

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Tuesday, March 7, 2023
Subject	<b>2023 Property Tax Policy</b>

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## Recommendation

That the 2023 City of Guelph property tax ratios and corresponding tax rates, as set out in Attachment-2 to the report 2023-89 titled 2023 Property Tax Policy dated March 7, 2023, be approved.

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## Executive Summary

### Purpose of Report

To provide information in Attachment-1 City of Guelph Property Taxation Tax Policy 101 and recommend that the 2023 property tax ratios and corresponding tax rates (Tax Policy), included as Attachment-2, be approved, and incorporated into by-laws. This provides sufficient time to prepare the final tax bills for meeting the legislated mailing date for the June 30, 2023 tax installment.

### Key Findings

Municipal Councils are required to make a number of Tax Policy decisions and pass the related by-laws annually. Attachment-2 and calculated rates are an administrative consolidation of previous applicable Council decisions, related to optional tax classes, tax ratios, and annual budget.

Through the 2023 budget confirmation process, property tax impacts and percentage increases were provided. This was calculated using the 2022 assessment roll, and policy. The Municipal Property Assessment Corporation (MPAC) has provided assessment data for the 2023 taxation year and all calculations referred to in this report are based on this data.

In 2023, a single family detached property with a median value of \$407,000 (based on 2016 Current Value Assessment (CVA) valuation date) will be levied \$4,379.64 in City taxes for an overall property tax increase of \$194.95, broken out in Table 1 below.

Table 1: Total Change in City Portion on a Single Detached Residential Property.

City of Guelph Portion	\$ Change	% Change
Assessment Roll Impact	\$10.24	
2023 Budget Impact	\$184.71	
Total Change in City Portion	\$194.95	4.66%

## Strategic Plan Alignment

This report aligns with Strategic Plan priority Working Together for our Future, running an effective, fiscally responsible, and trusted local government.

## Financial Implications

There are no financial implications related directly with this recommended Tax Policy. Tax ratios and subsequent tax rates only allocate the approved tax supported operating budget of \$295,882,530 over the different tax classes.

Annually, the cost of the mandatory charity rebate program is approximately \$120,000 which is included in the budget.

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## Report

Municipal Councils are required to make a number of Tax Policy decisions annually. The Municipal Act sets out the parameters to be followed by municipalities when setting property tax policies. These parameters include establishing tax ratios and discounts; use of graduated taxation and optional classes; and various tax mitigation measures. Annual Tax Policy decisions determine how the property tax levy, approved in the annual budget, will be distributed across the various classes of properties.

On January 25, 2023, Council approved the 2023 tax supported budget, of which \$295,882,530 is to be raised from taxation and payments-in-lieu. Also, at this meeting, Council approved funding the annual hospital levy of \$750,000 in 2023 through reserves.

Through the 2023 budget process, property tax impacts and percentage increases were provided. This was calculated using the 2022 assessment roll, and Tax Policy. MPAC has provided assessment data for the 2023 taxation year and all calculations referred to in this report are based on this data.

## 2023 Tax Policy

The following summarizes the Tax Policy and programs discussed in this report and corresponding attachment:

- Approving the 2023 tax ratios and tax rates
- Continuing the low-income seniors and low-income disabled tax relief program; and
- Continuing the charitable tax rebate program which the City annually accrues funds for.

The by-laws for approval resulting from this report are to come to Council in March to allow sufficient time to prepare and mail the final property tax bills within the legislated time frame for the June 30, 2023 installment.

## Tax Ratios

On April 24, 2017, Council adopted the recommendations in the [Tax Ratios 2017-2020 Assessment Cycle report](#), which provided direction for setting tax ratios for the reassessment cycle 2017 through 2020 based on January 1, 2016 current values. This direction was that all ratios remain at the previous year's ratio, except for the

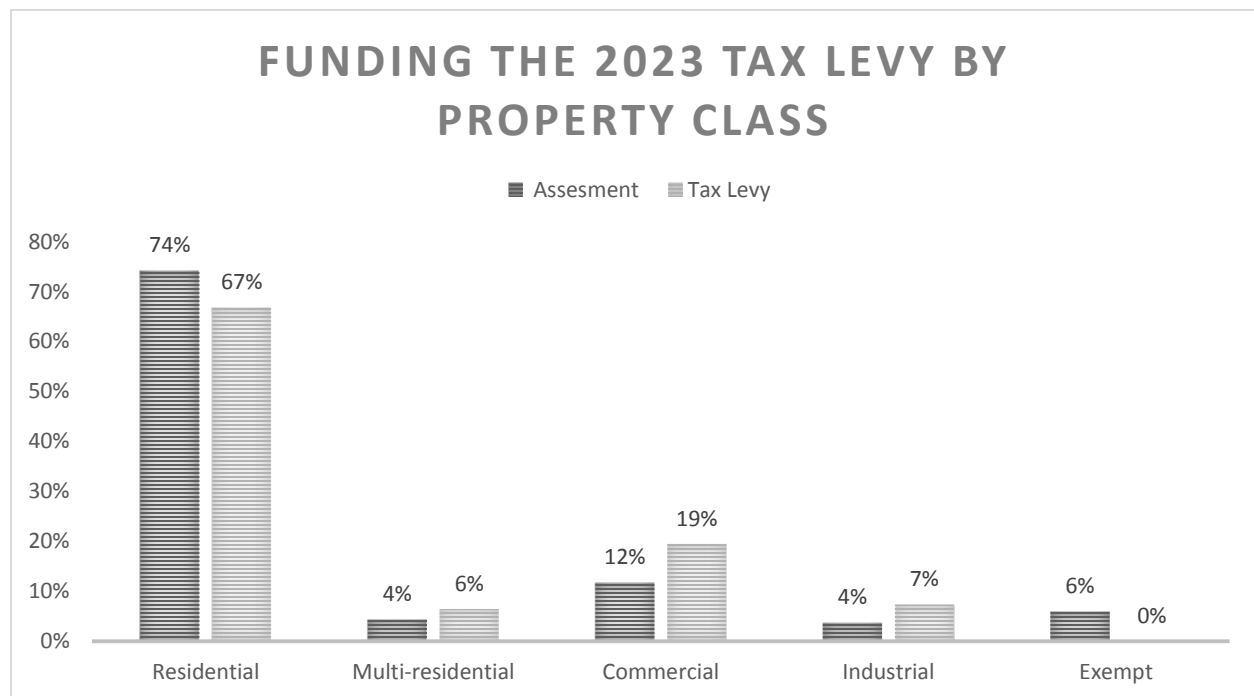
multi-residential ratio, which would remain revenue neutral on an annual basis. This direction was intended to cease after the 2020 tax year due to the planned reassessment cycle 2021 through 2024.

However, in March 2020, the Province announced it was postponing the planned reassessment and that assessment values used in 2021 would be the same as the fully phased-in assessment values used in 2020. The Province further announced on March 24, 2021 that the assessment values used in 2022 and 2023 would be the same as 2021. In November 2022, the Province did not bring forward any actions to move ahead with reassessment signaling January 1, 2016 current values would be used for taxation purposes for both 2023 and 2024. Therefore, there is minimal impact relating to reassessment to consider, and 2023 ratios are proposed to be maintained at the levels used in 2022.

Notably, despite the same assessment value date being used in 2023 as 2022, the assessment base for the City grew by over \$306 million in assessment, or 1.25 per cent, representing an overall taxation growth of 1.32 per cent, driven by growth of approximately \$225 million in assessment, or 1.24 per cent, in the residential tax class.

### **Funding the Tax Levy by Property Class**

The tax levy is funded primarily through four broad property tax classes: residential, multi-residential, commercial, and industrial. The split between total assessment and total tax levy based on the proposed Tax Policy for 2023 is shown below.



The residential tax class makes up 74 per cent of the City's total assessment base and funds 67 per cent of the tax levy. The assessment and tax levy split among all classes is consistent with prior years.

## Impact on the Average Residential Taxpayer

The impact on a single family detached property with a median value of \$407,000 (based on 2016 CVA valuation date) is shown in Table 2 below.

Table 2: Total Change in City Portion on a single Detached Residential Property.

City of Guelph Portion	\$ Change	% Change
Assessment Roll Impact	\$10.24	
2023 Budget Impact	\$184.71	
Total Change in City Portion	\$194.95	4.66%

The assessment roll impact is not driven by the 2023 budget and tax policy decisions. This impact is solely driven by tax shifting; the cumulative effect that assessment growth and loss have on the entire tax base, along with what the median single family detached residential property assessment in Guelph looks like. On an annual basis, the residential property continues to be bigger and of a higher quality as new larger, higher value homes are being constructed. This further increase in the residential property value provides for upward pressure when comparing a property year-over-year.

## Hospital Levy

In 2023, the hospital levy placeholder will continue to be shown separately on the final tax bill. However, a hospital levy amount will not be calculated, as the hospital levy will be funded through the use of reserves in 2023. This placeholder on the final tax bill represents Council's commitment to funding Guelph General Hospital renovations with \$750,000 on an annual basis that commenced in 2020 and continues through 2026.

## Tax Relief for Low-income Seniors and Low-income Persons with Disabilities

Municipalities are legislatively required to have a tax relief program under Section 319 of the Municipal Act. This program provides qualifying low-income seniors and low-income persons with disabilities tax relief through a deferral of property tax, should their annual assessment-related tax increase be greater than \$200. The program is set out in By-law (2015)-19988. [Deferral of taxes for low-income seniors and low-income disabled persons.](#)

## Tax Rebates for Charities

Municipalities are legislatively required to have this rebate under Section 361 of the Municipal Act. Qualifying charities, upon application, are provided a rebate of 40 per cent of taxes paid. In 2022, the City processed 29 rebate applications for a total dollar amount of \$165,516, of which the City's share was \$109,799, \$53,064 was from the school boards, and \$2,653 related to the Downtown Guelph Business Association. The charitable tax rebate program is set out in By-law (2002)-16851 and By-law (2003)-17152.

## **Financial Implications**

There are no financial implications related directly with the recommended 2023 Tax Policy. Tax ratios and subsequent tax rates allocate the approved tax supported operating budget of \$295,882,530 over the different tax classes.

Annually the cost of the mandatory charity rebate program is approximately \$120,000.

## **Consultations**

None.

## **Attachments**

Attachment-1 City of Guelph Property Taxation Tax Policy 101

Attachment-2 2023 City of Guelph Tax Ratios, Discounts and Rates

## **Departmental Approval**

James Krauter, Deputy Treasurer / Manager of Taxation and Revenue

## **Report Author**

Andrea Garner, Supervisor, Property Tax

## **This report was approved by:**

Shanna O'Dwyer

Acting General Manager, Finance/City Treasurer

Corporate Services

519-822-1260 extension 2300

[shanna.odwyer@guelph.ca](mailto:shanna.odwyer@guelph.ca)

## **This report was recommended by:**

Trevor Lee

Deputy Chief Administrative Officer

Corporate Services

519-822-1260 extension 2281

[trevor.lee@guelph.ca](mailto:trevor.lee@guelph.ca)