

County of Bruce Property Tax Policy Handbook

Finance Division - 2023





Introduction

This handbook has been prepared to provide elected municipal officials, municipal staff and property owners in the County of Bruce with a summary of the components of the current assessment and property taxation systems.

In 1998, the provincial government overhauled the assessment and property tax systems in Ontario. Additional assessment and legislative changes have occurred since then. Further changes may still occur - staff will update this handbook as changes are made.

Property assessment and taxation involves many organizations at both the municipal and provincial levels of government. Municipal and provincial government contacts are provided at the end of the document. These references should be consulted for more detailed information about their specific duties and responsibilities regarding assessment and taxation.

The handbook contains the following sections:

Section 1: [Property Taxation and Assessment Basics](#)

Provides a brief summary of property assessment, the roles of the Municipal Property Assessment Corporation and Assessment Review Board, and property tax rates.

Section 2: [Pre-1998 Property Assessment and Taxation](#)

Discusses the system prior to the implementation of reforms and provides background information on the events leading to the implementation of reforms.

Section 3: [Current Value Assessment and Taxation](#)

Describes the current method of assessment and property taxation in Ontario.

Section 4: [Property Tax Policy Options/Tools](#)

Outlines the options and tools that are available to municipalities to manage tax policy and impacts to tax payers.

Section 5: [Roles & Responsibilities](#)

Outlines the roles and responsibilities of the provincial government, the Municipal Property Assessment Corporation (MPAC), the Online Property Tax Analysis system (OPTA), the County of Bruce, and the local municipalities within the framework of the property assessment and taxation systems.

Appendix: [Charts](#)

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1.0 Property Taxation and Assessment Basics

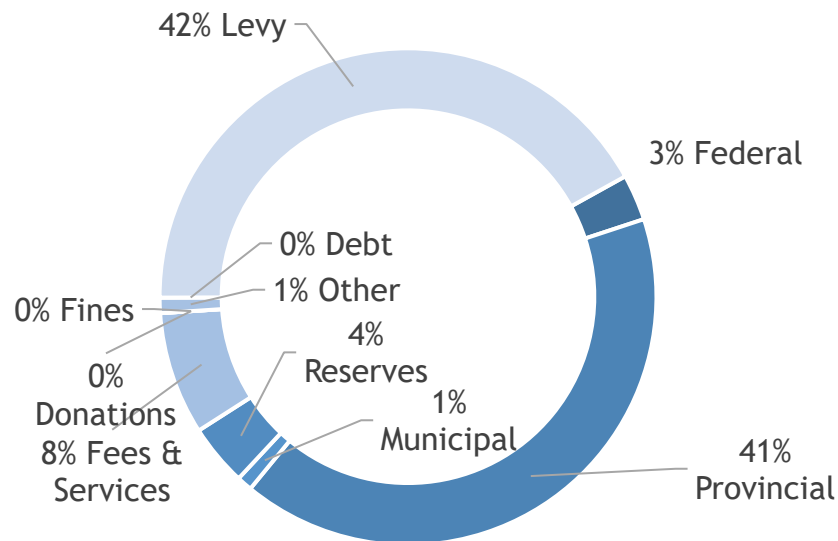
The property tax remains as the most important revenue source for municipalities. It is the only tax that municipalities have the authority to collect. Other major municipal revenue sources include Federal and Provincial government grants. The property tax also constitutes the largest municipal revenue source (see pie chart below). Accordingly, the basis upon which the property tax is administered must be fair. Several property assessment and taxation reforms have been implemented to enhance fairness for taxpayers over the past few years.

The two components of the current value assessment and taxation system consist of the assessed value of a property and the tax rate applied to the property.



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**County of Bruce
2023 Budgeted Revenue by Source**



1.1 Current Value Assessment (CVA)

Current value assessment is the value assigned to a property for taxation purposes. Every property in the province of Ontario is assigned a value using a common valuation date. The Municipal Property Assessment Corporation (MPAC) which derives its authority from provincial legislation is responsible for determining property valuation. The valuation date for assessment used for the 2022 taxation year is January 1, 2016. When a change in assessment occurs, the Assessment Act requires MPAC to mail Property Assessment Notices to property owners at least fourteen days prior to supplying the Assessment Roll to a municipality.

Property owners can appeal the assessed value of their property by requesting MPAC to review the assessed value

through a process called Request for Reconsideration (RfR). Property owners will have 120 days from the issue date on their Property Assessment Notice to file an RfR MPAC must respond to an RfR within 180 days of the RfR being made. However, if MPAC notifies the property owner within 180 days of the request being made that an extension is required, MPAC must notify the property owner of the results of the RfR within 240 days of the RfR being made. If the reconsideration process results in a change to the assessment, it will be made by MPAC and communicated to both the property owner and the municipality. Should the reconsideration not result in a change in assessed value or a property owner does not agree to the proposed change, a property owner may file a complaint to an independent tribunal called the Assessment Review Board (A.R.B.) within 90 days of MPAC issuing the RfR decision. Both the property owner and MPAC will be asked to appear before the A.R.B. at a hearing the present evidence.

The A.R.B.'s decision would be binding on both the property owner and MPAC and for any changes in the assessed value, the municipality would adjust the taxes for the subject property. The municipality also has the right to appear at the hearing before the Board. Property owners in classes other than residential, farm and managed forest have the option of forgoing the RfR requests and proceeding directly with A.R.B. appeals, the deadline for these appeals is March 31st of the taxation year.

1.2 Tax Rate

The tax rate in the County of Bruce consists of three components. There is a local municipality portion, a County of Bruce portion, and an education portion.

The local municipality portion would be charged by one of:

- Arran-Elderslie, Municipality of
- Brockton, Municipality of
- Huron-Kinloss, Township of
- Kincardine, Municipality of
- Northern Bruce Peninsula, Municipality of
- Saugeen Shores, Town of
- South Bruce, Municipality of
- South Bruce Peninsula, Town of

Each of these portions is related to the budgetary needs of the local municipality, the County of Bruce and the provincial decision on education funding requirements. The tax rate is expressed as a percentage of property's assessed value. A tax rate is set for each class of property. The assessed value multiplied by the tax rate, results in the amount of property taxes payable for the year. For example, if the assessed value is \$268,000 and the residential tax rate is 0.1303472, the property taxes would be \$3,493.30 (see table below).

A summary of the 2023 property tax rates by property class in the County of Bruce is included in Appendix 1.

Residential Property Example

Note: Actual tax rates will vary from example

Tax Bill Portion	Assessment A	Tax Rate B	Property Taxes C = A x B
County of Bruce portion	\$268,000	0.00737268	\$1,975.88
Local Municipality portion	\$268,000	0.00413204	\$1,107.39
Education (Province) portion	\$268,000	0.00153000	\$410.04
Total	\$268,000	0.01303472	\$3,493.31

2.0 Pre-1998 Property Assessment and Taxation

The provincial government introduced reforms in 1998 that not only revised how property assessments were conducted and how property taxes were calculated, but also affected those services for which municipalities were responsible.

2.1 Assessment System Problems

In many areas of the province, the assessment base had become outdated resulting in confusion and unfairness for some taxpayers. Although the basis for property assessment was market value, it lacked consistency throughout Ontario. Valuation dates ranged from the 1940's to the 1990's across the province. The lack of consistency in valuation dates resulted in similar properties in the same municipality paying different property taxes. It was difficult for property owners to understand their assessments and to determine if their assessed values were appropriate. Property owners are generally aware of the current market value of their properties, but with outdated assessment bases where assessments bore no relation to actual market values; it was difficult to know if an assessment was correct.

Properties across the province were classified as having either residential or commercial and business assessment (i.e. only two broad classes of property). Property taxation for the two broad classes was based on mill rates (which is a rate per \$1,000 of assessment). Legislation required that the residential mill rate be equal to 85% of the commercial mill rate.

In addition, businesses occupying commercial property were subject to a Business Occupancy Tax (B O T) using business assessment and a commercial mill rate. Non-residential

property taxes (i.e. taxes on businesses) therefore consisted of a realty property tax portion and the B O T. It was a tax levied on businesses and not property owners and was the source of a large portion of municipalities' tax arrears. The B O T was eliminated as part of the tax reforms effective with the 1998 taxation year.

2.2 Proposed Solutions

The provincially appointed Who Does What panel¹ recommended reform of the assessment and property taxation system. Its recommendations included the following:

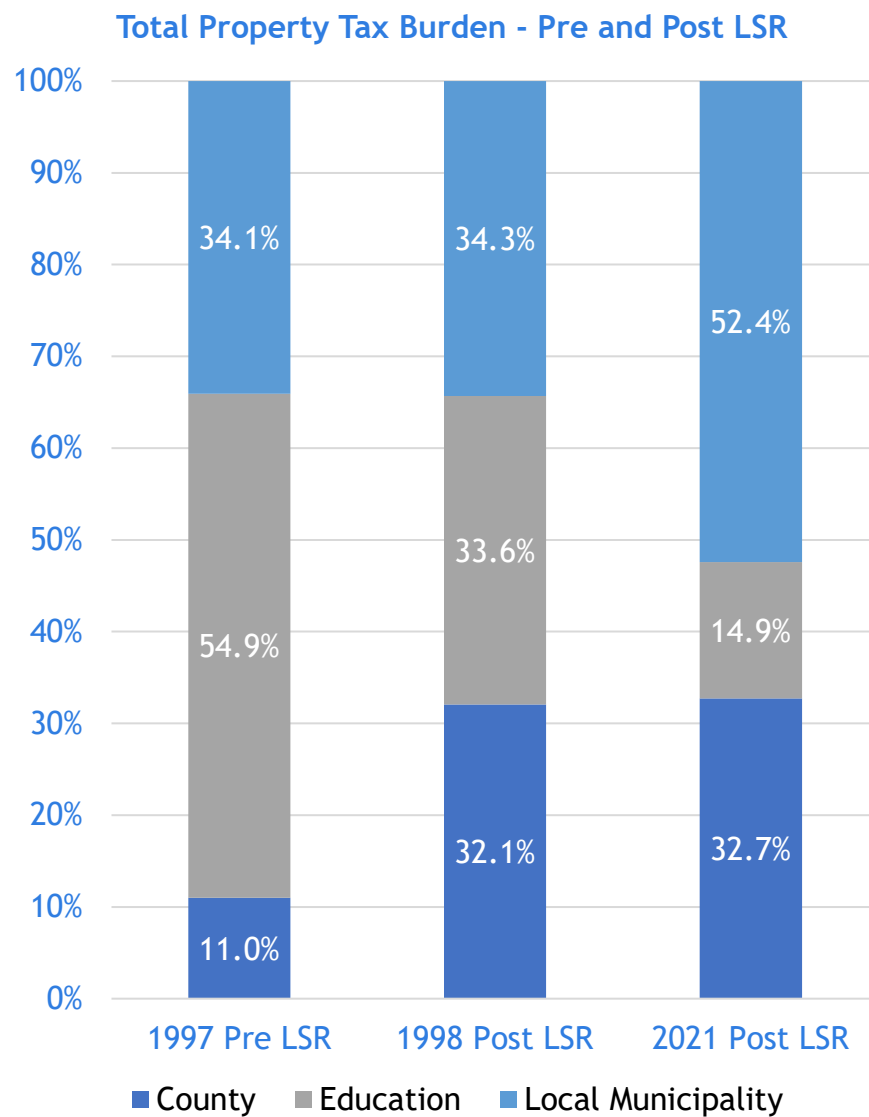
- Bring property values up to date across the province and keep them up to date by implementing an annual reassessment system by 2004 that uses a rolling three-year average to smooth out sharp fluctuations in property assessments.
- Base assessment on current values determined on the basis of current sales.
- Replace mill rates with "tax rates" which would be expressed as a percentage of the assessed value of property.
- Establish several property classes (i.e. residential, multi-residential, commercial, industrial).
- Allow municipalities to set different tax rates for different types of property and set parameters within which municipalities can set different tax rates for different property classes.
- Eliminate the B O T but allow for the recovery of the equivalent revenues from commercial and industrial classes.

- Allow for the phase-in of assessment-related tax changes.
- Offer a tax deferral to low-income seniors impacted by property tax reform.

1: The Who Does What panel was responsible for reviewing and recommending improvements to the provincial/municipal financial relationship. The panel reported to the Minister of Municipal Affairs and Housing in December 1996.

2.3 Local Services Realignment (LSR)

As the province implemented the recommendations of the Who Does What panel, which changed the provincial/municipal financial relationship, it changed the distribution of the total property tax burden. Services previously delivered or funded by the provincial government were transferred to municipalities as part of the initiative known as “Local Services Realignment” (L.S.R.). In order to offset the additional costs related to social assistance, public health, ambulance services, and social housing that were transferred to municipalities, the province removed approximately 50% of the education taxes from the residential property tax burden. This allowed municipalities to increase the municipal portion of the property tax bill in order to fund these additional services without adversely impacting property taxpayers.



3.0 Current Value Assessment and Taxation

The following table outlines the legislation enacted by the provincial government relating to the current method of assessment and taxation:

#	Name	Date Approved
Bill 106	Fair Municipal Finance Act, 1997	May 27, 1997
Bill 149	Fair Municipal Finance Act 2, 1997	Dec. 8, 1997
Bill 16	Small Business and Charities Protection Act, 1998	Jun 11, 1998
Bill 79	Fairness for Property Taxpayers Act	Dec. 18, 1998
Bill 140	Continued Protection for Property Taxpayers Act, 2000	Dec. 4, 2000
Bill 83	Budget Measures Act, 2004	Jun. 17, 2004
Bill 187	Budget Measures and Interim Appropriation Act, 2007	May 17, 2007
Bill 35	Investing in Ontario Act, 2009	May 14, 2008
Bill 212	The Good Government Act, 2009	Dec. 15, 2009
Bill 144	The Budget Measure Act, 2015	Dec. 10, 2015
Bill 70	Building Ontario Up for Everyone Act (budget Measures), 2016	Dec 8, 2016
Bill 57	Restoring Trust, Transparency and Accountability Act, 2018	Dec 6, 2018
Bill 229	Protect, Support and Recover from COVID-19 Act (Budget Measures), 2020	Dec. 8, 2020
Bill 43	Build Ontario Act (Budget Measures), 2021	Dec. 9, 2021
Bill 109	More Homes for Everyone Act, 2022	Apr. 14, 2022

The following sections describe the current methods of assessment and property taxation systems initially

implemented in 1989 and updated periodically through legislation changes.

3.1 Property Reassessment

Property reassessment refers to the updating of all property values across the province using the same base year of comparison to reflect their value. All properties are assessed on the basis of their current value at a specific point in time. When tax reform was initiated in 1997, assessments on all properties in Ontario were updated to reflect their value as of June 30, 1996. These 1996 assessment values were used as the basis for taxation in 1998, 1999 and 2000. The next reassessment date was June 30, 1999. The 1999 assessment values were used as the basis for taxation in 2001 and 2002. Taxation for 2003 was based on June 30, 2001 assessment values. Taxation for 2004 and 2005 was based on June 30, 2003 assessment values.

In the 2004 Ontario budget, the provincial government cancelled the reassessment planned for 2005. Instead, it adopted a new reassessment schedule starting with the 2006 taxation year based on assessment values as of January 1 of the year preceding the taxation year (e.g. for the 2006 taxation year, assessments would be based on the property values as of January 1, 2005). This change moved the valuation up six months from the June 30th date. Also, assessment averaging, which was to begin in 2005, was cancelled.

On March 28, 2006 the Provincial Ombudsman submitted his report entitled “*Getting it Right*”. The report was the result of an investigation into whether the MPAC process of valuing properties was fair and transparent. The investigation was

launched as a result of the large number of complaints received from taxpayers focusing on two areas:

- A lack of transparency in the property assessment system; and
- The integrity and efficiency of the decision making process.

The report contained twenty two recommendations that addressed these two concerns. In its response to the report, MPAC agreed that twenty of the recommendations were its responsibility. MPAC committed to implement seventeen of these as soon as possible and that the remaining three would require further review before they could be implemented due to significant resource, technology and cost implications. Recommendations eight and twenty one were identified as being the responsibility of the provincial government. The Minister of Finance responded that the government intended to engage in consultations with stakeholders and interested parties on these two recommendations.

On June 29, 2006 the Minister of Finance announced that the scheduled property reassessments for the next two years would be cancelled in order to allow for the implementation of the Ombudsman's recommendations to Ontario's property assessment system. The announcement further stated that MPAC had committed to implement all of the recommendations directed to it by 2009 and that this timetable would allow MPAC to address and consult with municipalities on the cost and resources required to implement the recommendations. The Ministry of Finance would consult with stakeholders on the Ombudsman's two recommendations that were specific to the government.

In the 2007 Ontario budget, the provincial government introduced additional changes to the assessment system to

enhance the fairness and predictability of assessments for property owners. A new four-year reassessment cycle was introduced and implemented for the 2009 taxation year, using a valuation date of January 1, 2008. This valuation would apply for the 2009-2012 taxation years. Subsequent reassessments will be conducted every four years using a valuation date of January 1st of the preceding year. A mandatory four year phase-in of residential, farm and managed forest assessment increases was implemented with the 2009 reassessment. In the 2008 Ontario Budget, the four year phase-in was expanded to include the commercial, industrial and multi-residential property classes by the provincial government. The table below shows the date on which properties have been and will be assessed for taxation purposes.

Taxation Year(s)	Assessment Date
1998 - 2000	Jun. 30, 1996
2001 - 2002	Jun. 30, 1999
2003	Jun. 30, 2001
2004 - 2005	Jun. 30, 2003
2006 - 2008	Jan. 1, 2005
2009 - 2012	Jan 1, 2008
2013 - 2016	Jan. 1, 2012
2017 - 2020	Jan. 1, 2016
2021*	Jan. 1, 2016
2022*	Jan. 1, 2016
2023*	Jan. 1, 2016

*The Ontario government has announced that the 2020 Assessment Update, using a January 1, 2019 valuation date, has been postponed. They have indicated that property assessments for the 2021, 2022 and 2023 property tax years will continue to be based on the fully phased-in January 1, 2016 current values. This means your property assessment for

the 2021, 2022, and 2023 property tax years will be the same as the 2020 tax year, unless there have been changes to your property. Further details can be found on MPAC's website: <https://www.mpac.ca/RespondingCOVID19>.

3.2 Property Classes

The current method of property assessment included the division of properties into nine mandatory classes and seven optional classes. Classes are defined by a Realty Tax Class (RTC) designation. In addition, property classes are split into mandatory and optional subclasses of properties. These were established in order to allow for the application of discounted tax rates due to the special nature of some properties. Subclasses are defined by a Realty Tax Qualifier (RTQ) designation.

On December 13, 2016, Ontario Regulation 449/16 was filed by the Ministry of Finance and established a new Landfill property class for use in 2017 and future years.

Additionally, the Ministry of Finance filed Ontario Regulation 264/2017 which made the New Multi-residential property class mandatory province-wide starting with the 2017 taxation year.

On May 3, 2018, Ontario Regulation 361/18 was filed by the Ministry of Finance and established two new optional subclasses for small-scale on-farm businesses in the commercial and industrial property classes.

Changes were made to increase the limit on the Farm Forestry Exemption (FFE) for farm woodlots to keep pace with the growth of farm sizes. Bill 43 amendment to Section 3(1)19 of the Assessment Act and O. Reg. 230/22 allowed the increase of

the acreage maximum per farm property owner in a municipality from 20 to 30 acres effective January 1, 2023.

The elimination of new construction classes for business properties was eliminated when Ontario Regulation 400/98, Education Act was amended by O. Reg. 12/22 effective January 1, 2023. Properties in the former New Construction RTCs were moved into their respective main RTCs.

RTC	2022 Old	2023 New
Commercial	X	C
Shopping Centre	Z	S
Office Building	Y	D
Industrial	J	I
Large Industrial	K	L

Mandatory Property Classes

1. Residential (RTC = R)
2. Multi-residential (RTC = M)
3. New Multi-residential (RTC = N)*
4. Commercial (RTC = C)
5. Industrial (RTC = I)
6. Pipelines (RTC = P)
7. Farm (RTC = F)
8. Managed Forests (RTC = T)
9. Landfill (RTC = H)

Mandatory Subclasses

1. Taxable at the full rate (RTQ = T)
2. Taxable no education taxes (RTQ = M)
3. Farmland awaiting development I (RTQ = 1)
4. Farmland awaiting development II (RTQ = 4)
5. Excess land (RTQ = U)
6. Vacant Land (RTQ = X)

* deemed mandatory province-wide in 2017.

Optional Property Classes (subsets of the mandatory classes)

1. Office Building (RTC = D)
2. Shopping Centre (RTC = S)
3. Parking Lot & Vacant Land (RTC = G)
4. Residual Commercial (RTC = K)
5. Large Industrial (RTC = L)
6. Professional Sports Facility (RTC = O)
7. Resort Condominium (RTC = Q)

Optional Subclasses

1. Small-Scale On-Farm Business - Commercial Property Class (RTC=7)
2. Small-Scale On-Farm Business - Industrial Property Class (RTC=7)
3. Small Business

3.3 Tax Ratios and Ranges of Fairness

Properties in different classes are taxed at different tax rates as a result of historical differences in tax burdens that were present prior to the 1998 reform of the property tax system and reflected in the initial transition ratios set by the Province. Typically, commercial, industrial and multi-residential properties pay higher taxes than residential properties. The different relative tax burdens among property classes are based on the tax ratios set by municipalities. Changing the tax ratios will result in a shift of the tax burden among classes.

Based on provincial legislation, the tax ratio for the residential class is set at 1.00. Initially, the farm and managed forest property classes were set at 0.25. Municipalities have the authority to lower the farm ratio starting with the 2003 tax

year. Municipalities can also change the tax ratios for the commercial, industrial, multi-residential and pipeline property classes. As these classes typically have a tax ratio higher than the residential class, the province only permits municipalities to change tax ratios towards established “ranges of fairness”. These ranges ensure that taxes are not shifted onto properties that are already subject to relatively higher tax rates. However, any reduction in the tax ratios for commercial, industrial, multi-residential or pipeline classes would directly impact the residential and related classes by creating a shift of taxes onto those classes. Municipalities can maintain their tax ratios at existing levels or elect to move towards the range of fairness.

The Ontario government provided the authority to change the tax ratios in order to achieve a revenue neutral tax position between property classes from 2003 to 2004 and 2005 to 2006 thereby eliminating the impact of any reassessment related tax shifts that normally occur at the time of each reassessment cycle. This option was not available in prior reassessment years.

The chart on the following page shows the tax ratio history in the County since 1999. The ratios are rounded to 4 decimal places. Not all of the tax classes have existed since 1999 and “n/a” representing “not applicable” is noted in those years.

3.4 Threshold Ratios

As part of Bill 140 - *the Continued Protection for Property Taxpayers Act, 2000*, the province created a new restriction prohibiting municipalities from levying municipal tax increases on commercial, industrial and multi-residential property classes if their respective tax burdens are above the provincial

class average. The Province filed Ontario Regulation 62/17 and 65/17 on March 9, 2017 and implemented starting with 2017 a full levy restriction for Multi-residential properties where the Multi-residential tax ratio was greater than 2.0. The province has set these “Threshold Ratios” for each of the three classes of properties so that municipalities will know whether they are subject to the levy restrictions. The County of Bruce is currently below the Threshold Ratios for all three classes as follows:

Property Class	Threshold Ratio	County of Bruce
Commercial	1.98	1.2331
Industrial	2.63	1.7477
Multi-residential	2.00	1.00
Landfill	25.00	1.223945

Tax Ratio History 1999 to 2022 (Rounded to 4 decimals)

Property Class	Ranges of Fairness	1999 - 2002	2003 - 2005	2006	2007 - 2016	2017	2018 - 2021	2022 - 2023
Residential	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Residential FAD Phase 1		1.00	1.00	1.00	0.75	0.75	0.75	0.75
New Multi-residential		n/a	n/a	n/a	n/a	n/a	1.00	1.00
Multi-residential	1.00 - 1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Commercial	0.60 - 1.10	1.2331	1.2331	1.2331	1.2331	1.2331	1.2331	1.2331
Commercial Excess		0.8631	0.8632	0.8632	0.8632	0.8632	0.8632	1.2331
Commercial Vacant		0.8632	0.8632	0.8632	0.8632	0.8632	0.8632	1.2331
Commercial On-Farm Business 1		n/a	n/a	n/a	n/a	n/a	1.2331	1.2331
Commercial On-Farm Business 2		n/a	n/a	n/a	n/a	n/a	n/a	1.2331
Industrial	0.60 - 1.10	1.7477	1.7477	1.7477	1.7477	1.7477	1.7477	1.7477
Industrial Excess		1.1360	1.1360	1.1360	1.1360	1.1360	1.1360	1.7477
Industrial Vacant		1.1360	1.1360	1.1360	1.1360	1.1360	1.1360	1.7477
Industrial On-Farm Business 1		n/a	n/a	n/a	n/a	n/a	1.7477	1.7477
Industrial On-Farm Business 2		n/a	n/a	n/a	n/a	n/a	n/a	1.7477
Landfill	0.60 - 1.10	n/a	n/a	n/a	n/a	1.2331	1.2256 - 1.2239	1.2239
Pipelines	0.60 - 0.70	1.0164	1.0164	1.0164	1.0164	1.0164	1.0164	1.0164
Farm	0.00 - 0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Managed Forest	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

4.0 Property Tax Policy Options/Tools

As part of the current property taxation system, the province established legislation to provide municipalities with more autonomy to make tax policy decisions and more flexibility to respond to local priorities. Municipalities were given a number of optional as well as mandatory “tools” in order to manage tax impacts. These “tools” are described briefly below.

4.1 Upper-tier Delegation of Tax Ratio Setting

The Municipal Act allows upper-tier municipalities to delegate the responsibility of setting tax ratios to its local municipalities, rather than setting region-wide tax rates for the upper-tier’s share of the property tax burden. Upper-tier municipalities that choose to delegate this authority must develop an apportionment methodology to determine the amount of the upper-tier levy that each of the local municipalities would be required to raise. Delegation requires unanimous local agreement as well as approval from the Minister of Finance.

The County of Bruce does not delegate the responsibility of tax ratio setting to its local municipalities.

4.2 Changing Tax Ratios

Tax ratios reflect how a property class’ tax rate compares to the residential rate. Changes in tax ratios affect the relative tax burden between property classes. Tax ratios can be used to prevent large shifts of the tax burden caused by relative

changes in assessment among property classes as well as to lower the tax rates on a particular class or classes. Municipalities are only permitted to adjust tax ratios for the multi-residential, commercial, industrial and pipeline property classes closer to the provincially prescribed ranges of fairness except when the change is to achieve a revenue neutral tax position between property classes thereby eliminating the impact of any reassessment related tax shifts that normally occur at the time of each reassessment cycle.

The County of Bruce is not proposing any tax ratio changes.

4.3 Optional Property Classes and Subclasses

Upper-tier municipalities have the option of establishing any of the optional property classes allowed in the legislation. Use of optional classes provides additional flexibility to adopt different tax ratios for different types of property within the broader commercial and industrial property classes.

The optional classes of property defined in provincial legislation are as follows:

- Office Building
- Shopping Centre
- Parking Lot & Vacant Land
- Residual Commercial
- Large Industrial
- Professional Sports Facility
- Resort Condominium

The optional subclasses of property are defined in provincial legislation as follows:

- Small-Scale On-Farm Business (Subclass I) - Commercial / Industrial Property Class
- Small-Scale On-Farm Business (Subclass II) - Commercial / Industrial Property Class
- Small Business

In 2018, Ontario Regulation 282/98 under the Assessment Act was amended by Ontario Regulation 361/18 to prescribe a new optional subclass for small-scale on-farm business for both the commercial and industrial property classes effective January 1, 2018.

In 2021, Ontario Regulation 282/98 was further amended by Ontario Regulation 828/21 to prescribe two optional subclasses for small-scale on-farm businesses, increasing the maximum assessed value of land eligible for inclusion in the subclass. This amendment came into force on January 1, 2022 and is effective for the 2022 taxation year onwards.

The County of Bruce in consultation with its local municipalities has not implemented optional property classes.

4.4 Optional Small Business Property Subclass

The Province of Ontario provided municipalities with the flexibility to target property tax relief to eligible small businesses through the adoption of a new Optional Small Business Property Subclass in the commercial and industrial property tax classes. The Ontario Regulations 331/21 and 332/21 governing the subclass were made on May 6, 2021 and provide further details on implementation, requirements for municipal by-laws, administration of the subclass and

provincial matching of municipal property tax reductions with education property tax reductions. The prescribed range for the subclass is set between 0 and 35 per cent.

The County of Bruce in consultation with its local municipalities has not implemented a new Optional Small Business Property Subclass due to uncertainties around the effectiveness of the subclass including the lack of available data to identify small businesses, obstacles related to enforcing the tax reduction, burdensome/costly program administration and equity/fairness in taxation.

4.5 Optional Tax on Vacant Residential Units

The *Municipal Act, 2001* includes Part IX.1 Optional Tax on Vacant Residential Units, which provides a designated municipality the authority to impose a tax on the assessed value of vacant units that are classified in the residential property class and that are taxable under the Assessment Act for municipal purposes. The **County**, as an upper-tier municipality, may seek this designation from the Minister of Finance.

The objective of the Optional Tax on Vacant Residential Units is to encourage property owners to sell unoccupied units or rent them out to address concerns about residential units potentially being left vacant by speculators.

The County of Bruce in consultation with its local municipalities has not implemented an optional tax on vacant residential units.

4.6 Graduated Tax Bands

Upper-tier municipalities have the option of establishing up to three graduated tax bands within the commercial and industrial classes. This tool provides the ability to protect lower valued properties by allowing municipalities to apply different tax rates for each band of current value assessment. However, this program is self-funded within the class, and as such, by providing a lower tax rate below a threshold, increases the tax rate(s) above the threshold(s).

The County of Bruce in consultation with its local municipalities has not adopted graduated tax bands.

4.7 Phase-in Program

Upper-tier municipalities have the option of establishing a program to phase-in all property tax changes that occur in the year of a reassessment, including municipal budgetary increases. Phase-in programs can apply to any or all of the property classes and may be spread over a period of up to eight years. For the purposes of a phase-in program, the residential, farm and managed forests classes are deemed to be one class.

A phase-in program is self-financing. Properties entitled to decreases will be required to forego a portion or all of their decrease in order to fund the phase-in of tax increases. Should a program shortfall occur, the upper-tier municipality and its local municipalities must share any shortfall occurring as a result of a phase-in program. This includes the education portion of the shortfall, as the province does not share in a phase-in program.

A phase-in program can use thresholds based on percentages or dollar amounts. The program may phase-in equal amounts each year, provided that the amount phased in each year is no more than the amount phased-in for the previous year.

The County of Bruce in consultation with its local municipalities has not adopted a phase-in program.

4.8 Municipal Tax Reductions

Upper-tier municipalities have the option of providing tax reductions for properties in the commercial, industrial and multi-residential classes. The tax reductions would be processed as a reduction on the tax bill rather than through an after-the-fact rebate. The cost of this program is funded by upper-tier and local municipalities and would not be shared by the province with respect to the education share of property taxes.

The County of Bruce in consultation with its local municipalities has not adopted a municipal tax reduction program.

4.9 Property Tax Rate Calculation Adjustment

In response to municipal requests, a technical adjustment to the provincially prescribed notional property tax rate calculation was announced in the *2016 Ontario Budget*. This adjustment ensures that when calculating notional tax rates, municipalities and the Province have the option to adjust the year-end assessment used in the notional property tax rate

calculation to offset changes resulting from certain in-year reassessment related changes, including:

- Assessment Review Board decisions
- Request for Reconsiderations
- Post Roll Amended Notices
- Special Advisory Notices

This effectively removes valuation changes from the annual assessment growth calculation. Application of the technical adjustment is an annual upper-tier municipal decision and requires council approval.

4.10 Capping of Property Tax Increases

Since the introduction of CVA taxation in 1998, provincial legislation mandates a limit to annual tax increases resulting from reassessment for the commercial, industrial and multi-residential classes. The purpose of this limit is to ensure that the impact of CVA reform is manageable for taxpayers in these three property classes. The limit is calculated based on the previous year's annual taxes but does not apply to municipal levy increases. Upper-tier municipalities may adopt the use of the optional property tax mitigation tools available in conjunction with a capping program.

The legislation permits municipalities to recover all or part of the cost of the “cap” by limiting the property tax decreases within the subject property class. Municipalities are given the flexibility to fund the “cap” with non-tax revenues and general tax rate increases across all property classes.

Under the initial “10-5-5 Capping” legislation, property tax reform related increases from 1997 to the commercial,

industrial and multi-residential classes were limited to a maximum of 10% in 1998, 15% in 1999 and 20% in 2000. The Region chose to fund the “10-5-5 Cap” by limiting the available tax decreases through a “clawback” within each class. This policy was continued for 2001, 2002, 2003 and 2004 at the 5% level of capping.

In the 2004 Budget (Bill 83) the provincial government introduced changes to the capping rules allowing municipalities some flexibility in their application starting in 2005. Municipalities are able to implement one or more of the following options for the capped property classes:

- Increase the amount of the annual cap from 5% to up to 10% of the previous year's taxes
- Implement a minimum annual increase of up to 5% of CVA-level taxes (based on previous year's annualized CVA taxes)
- Move capped or clawed-back properties directly to their CVA taxes if they are within \$250 of their CVA taxes (or within such lesser amount as may be specified by the municipality)

In 2009, the Provincial Government amended O. Reg. 73/03 to allow for adoption of additional options for the capped property classes. Municipalities are able to implement the following supplementary options:

- Remove any properties that in the prior taxation year reached CVA-level taxes from the capping program
- Remove any properties that cross over from being capped properties in the prior year to clawback properties in the current year or from being clawback properties in the prior year to capped properties in the current year from the capping program

As a consequence of continued advocacy from many municipal and business stakeholders, the Provincial Government approved O.Reg. 102/16 to further amend O.Reg. 73/03 and allow for adoption of new capping enhancement tools. Municipalities are able to implement the following additional enhancements starting in 2016:

- Increase the annual cap to a new maximum of 10% of the property's previous year's annualized CVA-level taxes (up from its previous amount of 5% as stated above)
- Increase up to a maximum \$500 threshold for moving capped or clawed-back properties directly to their CVA taxes (up from its previous maximum threshold of \$250 as stated above)
- A municipality with no properties currently remaining in the capping program in each property class is eligible to exit the program for that property class immediately
- A municipality with no capped properties beyond 50 per cent of CVA level taxes in a capped property class is eligible for a four-year phase-out from the capping program in that property class

The Provincial Government approved the following additional capping enhancements that can be implemented by municipalities starting in 2017 as a fair means of moving more properties towards full CVA based taxation:

- A municipality is eligible to exclude vacant land from the phase-out eligibility criteria where all properties must be within 50 per cent of CVA level taxes.
- A municipality is eligible to exclude reassessment related increases, for the current year, from the capping calculation.

County Council chose to implement all of the proposed optional tools (if eligible) for the capped property classes in

the 2005 taxation year and made adjustments in a number of the subsequent years.

County Council enacted By-law 2019-037 that authorized the ending of tax capping.

4.11 Tax Relief for Low-income Seniors and Low-Income Persons with Disabilities

Upper-tier municipalities are mandated to provide a tax relief program from all or a part of property tax increases to low-income senior and disabled taxpayers. The program must outline the definition of low-income senior and low-income persons with disabilities. The tax relief may be in the form of a cancellation of the tax increase, rebate or deferral program.

The County of Bruce, in participation with its local municipalities, is providing to eligible low-income seniors and low-income persons with disabilities an annual deferral program.

For more information visit:

<https://www.brucecounty.on.ca/departments/corporate-services>

4.12 Tax Relief for Registered Charities and Similar Organizations

Upper-tier municipalities are mandated to provide property tax rebates to registered charities that occupy commercial and industrial property. The rebate amount must be at least 40% of the taxes or amounts paid on account of taxes paid, but may be as much as 100% of the taxes paid. The cost of the program

is shared among the County of Bruce, the local municipalities and the province, which funds the education portion of the rebate. Municipalities have the option of extending the program to organizations that are similar to eligible charities and to charities or similar organizations that occupy property in classes other than commercial or industrial.

The County of Bruce of Peel has passed a by-law which established a program that provides a 40% rebate to registered charities that occupy commercial and industrial property.

For more information visit:

<https://www.brucecounty.on.ca/departments/corporate-services>

4.13 Tax Relief for People in Hardship

Local municipalities have the option of establishing a program to provide tax reductions or refunds to property owners in the residential and farm classes whose property taxes are deemed to be “unduly burdensome”. The province will automatically share in the cost of the program with respect to the education portion of the tax bill. Upper-tier municipalities have the option of sharing in the cost of the program with respect to the upper-tier portion of the tax bill.

The County has not enacted this.

4.14 Tax Rebate Program for Vacant Properties

Effective with the 2001 taxation year vacant properties in the commercial and industrial classes are shown on the Returned

Assessment Roll as fully occupied. These properties will now be taxed at 100% of the appropriate tax rate. Local municipalities are mandated to have a program to provide tax rebates to owners of commercial or industrial property that have vacant portions. Property owners may apply to the local municipality for a tax rebate for periods of vacancy. The program may include evidentiary requirements that must be satisfied for the owner to be entitled to the rebate.

The legislation allows a rebate for commercial properties of 30% and for industrial properties of 35% of the taxes paid. Upper-tier municipalities are allowed to establish a single percentage for both classes of properties. The Region of Peel has passed a by-law establishing a single percentage rebate of 30% of taxes paid.

In 2015, the Province initiated a review of both the Vacant Unit Rebate and the Vacant Land/Excess Land Sub-class Reduction programs with municipal and business stakeholders. As a result of this review, the *2016 Ontario Economic Outlook and Fiscal Review* included legislative changes to provide municipalities with broad flexibility to tailor these programs to meet community needs.

The County in consultation with its local municipalities have ended these programs effective with the 2022 taxation year.

4.15 Tax Discount for Farmland Awaiting Development

The Minister of Finance prescribed two sub-classes for Farmland Awaiting Development for the purposes of providing tax reductions. Farmland Awaiting Development Phase I applies to properties once a plan of subdivision has been

registered. Phase I subclass tax rates are to be set between 25% to 75% of the residential and farm property class tax rate even though the properties may be in the multi-residential, commercial or industrial property classes. Farmland Awaiting Development Phase II applies to properties once a building permit has been issued with respect to the property. Phase II subclass tax rates are to be set between 25% to 100% of the class rate of the property.

The County of Bruce passed a by-law in 2007 that provides Farmland Awaiting Development Phase I properties with a 25% reduction (taxed at 75% of the residential and farm property class rate). The by-law did not provide a reduction to Farmland Awaiting Development Phase II properties (taxed at 100% of the class rate).

4.16 New Construction Properties

Commercial, industrial and multi-residential properties that are newly constructed, undergo substantial physical changes or that change classification from an unprotected property class to a protected property class are taxed at a level of assessment that is no higher than that of six comparable properties in the same vicinity. Properties that qualify as new construction are not included in the capping calculation. As required by the legislation, MPAC must provide local municipalities with a list of up to six comparable properties for each eligible new construction property. The local municipality must give notice of the comparable properties and the total assessment determined to the property owner within 60 days after receiving the comparable information from MPAC. The property owner has 90 days from the mailing of the information by the local municipality to appeal in writing to the ARB to request that up to six alternative

properties be used as comparables in establishing its assessment.

In the 2004 Budget (Bill 83) the provincial government introduced changes to the legislation by allowing municipalities the option of phasing out the favourable treatment afforded to eligible new construction properties. In 2005 Regional Council adopted the phase out of the “new construction treatment” by creating floors and establishing a minimum percentage of CVA tax responsibility, such that eligible properties would be taxed at:

- Up to 70% of CVA-level taxes in 2005;
- Up to 80% of CVA-level taxes in 2006;
- Up to 90% of CVA-level taxes in 2007;
- Up to 100% of CVA-level taxes in 2008 and future years.

4.17 Property Tax Relief for Residences that are Built or Modified to Accommodate Seniors or Persons with Disabilities

The Assessment Act contains provisions to exempt from property taxes any alterations and additions that are made to existing residential properties to accommodate seniors or persons with disabilities. The exemption also applies to the prescribed portion of newly built homes that are designed to accommodate seniors or people with disabilities. It is the responsibility of the property owner of the eligible property to apply to MPAC for the exemption as the exemption must be approved by MPAC.

5.0 Roles & Responsibilities

Under the current assessment and taxation methodology the provincial government is responsible for establishing legislation, rules and regulations. MPAC is responsible for determining the assessment values for all properties in the province. Upper-tier municipalities are responsible for setting the municipal tax policies and the local municipalities are responsible for tax billing and collection, rebate program administration and appeals.

5.1 Provincial Government

The provincial government sets the policies and rules affecting property assessment and taxation in Ontario. It does this by creating legislation, called Provincial Statutes and also creates regulations, which are authorized under the Statutes. There are three ministries that play a role in assessment and tax policy.

Ministry of Finance

The principal ministry involved in setting assessment and tax policies is the Ministry of Finance. Under the *Fair Municipal Finance Act, 1997*, the Ministry created a new province-wide, current value assessment system, which also introduced new property classes. The Minister of Finance sets assessment policy and standards across the province and is responsible for Ontario's Tax and Property Assessment Legislation. The Minister of Finance is responsible for establishing the majority of the regulations governing reassessment and tax policy, such as Bill 35 introduced in the 2008 Ontario budget. This Ministry

is also responsible for setting education tax rates for all property classes.

Ministry of Municipal Affairs and Housing

The Ministry of Municipal Affairs and Housing is responsible for establishing some of the regulations under the *Municipal Act* and the *Tenant Protection Act* associated with property tax policy. As the primary contact with municipalities, it deals more with the implementation of legislation and regulations.

Ministry of Education

The Ministry of Education is responsible for establishing the deadlines for municipalities to pay their education tax installments. Although not responsible for setting the education tax rates, this Ministry is responsible for allocating the education taxes to the school boards.

5.2 Municipal Property Assessment Corporation (MPAC)

MPAC is responsible for assessing all property in Ontario. MPAC started operating on December 31, 1998, when the Government of Ontario transferred responsibility for property assessment to the Corporation. MPAC carries out its activities in accordance with the provisions of the *Assessment Act*, as well as regulations issued under the Act by the province of Ontario. Its main responsibility is to calculate an assessed value, or assessment, for each of the over five million properties in Ontario. These values are provided to individual property owners in the form of assessment notices and to

municipalities on assessment rolls. Municipalities use these values when they calculate property taxes.

Taxpayers have the right to appeal the assessed value of their properties. This is done through two processes. The Request for Reconsideration (RfR) process, which is mandatory for residential properties, requires MPAC to review the assessed value at the request of the property owner. If the property owner is still not satisfied with their assessed value following the RfR, they can appeal to the ARB. The ARB is an independent tribunal which is responsible for hearing property assessment appeals. It has the authority to change an assessed value. All parties to an appeal (property owner, MPAC and the municipality) can present evidence at an appeal hearing. The Board's decision is binding. If the result of either process changes an assessed value, the municipality will adjust the taxes for that property.

5.3 Online Property Tax Analysis (OPTA)

The Online Property Tax Analysis (OPTA) system is provided to municipalities by the Ministry of Municipal Affairs and Housing. OPTA consists of an assessment database of all properties in the province and associated report generators that permit municipalities to test local tax policy options. It can also be used to carry out the capping adjustments required under the *Municipal Act*.

5.4 County of Bruce and Local Municipalities

The County of Bruce, as the upper-tier municipality is responsible for the creation of property tax policies throughout the County. Although most property tax policies are set at the county level, the County works in co-operation with the local municipalities.

County of Bruce policy decisions include:

- tax ratio setting or delegation of tax ratio setting to the local municipalities
- optional property classes, if applicable
- graduated tax rates for commercial and industrial classes of properties, if applicable
- phasing-in of property tax increases/decreases
- how to fund the mandated caps for multi-residential, commercial, industrial properties, if applicable
- charity and similar organizations rebate programs
- low-income senior and disabled homeowners programs

Local municipalities are responsible for the following:

- tax ratio setting if delegated by the upper-tier municipality
- administration of the property tax system, including billing, collection, and rebates of property taxes
- taxpayer inquiries
- adjustments to tax bill
- tax relief for people in hardship, if applicable (unduly burdensome provision)
- tax reduction/rebate for heritage properties, if applicable

Contacts

The following offices can be contacted for more information about assessment and property taxation.

Arran-Elderslie, Municipality of

Phone: 519-363-3039

Website: <https://www.arran-elderslie.ca>

Brockton, Municipality of

Phone: 519-881-2223

Website: <https://www.brockton.ca>

Huron-Kinloss, Township of

Phone: 519-395-3735

Website: <https://www.huronkinloss.com>

Kincardine, Municipality of

Phone: 519-396-3468

Website: <https://www.kincardine.ca>

Northern Bruce Peninsula, Municipality of

Phone: 519-793-3522

Website: <https://www.northbrucepeninsula.ca>

Saugeen Shores, Town of

Phone: 519-832-2008

<https://www.saugeenshores.ca/en/index.aspx>

South Bruce, Municipality of

Phone: 519-392-6623

Website: <https://www.southbruce.ca>

South Bruce Peninsula, Town of

Phone: 519-534-1400

Website: <https://www.southbrucepeninsula.com>

County of Bruce

Phone: (toll free): 1-800-265-3005

Website: www.brucecounty.on.ca

Municipal Property Assessment Corporation (M P A C)

Phone: (toll free): 1-866-296-6722

Website: www.mpac.ca

Ontario Ministry of Municipal Affairs and Housing

Phone: 416-585-6500

Website: www.ontario.ca/page/ministry-municipal-affairs-housing

Ontario Ministry of Finance

Phone: (toll free): 1-866-668-8297

Website: www.ontario.ca/page/ministry-finance

Glossary of Terms

The following defines some of the key terms relating to assessment and property taxation.

Assessed Value (Assessment) The value of a property (lands and buildings) for taxation purposes.

Assessment Act The law that governs the way property is assessed in Ontario.

Assessment Review Board (ARB) An independent tribunal that hears assessment appeals. A decision made by the ARB is final unless a point of law is being disputed.

Assessment Roll An annual list of the assessed values of all properties in a municipality, which includes the name of the property owner or tenant, their address, the realty tax class, services to and size of the property and information on structures on the property if any. Assessment rolls are usually delivered to a municipality at the end of the year preceding the taxation year.

Capping and Clawback Capping refers to the option for a municipality to limit (cap) the tax increases on commercial, industrial and multi-residential properties. In order to fund the cap municipalities can limit tax decreases which are known as a claw back.

Current Value Refers to the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer.

Local municipality A municipality that is part of a county, region or district municipality.

Municipal Act The statute governing how municipalities administer municipal services and collect taxes.

Property Class A grouping of the same type of property for assessment and taxation purposes.

Ranges of Fairness Provincially prescribed range for the setting of tax ratios for the commercial, industrial, multi-residential and pipeline property classes. Municipalities are permitted to change their tax ratios only if the ratio is moved closer or within the ranges of fairness.

Reassessment The process of creating a new base for property taxation by updating assessments to reflect more recent values.

Roll Number A unique 19-digit number used as an identifier for each property.

Subclass of Property A subsection of a class of property prescribed by the Minister of Finance for the purposes of applying a lower tax rate.

Tax Rate A percentage applied to the assessed value of a property to generate tax payable. Municipalities will set the tax rate for each property class based on the revenue they will need to supply local services.

Tax Ratio Defines the tax rate of each property class in relation to the rate of the residential/farm property class. The tax ratio for residential/farm property class is 1. If the tax rate for commercial property is twice that of the residential property, then the commercial tax ratio is 2.

Upper-tier municipality A municipality which is a county, region or district municipality.

County of Bruce

2023 Tax Rates by Property Class and Municipality (Appendix 1)

Property Tax Class	Bruce County	Arran-Elderslie	Brockton	Huron-Kinloss	Kincardine	Northern Bruce Peninsula	Saugeen Shores	South Bruce	South Bruce Peninsula	Education
Residential	0.00472736	0.00838410	0.00956541	0.00691805	0.00820810	0.00467021	0.00694870	0.00870520	0.00591210	0.00153000
Residential FAD Phase 1	0.00354552	0.00628808	0.00717406	0.00518854	0.00615608	0.00350266	0.00521152	0.00652890	0.00443408	0.00114750
New Multi-Res.	0.00472736	0.00838410	0.00956541	0.00691805	0.00820810	0.00467021	0.00694870	0.00870520	0.00591210	0.00153000
Multi-Res.	0.00472736	0.00838410	0.00956541	0.00691805	0.00820810	0.00467021	0.00694870	0.00870520	0.00591210	0.00153000
Commercial	0.00582931	0.01033844	0.01179511	0.00853065	0.01012141	0.00575884	0.00856845	0.01073438	0.00729021	0.00880000
Commercial Excess Land	0.00582931	0.01033844	0.01179511	0.00853065	0.01012141	0.00575884	0.00856845	0.01073438	0.00729021	0.00880000
Commercial Vacant Land	0.00582931	0.01033844	0.01179511	0.00853065	0.01012141	0.00575884	0.00856845	0.01073438	0.00729021	0.00880000
Commercial On-Farm Business 1	0.00582931	0.01033844	0.01179511	0.00853065	0.01012141	0.00575884	0.00856845	0.01073438	0.00729021	0.00220000
Industrial Occupied	0.00826201	0.01465289	0.01671747	0.01209068	0.01434530	0.00816213	0.01214425	0.01521407	0.01033258	0.00880000
Industrial Excess Land	0.00826201	0.01465289	0.01671747	0.01209068	0.01434530	0.00816213	0.01214425	0.01521407	0.01033258	0.00880000
Industrial Vacant Land	0.00826201	0.01465289	0.01671747	0.01209068	0.01434530	0.00816213	0.01214425	0.01521407	0.01033258	0.00880000
Industrial On-Farm Business 1	0.00826201	0.01465289	0.01671747	0.01209068	0.01434530	0.00816213	0.01214425	0.01521407	0.01033258	0.00220000
Industrial On-Farm Business 2	0.00826201	0.01465289	0.01671747	0.01209068	0.01434530	0.00816213	0.01214425	0.01521407	0.01033258	0.00220000
Landfill	0.00578603	0.01026168	0.01170754	0.00846731	0.01004626	0.00571608	0.00850483	0.01065468	0.00723609	0.00880000
Pipelines	0.00480489	0.00852160	0.00972228	0.00703151	0.00834271	0.00474680	0.00706266	0.00884796	0.00600906	0.00880000
Farm	0.00118184	0.00209603	0.00239135	0.00172951	0.00205203	0.00116755	0.00173718	0.00217630	0.00147803	0.00038250
Managed Forests	0.00118184	0.00209603	0.00239135	0.00172951	0.00205203	0.00116755	0.00173718	0.00217630	0.00147803	0.00038250