Staff Report

To:	General Committee
Subject:	Tax Ratios
Date:	April 9, 2025
Ward	All
From:	C. Smith, Interim Director of Finance
Executive Member Approval:	J. Schmidt, General Manager of Community and Corporate Services
CAO Approval:	M. Prowse, Chief Administrative Officer
Staff Report #	FIN002-25

Recommendations:

1. That the tax ratios for the 2025 taxation year be established as follows:

a)	Residential	1.000000
b)	New Multi-residential	1.000000
c)	Multi-residential	1.000000
d)	Commercial	1.433126
e)	Industrial	1.516328
f)	Pipelines	1.103939
g)	Farmlands	0.250000
h)	Managed forest	0.250000
i)	Landfills	1.067122

2. That two sub-classes for Farmland Awaiting Development be maintained in each of the multi- residential, commercial, and industrial property classes at the following discounts:

   Phase I - 25% discount from the residential tax rate; and,

   Phase II - 0% discount from the applicable property class tax rate.

3. That the City of Barrie (City) continue with its existing Rebates for Charitable and Non-Profit Organizations Program providing a tax rebate at a rate of 40% of the current year's taxes applicable only to the leased space occupied by the organization and that the eligible organizations continue to submit an annual application and provide evidence of taxes paid satisfactory to the Director of Finance or their designate.

4. That the City Clerk be authorized to prepare all necessary by-laws to establish the 2025 tax ratios.

Executive Summary:

The purpose of this report is to recommend the 2025 tax ratios, the property tax policies governing discounts for property tax sub-classes, and the rebates for charitable and non-profit organizations.

Provincial regulations require decisions regarding tax policy options to be made prior to issuing final property tax bills, even if existing tax ratios (status quo) are being maintained. The City must establish tax ratios through annual by-law. Once the tax ratios are confirmed the City can establish the annual tax rates required to fund the levy set out in the annual Business Plan and Budget.

The Province of Ontario prescribes two sub-classes for Farmland Awaiting Development for the purpose of providing tax reductions which Barrie introduced in 2013 with an objective to encourage farming between the plan of subdivision and building permit stage and increase property tax revenue throughout the development. This also has the effect of encouraging the developer to complete construction on a timely basis once a building permit is issued, since 100% of the applicable property tax rate would be applied.

The Municipal Act allows municipalities to provide a rebate to registered charities and non-profit organizations that are tenants in commercial properties. The purpose of the rebate is to provide equity with similar organizations that own their properties and are taxed in the lower residential class.

Key Findings:

During the 2024 Fall Economic Statement, the Provincial government stated that property tax reassessments will continue to be deferred and the assessment values for the 2025 tax year would continue to be based on the values from January 1, 2016. A province wide Assessment Update was scheduled to take effect for the 2021 tax year, based on a valuation date of January 1, 2019, however due to Covid-19 related 'stay at home' and 'state of emergency' orders, the Provincial government postponed the reassessment and announced that property assessment values would continue to be based on a January 1, 2016 valuation date. The Provincial government further postponed the assessment update for the tax years 2022 – 2024.

The City has maintained consistent tax ratios throughout the current assessment cycle. Maintaining the existing tax ratios for 2025 will allow any tax shifts between classes to occur consistently. Due to the reassessment deferral, any assessments that did not require an adjustment remain consistent with what has been used for taxation purposes since 2021, therefore using the same ratios for 2025 will for the most part be revenue neutral. This results in greater tax equity, stability, and predictability for taxpayers.

Property tax ratios can also be changed to achieve economic development objectives or to aid specific property classes. An example of this was the City's objective to support affordable housing initiatives by reducing the multi-residential tax ratio from 1.059025 in 2010 to 1.00 by 2013. It currently remains at 1.00, matching the burden of the overall residential class. Economic development objectives can also be achieved by reducing commercial and/or industrial tax ratios which may create an incentive for businesses to locate in Barrie due to slightly lower taxes. However, reductions in the commercial and/or industrial ratios will lead directly to a tax burden shift to the residential class. The City's commercial and industrial tax ratios are currently below the provincial average based on the 2024 Municipal Study prepared by BMA Management Consulting (Appendix A), therefore adjustments to tax ratios for economic development reasons are not recommended at this time.

T**he City has historically maintained a tax ratio of 0.25 for farmlands.** The City also has the option of reducing the tax burden on farmlands by setting a tax ratio that is lower than the provincially prescribed ratio of 0.25. As a matter of public policy, farmland in Ontario has traditionally received preferential property tax treatment while it is a working farm, by having a maximum tax ratio of 25% of the residential tax rate. By providing tax discounts for farmland waiting for development, municipalities are providing incentives to keep this land under cultivation during the development period.

Barrie introduced the farmland awaiting development sub-classes in 2013 with an objective to encourage farming between the plan of subdivision and building permit stage and increase property tax revenue throughout the development. This also has the effect of encouraging the developer to complete construction on a timely basis once a building permit is issued, since 100% of the applicable property tax rate would be applied.

In 1998, Council approved a charity tax rebate at a level of 40%, which has been maintained since that time. Prior to the 1998 provincial tax reforms, charitable and non-profit organizations were taxed at the residential property tax rate. With the tax reform, when such organizations are tenants in a commercial or industrial property, they are taxed as such when property taxes billed to the property owner are passed on to the tenant(s). It was due to this difference in property classification that the Province mandated municipalities provide tax rebates between 40% and 100% of the property taxes paid by registered charitable

organizations along with an option to include similar not for profit organizations, as defined by subsection 248(1) of the *Income Tax Act*.

Financial Implications:

There are no direct financial implications for the City associated with the recommendations regarding the tax ratios or rates. Each option raises the required levy for the tax based operating budget, however each recommendation impacts various property classes and property types to varying degrees.

Alternatives:

The following alternatives are available for consideration by General Committee:

Alternative #1- General Committee could choose to adjust the multi-residential, commercial, and/or industrial tax ratios for social and/or economic development purposes. This alternative is not recommended as the City's multi-residential, commercial, and industrial tax ratios are very competitive relative to other Ontario municipalities. Also, any reduction to these tax ratios will result in an increase in property taxes for residential property owners.

Alternative #2 - General Committee could choose to set the registered charity and similar organization rebate at a percentage anywhere between 40% and 100% and fund the additional costs from the Tax Rate Stabilization Reserve. General Committee could also choose to eliminate 'similar not-for-profit' organizations from the rebate as the Regulation only requires registered charities to be included. The first alternative is not recommended as an increase would result in unbudgeted costs which would be required to be funded from the Tax Rate Stabilization Reserve. An increase to 75% would require additional funding in the amount of $170,000, an increase to 100% would require an additional $305,000. It is further not recommended to eliminate not-for-profit organizations as this would cause hardship for these organizations.

Strategic Plan Alignment:

Affordable Place to Live	**X**	The objectives of the property tax policies recommended in this staff report are to ensure a fair and equitable property tax policy framework for residents and business owners while maintaining the City's competitive position with respect to economic development.
Community Safety		
Thriving Community		
Infrastructure Investments		
Responsible Governance		

Additional Background Information and Analysis:

The Municipal Property Assessment Corporation (MPAC) will continue to review properties during the non-assessment update years and will update assessed values on properties to reflect any property value increases or decreases resulting from renovations, new builds, additions or removals of old structures. MPAC will also update the classification or tax liability on a property resulting from a change in use.

A tax ratio represents how a property class tax rate compares in relation to the residential property class. The tax ratio for residential properties is required by legislation to be equal to one (1.0). The tax ratios established for property classes determine how the tax rate for that class compares to the residential tax rate. For example, the commercial tax ratio recommended for 2025 is 1.433126 which means that, for every residential property tax dollar paid, the commercial property class pays $1.43. An industrial property pays $1.51. While the tax ratios for commercial, industrial, and multi-residential properties are established by Council, the tax ratios for managed forests and landfills are prescribed by the Province.

The Province of Ontario prescribes two sub-classes for Farmland Awaiting Development for the purpose of providing tax reductions. Farmland Awaiting Development Phase I applies to those properties that have a registered plan of subdivision. This sub-class discount can be set between 25% and 75% of the residential property class tax rate, as long as the land continues to be farmed, even if the properties in the future may be classed as multi-residential, commercial, or industrial. It is recommended that the City continue to provide a 25% discount on the residential rate for Farmland in Phase I. This represents a balance between maximizing tax revenue and providing an incentive to continue farming. However, it is important that the lands be monitored to ensure farming has not ceased. In this regard, Finance staff monitor and work with MPAC to ensure these properties continue to be eligible to receive the benefit and if not, they are adjusted. Farmland Awaiting Development Phase II applies to properties once a building permit has been issued. The Phase II sub-class tax discount can be set between 0% and 75% of the property class rate for the specific property after the building permit has been issued. It is recommended that the City provide no discount (0%) for the Farmland Awaiting Development Phase II sub-class. This means that once a building permit is issued, the property would be taxed at 100% of the applicable property tax class rate. Without these sub-classes, if a developer purchases land and continues to farm they would be taxed at 25% of the residential rate, or 100% of the residential rate if it is not farmed. The taxes would not change when plans are registered but would remain at the lower level until the land is scraped or buildings are occupied.

Consultation and Engagement:

No public consultation was required in relation to this staff report.

Environmental and Climate Change Impact Matters:

There are no environmental and/or climate change impact matters related to the recommendations.

Appendix:

Appendix A – Excerpt from 2024 BMA Municipal Study

Report Author:

K. Jylha, Manager of Taxation and Revenue, Finance Department

File #: F22

Pending # (if applicable):

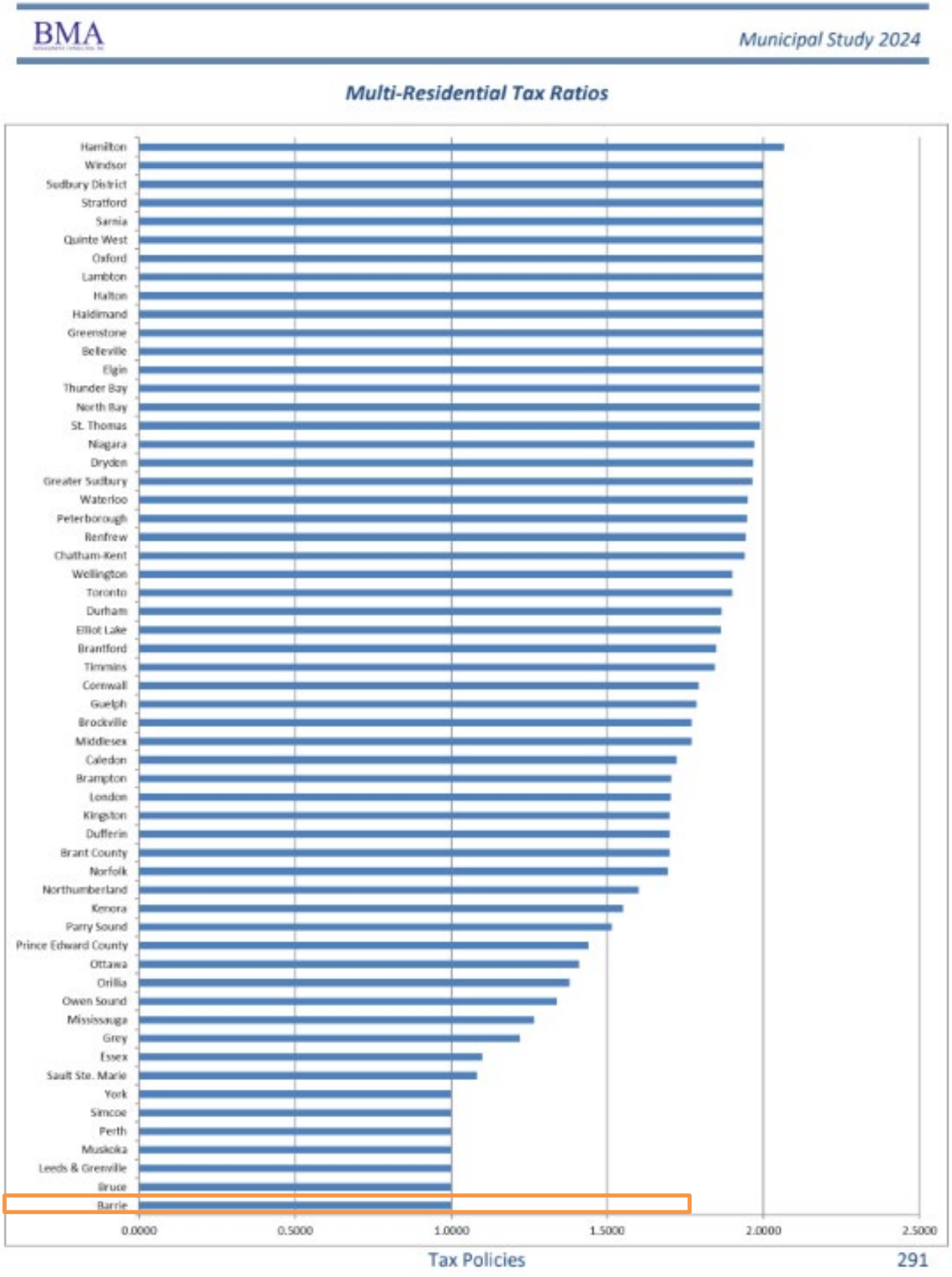
Appendix "A"
Excerpt from 2024 BMA Municipal Study

2024 Tax Ratios

Municipality	Multi-Residential	Commercial - Residual	Industrial - Residual
Barrie	1.0000	1.4331	1.5163
Belleville	2.0000	1.9191	2.4000
Brampton	1.7050	1.2971	1.4700
Brant County	1.7000	1.9000	2.5500
Brantford	1.8489	1.7457	2.1816
Brockville	1.7700	1.9482	2.6131
Bruce	1.0000	1.2331	1.7477
Caledon	1.7223	1.3475	1.5910
Chatham-Kent	1.9404	1.9404	2.0350
Cornwall	1.7933	1.9407	2.6300
Dryden	1.9659	1.8587	1.4609
Dufferin	1.7000	1.2200	2.1984
Durham	1.8665	1.4500	2.0235
Elgin	1.9999	1.6376	2.2251
Elliot Lake	1.8630	1.4750	1.4750
Essex	1.1000	1.0820	1.9425
Greater Sudbury	1.9650	1.9120	3.4527
Grey	1.2206	1.2969	1.8310
Greenstone	2.0000	1.4967	2.5000
Guelph	1.7863	1.8400	2.2048
Haldimand	2.0000	1.6929	2.3274
Halton	2.0000	1.4565	2.0907
Hamilton	2.0658	1.9800	3.0066
Kenora	1.5511	1.9615	2.2243
Kingston	1.7000	1.9800	2.6300
Lambton	2.0000	1.6271	2.0476
Leeds & Grenville	1.0000	1.3464	1.8114
London	1.7037	1.9100	1.9100
Middlesex	1.7697	1.1449	1.7451

2024 Tax Ratios (cont'd)

Municipality	Multi-Residential	Commercial - Residual	Industrial - Residual
Mississauga	1.2656	1.5170	1.6150
Muskoka	1.0000	1.1000	1.1000
Niagara	1.9700	1.7349	2.6300
Norfolk	1.6929	1.6929	1.6929
North Bay	1.9900	1.8800	1.4000
Northumberland	1.6000	1.5000	2.1000
Orillia	1.3780	1.8330	1.8420
Ottawa	1.4091	1.9384	2.5759
Owen Sound	1.3390	1.7154	1.8310
Oxford	2.0000	1.9018	2.6300
Parry Sound	1.5145	1.6646	1.5162
Perth	1.0000	1.2469	1.9692
Peterborough	1.9472	1.5000	1.5000
Prince Edward County	1.4402	1.1125	1.3895
Renfrew	1.9436	1.8147	2.4669
Quinte West	2.0000	1.5385	2.4460
Sarnia	2.0000	1.6271	2.0476
Sault Ste. Marie	1.0820	1.9732	4.2438
Simcoe	1.0000	1.2223	1.1925
St. Thomas	1.9894	1.7926	2.2546
Stratford	2.0000	1.9759	2.5420
Sudbury District	2.0000	1.8087	2.2896
Thunder Bay	1.9900	1.9800	2.3708
Timmins	1.8452	1.9800	2.5000
Toronto	1.8993	2.4990	2.5000
Waterloo	1.9500	1.9500	1.9500
Wellington	1.9000	1.4910	2.4000
Windsor	2.0000	2.0140	2.3158
York	1.0000	1.3321	1.6432
Average	**1.6876**	**1.6622**	**2.1172**
Median	**1.8193**	**1.7042**	**2.0953**
Minimum	**1.0000**	**1.0820**	**1.1000**
Maximum	**2.0658**	**2.4990**	**4.2438**
Provincial Threshold	**2.7400**	**1.9800**	**2.6300**


BMA
Municipal Study 2024
Multi-Residential Tax Ratios
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Windsor
Sudbury District
Stratford
Sarnia
Quinte West
Oxford
Lambton
Halton
Haldimand
Greenstone
Belleville
Elgin
Thunder Bay
North Bay
St. Thomas
Niagara
Dryden
Greater Sudbury
Waterloo
Peterborough
Renfrew
Chatham-Kent
Wellington
Toronto
Durham
Elliot Lake
Brantford
Timmins
Cornwall
Guelph
Brockville
Middlesex
Caledon
Brampton
London
Kingston
Dufferin
Brant County
Norfolk
Northumberland
Kenora
Parry Sound
Prince Edward County
Ottawa
Orillia
Owen Sound
Mississauga
Grey
Essex
Sault Ste. Marie
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Simcoe
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Bruce
Barrie
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Tax Policies
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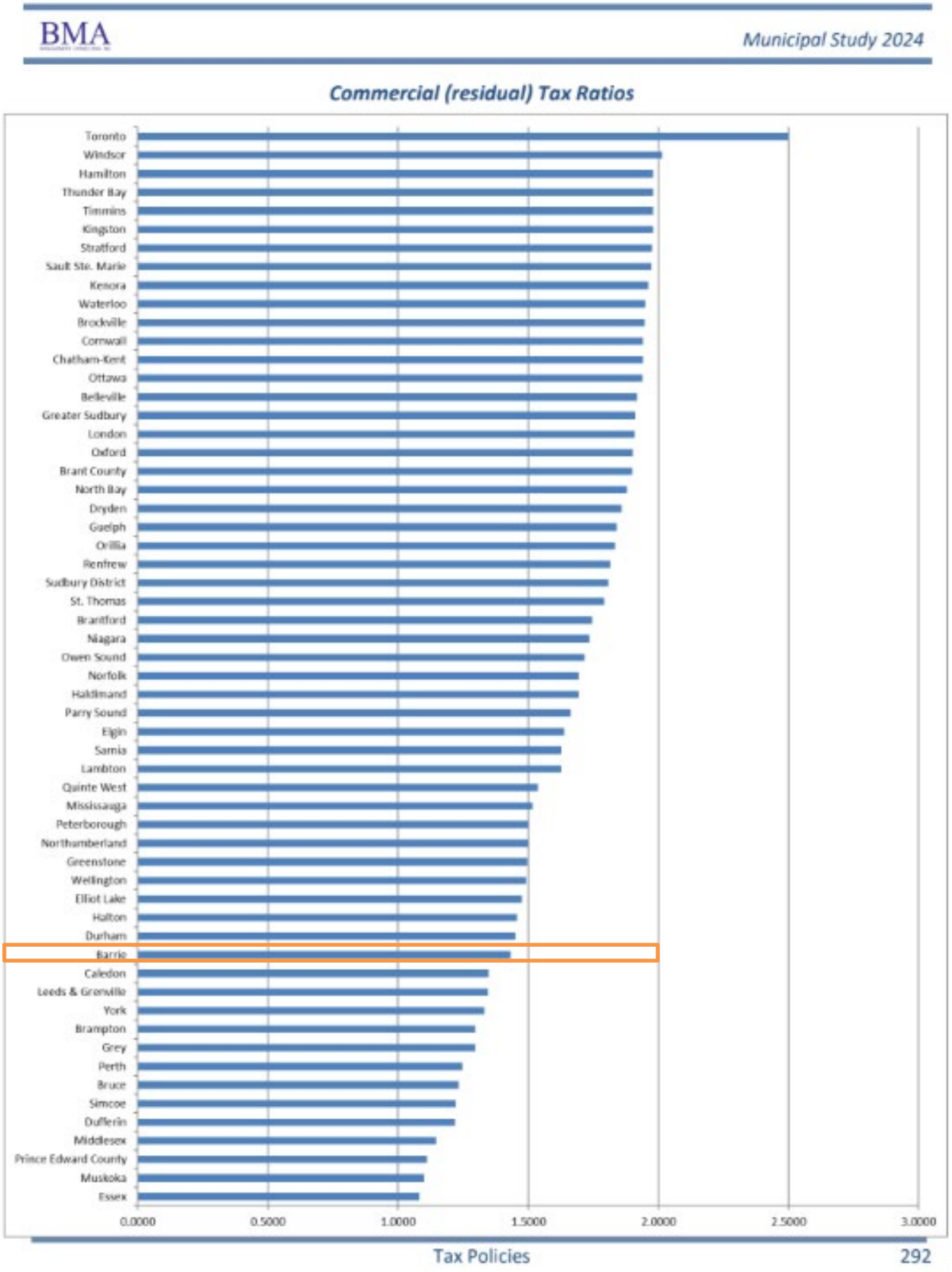
BMA
Municipal Study 2024
Commercial (residual) Tax Ratios
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Windsor
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Thunder Bay
Timmins
Kingston
Stratford
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Kenora
Waterloo
Brockville
Cornwall
Chatham-Kent
Ottawa
Belleville
Greater Sudbury
London
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North Bay
Dryden
Guelph
Orillia
Renfrew
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St. Thomas
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Niagara
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Parry Sound
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Sarnia
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Quinte West
Mississauga
Peterborough
Northumberland
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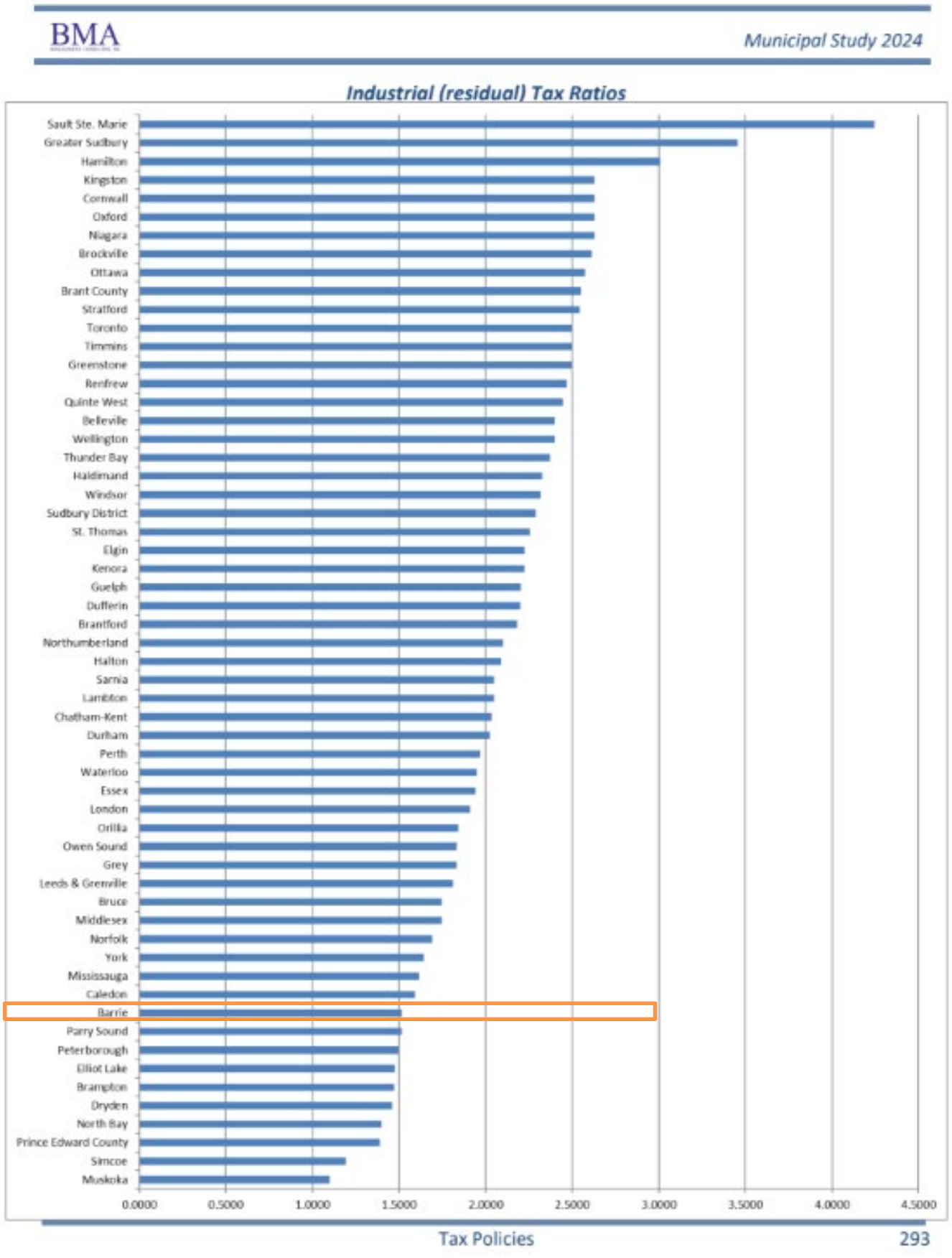
BMA
Municipal Study 2024
Industrial (residual) Tax Ratios
Sault Ste. Marie
Greater Sudbury
Hamilton
Kingston
Cornwall
Oxford
Niagara
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Ottawa
Brant County
Stratford
Toronto
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Tax Policies
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