TO: Mayor and Council
FROM: Stephen Dickey, Deputy Treasurer
RESOURCE STAFF: Pat Carrol, Manager of Taxation and Revenue, Financial Services Department
DATE OF MEETING: 2010-04-06
SUBJECT: 2010 Tax Ratios

EXECUTIVE SUMMARY:
Council must pass a by-law each year, by April 30, to set the property class tax ratios as required in the Municipal Act (The Act). Tax ratios are applied to the residential tax rates in order to distribute the tax burden among assessment classes. Council approved the resolution “that the revised ratios to be established not exceed the provincial threshold for any class” at its March 21, 2006 meeting, Report No. 44 of the CAO, Clause 1. In addition, council approved By-law No. 2008-86 which establishes a 10 year phase-in to lower the multi-residential property class ratio to 2.1 by year 2017.

The proposed 2010 tax ratios comply with council’s direction.

RECOMMENDATION:
1. That council approve the 2010 tax ratios as follows:
   a. the residential and new multi-residential property classes be set at 1.0;
   b. the farm and managed forest property classes be set at 0.25;
   c. the industrial property classes be set at 2.63;
   d. the commercial property class be set at 1.98;
   e. the multi-residential property class be set at 2.547257; and,
   f. the pipeline property class be set at 1.1728.

2. That a by-law be presented and given three readings: “A By-Law to Establish the 2010 Tax Ratios”, in order to establish the 2010 tax ratios.
AUTHORIZING SIGNATURES:

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<th>ORIGINAL SIGNED BY COMMISSIONER</th>
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<td>Stephen Dickey, Deputy Treasurer</td>
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<th>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</th>
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<td>Gerard Hunt, Chief Administrative Officer</td>
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CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

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<tr>
<th>Commissioner</th>
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<tr>
<td>Cynthia Beach</td>
<td>Sustainability &amp; Growth</td>
<td>N/R</td>
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<tr>
<td>Terry Willing</td>
<td>Community Development Services</td>
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<td>Denis Leger</td>
<td>Corporate Services</td>
<td>N/R</td>
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<tr>
<td>Jim Keech</td>
<td>President and CEO, Utilities Kingston</td>
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(N/R indicates consultation not required)
OPTIONS/DISCUSSION:

The Act requires that municipal councils establish tax ratios by passing a by-law by April 30 each year. Tax ratios distribute the tax burden among property classes and therefore must be set prior to establishing the annual tax rates. Once set, the tax ratio for a class is multiplied by the residential tax rate, to determine the tax rate for that class.

The Act sets the ratio for the residential property class at 1.00; sets the maximum ratio for farm and managed forests property classes at 0.25 and sets the new multi-residential class ratio at 1.00, when a municipality passes a by-law creating this class. The remaining property classes: commercial, industrial, multi-residential and pipeline, have a maximum ratio being the transition ratio set in provincial regulation under The Act, and a minimum ratio of between 0.6 – 1.1, which is described in The Act as “the range of fairness”.

Council has reviewed the effects of changing tax ratios over the past years and has adopted policy measures which will not unduly shift taxes to the residential property taxpayers. In 2006, council approved the resolution “that the revised ratios to be established not exceed the provincial threshold for any class” (March 21, 2006 meeting, Report No. 44 of the CAO, Clause 1). The significance of this policy is that when a tax ratio exceeds the provincial threshold ratio for the class, the class is restricted to tax increases of only 50%, with the remaining amounts added to the residential property tax burden. Council also approved By-law No. 2008-86 which establishes a 10 year phase-in to lower the multi-residential property class ratio to 2.1 by year 2017. A report and analysis of the inequities of the multi-residential property class tax burden is found in Report No. AP-07-026 to the Administrative Policies Committee, November 13, 2007.

2010 Recommendation

The tax ratios recommended for 2010 are at the same level as those established for 2009, except for the multi-residential property class, which is set in By-law No. 2008-86. The change to the multi-residential ratio is a reduction of 0.063894: from a ratio of 2.611151 (2009) to 2.547257 (2010).

Once the ratios have been established the tax levy by-law can be prepared, which will set the tax rates to be applied to raise the taxes required for the 2010 budget.

EXISTING POLICY/BY LAW:

Municipal Act, 2001, as amended
O.Reg. 73/03, as amended (Tax Matters – Special Tax Rates and Limits)
O.Reg. 385/98, as amended (Tax Matters – Transition Ratios and Average Transition Ratios)
Council Resolution, Report No. 44 of the CAO, Clause 1, March 21, 2006
Council Resolution, Report No. 41 of the CAO, Clause 1, March 18, 2008
By-law No. 2008-86, “A By-law to Establish a 10 year Phase-in for the Multi-residential Property Class Tax Ratio”

NOTICE PROVISIONS:

Not applicable

ACCESSIBILITY CONSIDERATIONS:

Not applicable
FINANCIAL CONSIDERATIONS:
Taxation revenue is established in the operating budget and does not change as a result of changing tax ratios. Tax ratios distribute the tax burden among property classes and are applied against the residential tax rate to determine the tax rate for each class.

CONTACTS:
Pat Carrol, Manager of Taxation and Revenue, Financial Services Department
Ext. 2468

OTHER CITY OF KINGSTON STAFF CONSULTED:
Not applicable

EXHIBITS ATTACHED:
Appendix A - Draft “A By-Law to Establish the 2010 Tax Ratios”
DRAFT BY-LAW NO.
A BY-LAW TO ESTABLISH THE 2010 TAX RATIOS

PASSED:

WHEREAS Council of the Corporation of the City of Kingston has authorized a by-law to set tax ratios for prescribed property classes for municipal purposes;

AND WHEREAS the Corporation of the City of Kingston deems it necessary and expedient, pursuant to Subsection (4) of Section 308 of the Municipal Act, 2001, S.O. 2001 c.25, as amended, to establish the tax ratios for 2010 for the Corporation of the City of Kingston;

AND WHEREAS the Tax Ratios are the ratios that the tax rate for each property class must be to the tax rate for the residential property class where the residential property class tax ratio is 1.000000;

AND WHEREAS the property classes have been prescribed by the Minister of Finance pursuant to Section 7 of the Assessment Act, R.S.O. 1990, Chapter A.31 and amendments thereto;

NOW THEREFORE the Council of the Corporation of the City of Kingston enacts as follows:

1. That for the taxation year 2010, the tax ratio for property in:
   a) the residential property class is 1.0000;
   b) the new multi-residential property class is 1.0000;
   c) the multi-residential property class is 2.547257;
   d) the commercial property class is 1.98;
   e) the industrial property class is 2.63;
   f) the pipe line property class is 1.1728;
   g) the farmlands property class is 0.2500;
   h) the managed forests property class is 0.2500;
2. That for the purposes of this By-Law:
   
a) the commercial property class includes the office building property class, shopping centre 
   property class and parking lot property class;
   
b) the industrial property class includes the large industrial property class;
   
3. This By-Law shall come into force and take effect on the date of its passing.

GIVEN ALL THREE READINGS AND PASSED

CITY CLERK

MAYOR