Class	Assessment		Status Quo		Model	
	2025CVA	Share	Tax Ratio	Share of Tax	Tax Ratio	Share of Tax
Residential	1,605,608,740	72.58%	1.000000	62.70%	1.000000	63.35%
Farm	3,452,800	0.16%	0.250000	0.03%	0.250000	0.03%
Managed Forest	71,100	0.00%	0.250000	0.00%	0.250000	0.00%
New Multi-Res.	45,481,600	2.06%	1.000000	1.78%	1.000000	1.79%
Multi-Residential	156,618,367	7.08%	1.338950	8.19%	1.169475	7.23%
Commercial	363,548,366	16.43%	1.715420	24.35%	1.715420	24.61%
Industrial	31,386,954	1.42%	1.831000	2.24%	1.831000	2.26%
Pipeline	6,151,000	0.28%	2.959825	0.71%	2.959825	0.72%
Total (Tax + PIL)	2,212,318,927	100.00%		100.00%		100.00%

Baseline Levy Summaries

In order to isolate the direct impacts of the tax ratio change options, it is first necessary to establish an accurate Status Quo base against which to measure change or variations. Table 2 provides a summary of the Notional (Starting) tax rates for both the City and County portion of the levy along with the rates to raise each respective target levy under a Status Quo policy scheme.

Tables 3 and 4 set out the distribution of the City and County tax levies on a class-by-class basis. The tax amounts shown have been calculated using the City’s 2024 tax policy parameters (class structure, ratios, etc.) for both the County and City levies. Both tables show the revenue neutral starting levy, along with the proposed levy increase for each.

As the actual County year-end levy is slightly different than the notional start levy, we have also included a comparison against the year-end taxes by class in Table 5.

The rates and taxes in these baseline tables, inclusive of levy change represent our baseline municipal levies against which the impacts of the modelled ratio changes will be measured.

Table 2
Baseline (Status Quo) Municipal Tax Rates
(Status Quo Policy with Proposed 2025 Levy change)

Realty Tax Class	City Levy			County Requisition		
	<i>Notional</i>	<i>Target</i>	<i>Difference</i>	<i>Notional</i>	<i>Target</i>	<i>Difference</i>
Residential	0.01382094	0.01415449	2.41%	0.00373193	0.00385037	3.17%
Farm	0.00345524	0.00353862	2.41%	0.00093298	0.00096259	3.17%
Managed Forest	0.00345524	0.00353862	2.41%	0.00093298	0.00096259	3.17%
New Multi-Residential	0.01382094	0.01415449	2.41%	0.00373193	0.00385037	3.17%
Multi-Residential	0.01850555	0.01895215	2.41%	0.00499687	0.00515545	3.17%
Commercial	0.02370872	0.02428090	2.41%	0.00640183	0.00660500	3.17%
Industrial	0.02530614	0.02591687	2.41%	0.00683316	0.00705003	3.17%
Pipeline	0.04090756	0.04189481	2.41%	0.01104586	0.01139642	3.17%

Table 3
2025 Baseline City Levy
(Status Quo Policy / Target Levy)

Realty Tax Class	City General Levy		Levy Change	
	<i>Notional</i>	<i>Target Levy</i>	\$	%
<i>Taxable</i>				
Residential	\$22,190,931	\$22,726,479	\$535,548	2.41%
Farm	\$11,930	\$12,218	\$288	2.41%
Managed Forest	\$246	\$252	\$6	2.44%
New Multi-Residential	\$628,598	\$643,769	\$15,171	2.41%
Multi-Residential	\$2,861,076	\$2,930,123	\$69,047	2.41%
Commercial	\$8,145,030	\$8,341,600	\$196,570	2.41%
Industrial	\$777,836	\$796,608	\$18,772	2.41%
Pipeline	\$251,622	\$257,695	\$6,073	2.41%
Sub-Total (Taxable)	\$34,867,269	\$35,708,744	\$841,475	2.41%
<i>Payment in Lieu</i>				
Residential	\$91	\$93	\$2	2.20%
Multi-Residential	\$37,233	\$38,132	\$899	2.41%
Commercial	\$474,236	\$485,681	\$11,445	2.41%
Industrial	\$14,589	\$14,941	\$352	2.41%
Sub-Total (PIL)	\$526,149	\$538,847	\$12,698	2.41%
Total (Taxable + PIL)	\$35,393,418	\$36,247,591	\$854,173	2.41%

Table 4
2025 Baseline County Levy¹
(Status Quo Policy/ Estimated Levy)

Realty Tax Class	County General Levy		Difference	
	Notional	Target Levy	\$	%
Taxable				
Residential	\$5,991,995	\$6,182,162	\$190,167	3.17%
Farm	\$3,221	\$3,324	\$103	3.20%
Managed Forest	\$66	\$68	\$2	3.03%
New Multi-Residential	\$169,734	\$175,121	\$5,387	3.17%
Multi-Residential	\$772,548	\$797,065	\$24,517	3.17%
Commercial	\$2,199,322	\$2,269,120	\$69,798	3.17%
Industrial	\$210,031	\$216,697	\$6,666	3.17%
Pipeline	\$67,943	\$70,099	\$2,156	3.17%
Sub-Total (Taxable)	\$9,414,860	\$9,713,656	\$298,796	3.17%
Payment in Lieu				
Residential	\$25	\$25	\$0	0.00%
Multi-Residential	\$10,054	\$10,373	\$319	3.17%
Commercial	\$128,053	\$132,117	\$4,064	3.17%
Industrial	\$3,939	\$4,064	\$125	3.17%
Sub-Total (PIL)	\$142,071	\$146,579	\$4,508	3.17%
Total (Taxable + PIL)	\$9,556,931	\$9,860,235	\$303,304	3.17%

It is essential for the reader to note that this model is based on the County reducing its multi-residential ratio for 2025. Under this model the City's share of the County's levy is estimated to be \$9,860,248 prior to the City recalculation. This is approximately \$56,500, or 0.57% less than what the City's requisition is expected to be if the County chooses to maintain its starting ratios for 2025.

All County levy models must be considered preliminary and subject to change until such time as the County has formally ratified its 2025 property tax policies and levy.

¹ County levy amounts are hypothetical and calculated only for the purpose of this modelling. Neither the total levy amount, nor the distributed taxes have been calculated by or endorsed by the County of Grey.

Table 5
2024 Baseline County Levy vs. 2023 Year-End
(Status Quo Policy/ Estimated Levy)

Realty Tax Class	County General Levy		Difference	
	2024 Year-End	2025 Baseline	\$	%
<i>Taxable</i>				
Residential	\$6,022,373	\$6,182,162	\$159,789	2.65%
Farm	\$3,238	\$3,324	\$86	2.66%
Managed Forest	\$67	\$68	\$1	1.49%
New Multi-Residential	\$170,595	\$175,121	\$4,526	2.65%
Multi-Residential	\$776,464	\$797,065	\$20,601	2.65%
Commercial	\$2,210,470	\$2,269,120	\$58,650	2.65%
Industrial	\$211,096	\$216,697	\$5,601	2.65%
Pipeline	\$68,288	\$70,099	\$1,811	2.65%
Sub-Total (Taxable)	\$9,462,591	\$9,713,656	\$251,065	2.65%
<i>Payment in Lieu</i>				
Residential	\$25	\$25	\$0	0.00%
Multi-Residential	\$10,105	\$10,373	\$268	2.65%
Commercial	\$128,702	\$132,117	\$3,415	2.65%
Industrial	\$3,959	\$4,064	\$105	2.65%
Sub-Total (PIL)	\$142,791	\$146,579	\$3,788	2.65%
Total (Taxable + PIL)	\$9,605,382	\$9,860,235	\$254,853	2.65%

Due to the special tax policy arrangements between the City and County, the County's notional levy must be recalculated each year, even in the absence of reassessment/phase-in related assessment change.

Alternate Tax Model

The following model has been prepared and compared against a status quo baseline to consider the impact of reducing the City’s multi-residential ratio to 1.169475 which is the third increment of a four year phased reductio to 1.0.

The full set of ratios used in the preparation of this model are summarized in Table 6, the full levy rates for both City and County purposes are summarized in Table 7

**Table 6
Tax Ratio Summary**

Realty Tax Class	2025 Tax Ratios		
	Start Ratios	Model Ratios	Difference
Residential	1.000000	1.000000	0.00%
Farm	0.250000	0.250000	0.00%
Managed Forest	0.250000	0.250000	0.00%
New Multi-Residential	1.000000	1.000000	0.00%
Multi-Residential	1.338950	1.169475	-12.66%
Commercial	1.715420	1.715420	0.00%
Industrial	1.831000	1.831000	0.00%
Pipeline	2.959825	2.959825	0.00%

**Table 7
Tax Rate Sensitivity
(Full Levy Rates)**

Realty Tax Class	City Rates			County Rates		
	Status Quo	Model	Difference	Status Quo	Model	Difference
Residential	0.01415449	0.01430274	1.05%	0.00385037	0.00389070	1.05%
Farm	0.00353862	0.00357569	1.05%	0.00096259	0.00097268	1.05%
Managed Forest	0.00353862	0.00357569	1.05%	0.00096259	0.00097268	1.05%
New Multi-Residential	0.01415449	0.01430274	1.05%	0.00385037	0.00389070	1.05%
Multi-Residential	0.01895215	0.01672670	-11.74%	0.00515545	0.00455008	-11.74%
Commercial	0.02428090	0.02453521	1.05%	0.00660500	0.00667418	1.05%
Industrial	0.02591687	0.02618832	1.05%	0.00705003	0.00712387	1.05%
Pipeline	0.04189481	0.04233361	1.05%	0.01139642	0.01151579	1.05%

The corresponding interclass tax shifts for City and County purposes are set out in Tables 8 and 9 respectively. The year-over-year change for the City, County and total levies inclusive of education are set out in Tables 10, 11 and 12.

Table 8
City Levy Sensitivity

Realty Tax Class	City General Levy		Difference	
	<i>Status Quo</i>	<i>Model</i>	\$	%
<i>Taxable</i>				
Residential	\$22,726,479	\$22,964,510	\$238,031	1.05%
Farm	\$12,218	\$12,346	\$128	1.05%
Managed Forest	\$252	\$254	\$2	0.79%
New Multi-Residential	\$643,769	\$650,511	\$6,742	1.05%
Multi-Residential	\$2,930,123	\$2,586,054	-\$344,069	-11.74%
Commercial	\$8,341,600	\$8,428,968	\$87,368	1.05%
Industrial	\$796,608	\$804,952	\$8,344	1.05%
Pipeline	\$257,695	\$260,394	\$2,699	1.05%
Sub-Total (Taxable)	\$35,708,744	\$35,707,989	-\$755	0.00%
<i>Payment in Lieu</i>				
Residential	\$93	\$94	\$1	1.08%
Multi-Residential	\$38,132	\$33,654	-\$4,478	-11.74%
Commercial	\$485,681	\$490,768	\$5,087	1.05%
Industrial	\$14,941	\$15,098	\$157	1.05%
Sub-Total (PIL)	\$538,847	\$539,614	\$767	0.14%
Total (Taxable + PIL)	\$36,247,591	\$36,247,603	\$12	0.00%

Table 9
County Levy Sensitivity

Realty Tax Class	County General Levy		Difference	
	<i>Status Quo</i>	<i>Model</i>	\$	%
<i>Taxable</i>				
Residential	\$6,182,162	\$6,246,916	\$64,754	1.05%
Farm	\$3,324	\$3,358	\$34	1.02%
Managed Forest	\$68	\$69	\$1	1.47%
New Multi-Residential	\$175,121	\$176,955	\$1,834	1.05%
Multi-Residential	\$797,065	\$703,471	-\$93,594	-11.74%
Commercial	\$2,269,120	\$2,292,886	\$23,766	1.05%
Industrial	\$216,697	\$218,967	\$2,270	1.05%
Pipeline	\$70,099	\$70,834	\$735	1.05%
Sub-Total (Taxable)	\$9,713,656	\$9,713,456	-\$200	0.00%
<i>Payment in Lieu</i>				
Residential	\$25	\$26	\$1	4.00%
Multi-Residential	\$10,373	\$9,155	-\$1,218	-11.74%
Commercial	\$132,117	\$133,501	\$1,384	1.05%
Industrial	\$4,064	\$4,107	\$43	1.06%
Sub-Total (PIL)	\$146,579	\$146,789	\$210	0.14%
Total (Taxable + PIL)	\$9,860,235	\$9,860,245	\$10	0.00%

Table 10
City Year-Over-Year Change
 (Status Quo Policy vs. Alternate Model)

Realty Tax Class	2024 Year-End	Year-Over-Year Change			
		Status Quo Policy		Model	
Taxable					
Residential	\$22,190,931	\$535,548	2.41%	\$773,579	3.49%
Farm	\$11,930	\$288	2.41%	\$416	3.49%
Managed Forest	\$246	\$6	2.44%	\$8	3.25%
New Multi-Residential	\$628,598	\$15,171	2.41%	\$21,913	3.49%
Multi-Residential	\$2,861,076	\$69,047	2.41%	-\$275,022	-9.61%
Commercial	\$8,145,030	\$196,570	2.41%	\$283,938	3.49%
Industrial	\$777,836	\$18,772	2.41%	\$27,116	3.49%
Pipeline	\$251,622	\$6,073	2.41%	\$8,772	3.49%
Sub-Total (Taxable)	\$34,867,269	\$841,475	2.41%	\$840,720	2.41%
Payment in Lieu					
Residential	\$91	\$2	2.20%	\$3	3.30%
Multi-Residential	\$37,233	\$899	2.41%	-\$3,579	-9.61%
Commercial	\$474,236	\$11,445	2.41%	\$16,532	3.49%
Industrial	\$14,589	\$352	2.41%	\$509	3.49%
Sub-Total (PIL)	\$526,149	\$12,698	2.41%	\$13,465	2.56%
Total (Taxable + PIL)	\$35,393,418	\$854,173	2.41%	\$854,185	2.41%

Table 11
County Year-Over-Year Change
 (Status Quo Policy vs. Alternate Model)

Realty Tax Class	2024 Year-End	Year-Over-Year Change			
		<i>Status Quo Policy</i>		<i>Model</i>	
<i>Taxable</i>					
Residential	\$6,022,373	\$159,789	2.65%	\$224,543	3.73%
Farm	\$3,238	\$86	2.66%	\$120	3.71%
Managed Forest	\$67	\$1	1.49%	\$2	2.99%
New Multi-Residential	\$170,595	\$4,526	2.65%	\$6,360	3.73%
Multi-Residential	\$776,464	\$20,601	2.65%	-\$72,993	-9.40%
Commercial	\$2,210,470	\$58,650	2.65%	\$82,416	3.73%
Industrial	\$211,096	\$5,601	2.65%	\$7,871	3.73%
Pipeline	\$68,288	\$1,811	2.65%	\$2,546	3.73%
Sub-Total (Taxable)	\$9,462,591	\$251,065	2.65%	\$250,865	2.65%
<i>Payment in Lieu</i>					
Residential	\$25	\$0	0.00%	\$1	4.00%
Multi-Residential	\$10,105	\$268	2.65%	-\$950	-9.40%
Commercial	\$128,702	\$3,415	2.65%	\$4,799	3.73%
Industrial	\$3,959	\$105	2.65%	\$148	3.74%
Sub-Total (PIL)	\$142,791	\$3,788	2.65%	\$3,998	2.80%
Total (Taxable + PIL)	\$9,605,382	\$254,853	2.65%	\$254,863	2.65%

Table 12
Total Year-Over-Year Change
 (City, County and Provincial Education Tax)

Realty Tax Class	2024 Year-End	Year-Over-Year Change			
		<i>Status Quo Policy</i>		<i>Model</i>	
<i>Taxable</i>					
Residential	\$30,669,875	\$695,337	2.27%	\$998,122	3.25%
Farm	\$16,489	\$374	2.27%	\$536	3.25%
Managed Forest	\$340	\$7	2.06%	\$10	2.94%
New Multi-Residential	\$868,780	\$19,697	2.27%	\$28,273	3.25%
Multi-Residential	\$3,874,088	\$89,648	2.31%	-\$348,015	-8.98%
Commercial	\$13,378,703	\$255,220	1.91%	\$366,354	2.74%
Industrial	\$1,259,349	\$24,373	1.94%	\$34,987	2.78%
Pipeline	\$374,039	\$7,884	2.11%	\$11,318	3.03%
Sub-Total (Taxable)	\$50,441,663	\$1,092,540	2.17%	\$1,091,585	2.16%
<i>Payment in Lieu</i>					
Residential	\$116	\$2	1.72%	\$4	3.45%
Multi-Residential	\$50,416	\$1,167	2.31%	-\$4,529	-8.98%
Commercial	\$712,379	\$14,860	2.09%	\$21,331	2.99%
Industrial	\$25,754	\$457	1.77%	\$657	2.55%
Sub-Total (PIL)	\$788,665	\$16,486	2.09%	\$17,463	2.21%
Total (Taxable + PIL)	\$51,230,328	\$1,109,026	2.16%	\$1,109,048	2.16%

This table compares the City's year-end-taxes by class to the 2025 levy under both the status quo starting ratios and our alternate model. These results include taxes for City, County and Provincial Education purposes.