

2012 Tax Policy

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Presented by: *Bryan Boles, Director Financial Management
and Planning / Deputy Treasurer, Niagara Region*

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Executive Summary

- Recommendation to maintain the current 2011 tax ratio, tax reduction, and capping program in 2012.
- Recommendation made following
 - Three PATR Committee meetings on tax policy
 - Presentation on the history of Niagara Region tax policy
 - Feedback from the business community
 - Input from the treasurers at local area municipalities (LAMs)
 - Considers the current property tax
 - 2011 BMA Study
 - Draft Education Rates
 - 2012 being the base CVA year for the 2013 to 2016 taxation years
 - On-going economic development program

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Executive Summary (con't)

- Recommendation is complimentary to the PATR Committee mandate:
 - Sensitive to the socio-economic environment in the Niagara Region
 - Supports Sustainable growth
 - Represents a balanced and fair treatment for all taxpaying classes
 - Minimize the cost of service delivery and administration to taxpayers

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BMA Study

Property Class	Property Type	Comparison Metric	Niagara Average*	Study Average	Comparison of Study	
Residential	Bungalow		\$3,012	\$2,942	Above	2.38%
	Executive		\$5,395	\$5,558	Below	(2.93%)
Multi-Res	Walk-up	Unit	\$1,397	\$1,319	Above	5.91%
	Mid/High-rise	Unit	\$1,550	\$1,555	Below	(0.32%)
Commercial	Office Buildings	Sq. Foot	\$2.58	\$2.88	Below	(10.42%)
	Shopping	Sq. Foot	\$2.97	\$3.35	Below	(11.34%)
	Hotels	Unit	\$1,924	\$1,736	Above	10.82%
	Motels	Unit	\$1,181	\$1,253	Below	(6.48%)
Industrial	Industrial Vacant Land	Acre	\$2,295	\$3,342	Below	(31.33%)
	Residual Industrial	Sq. Foot	\$1.66	\$1.72	Below	(3.49%)
	Large Industrial	Sq. Foot	\$1.05	\$1.31	Below	(19.85%)

* "Niagara Average" refers to combined impact of Niagara Region, LAM, and Education property tax rates on each property class. The average calculation is a "simple average" calculated as accumulative dollar figure of LAMs in the study divided by number of LAMs in the study (done on a per property class basis)

<http://www.niagararegion.ca/government/budget-taxes/bma.aspx>

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Impact of Education Rates

Taxable Class	2011 Education Taxes	2012 Education Taxes (Draft)	Change	
			\$	%
Commercial	\$ 68,187,998	\$ 67,436,541	(751,457)	(1.10%)
Industrial	\$ 12,893,256	\$ 11,032,152	(1,861,104)	(14.43%)

Impact on 2012 property taxes:

- Reductions will moderate levy increase on these classes.
- Industrial class will see a reduction
 - Some Perspective: Niagara Region's year over year property tax change to the industrial class is an increase of \$231,747 or 2.17% under the proposed tax policy leaving a reduction of \$1,629,357 before LAM impact.

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Property Assessment Review

Municipality	Residential		Multi-Res		Commercial				Industrial		
	Bungalow	Executive	Walk-up	Mid/High-rise	Office Buildings	Neighbourhood Shopping	Hotels	Motels	Vacant Land	Residual Industrial	Large Industrial
Fort Erie	CVA	CVA	CVA	CVA	CVA	CVA	CVA	CVA	CVA	CVA	CVA
Grimstby	low	-	low	mid	mid	-	low	low	low	low	low
Lincoln	high	mid	mid	low	mid	mid	high	mid	mid	mid	high
Niagara Falls	high	-	mid	low	-	mid	low	-	mid	mid	-
Niagara-on-the-Lake	mid	low	low	mid	mid	low	high	mid	mid	mid	low
Pelham	high	mid	-	-	low	mid	high	high	mid	mid	-
Port Colborne	mid	mid	mid	low	-	mid	-	low	-	low	-
St Catharines	low	-	low	mid	low	mid	-	low	low	low	mid
Thorold	mid	low	mid	mid	low	mid	mid	mid	mid	mid	low
Wainfleet	low	low	mid	low	mid	low	mid	low	mid	low	low
Welland	mid	-	low	-	-	-	-	low	-	mid	-
West Lincoln	mid	low	mid	mid	low	low	mid	low	low	low	low
Average	mid	low/mid	low/mid	low/mid	low/mid	low/mid	mid/high	low/mid	low/mid	low/mid	low/mid

The table above is compiled from the 2011 BMA Study.

As discussed at previous PATR Committee meetings, the Niagara Region "story" is generally low to mid assessment values that normalize the tax rate to generally provide a competitive property tax environment (Slide 5)

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Decision Factors – On-Going Initiatives

Key Affordability / Competitiveness Initiatives

- Economic Development (Reengineering)
- Development Charges Review

Property Taxes

- PATR 2 – 2012 -- 2011 Business Education Tax
- PATR 3 – 2012 -- Assessment Audit Update
- CSD 25 – 2012 -- Tax Policy, Property Assessment Valuations and Assessment Review Board (ARB) Hearing Support

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Tax Policy Applied

Niagara Region

Property Class	Niagara Region		
	2012 Levy	Change \$	Change %
Residential	\$ 209,943,341	\$ 6,587,890	3.24%
Farm	\$ 1,884,974	\$ 119,866	6.79%
Managed Forest	\$ 10,981	\$ 795	7.81%
Multi-Residential	\$ 13,565,623	\$ 521,777	4.00%
New Multi-Residential	\$ 87,935	\$ 2,692	3.16%
Commercial	\$ 56,244,419	\$ 1,699,684	3.12%
Industrial	\$ 10,924,007	\$ 231,748	2.17%
Pipeline	\$ 1,882,970	\$ 30,085	1.62%
	\$ 294,544,180	9,194,537	3.22%

Notes:

Each Property class's rate of tax change in comparison to the average is dependent on the rate of CVA change that class has experienced as a result of the assessment phase-in program. See next two slide.

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Tax Policy Applied

Niagara Region Change Year over Year

Property Class	2011 Levy	Revenue Growth	Shifts	Levy Increase	2012 Levy
Residential	201,036,981	2,284,145	34,255	6,587,890	209,943,271
Farm	1,761,276	(57,190)	61,022	119,866	1,884,974
Managed Forest	9,214	519	453	795	10,981
Multi-residential	13,169,265	(223,720)	98,301	521,777	13,565,623
New Multi-residential	132,143	(46,847)	(53)	2,692	87,935
Commercial	54,245,511	355,236	(56,012)	1,699,684	56,244,419
Industrial	10,627,784	173,746	(109,271)	231,748	10,924,007
Pipeline	1,846,850	34,730	(28,695)	30,085	1,882,970
Total	282,829,024	2,520,619	0	9,194,537	294,544,180

Revenue Growth = In-year revenue growth resulting from new assessment
 Shifts = Impact of CVA Phase-in (Property classes with positive amounts are increasing at a greater proportional rate that property classes with negative amounts)

Levy Increase = Difference between 2011 levy plus assessment growth less 2012 levy

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Tax Policy Applied

Average Niagara Region Property Taxes Per Property Assessment Class

Property Types	Assessment Change				Change in Niagara Region			
	2011 Phased CVA as Revised	2012 Full CVA as Returned	Change		2011	2012	Change	
			\$	%			\$	%
Single Detached Residential (Not on water)	217,565	227,147	9,582	4.40%	\$ 1,307	\$ 1,348	\$ 41	3.14%
Other Residential	187,084	195,907	8,824	4.72%	\$ 1,123	\$ 1,162	\$ 39	3.47%
All Residential	208,456	217,811	9,355	4.49%	\$ 1,252	\$ 1,292	\$ 40	3.19%
Farm	194,108	209,795	15,687	8.08%	\$ 291	\$ 311	\$ 20	6.87%
Multi-Residential	1,957,014	2,059,903	102,889	5.26%	\$ 24,022	\$ 24,983	\$ 961	4.00%
Commercial	777,379	810,589	33,210	4.27%	\$ 8,210	\$ 8,458	\$ 248	3.02%
Industrial	961,723	992,367	30,644	3.19%	\$ 15,189	\$ 15,486	\$ 297	1.96%
Pipeline	5,493,110	5,649,788	156,677	2.85%	\$ 56,148	\$ 57,060	\$ 912	1.62%

Notes:

1. Assessment change is greater than property tax change because assessment increased while the tax rate decreased
2. Average property class change does not equal the whole property class change on previous slides because all property types within each class are not included in the calculation as the intent of the illustration is to capture "normal" or "average" property types. In addition the number of properties in each property class from year to year will impact the calculation.

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Tax Policy Impact

Niagara Region Levy Distribution per Municipality

Local Municipality	2011 Levy	%	2012 Levy	%
Fort Erie	\$ 20,405,083	7.2%	\$ 21,313,538	7.2%
Grimsby	\$ 18,097,772	6.4%	\$ 19,013,581	6.5%
Lincoln	\$ 15,466,230	5.5%	\$ 16,281,650	5.5%
Niagara Falls	\$ 60,889,931	21.5%	\$ 63,457,261	21.5%
NOTL	\$ 19,381,521	6.8%	\$ 20,177,597	6.9%
Pelham	\$ 11,477,740	4.1%	\$ 11,927,648	4.0%
Port Colborne	\$ 10,110,273	3.6%	\$ 10,458,819	3.6%
St. Catharines	\$ 79,671,205	28.2%	\$ 82,563,380	28.0%
Thorold	\$ 11,144,059	3.9%	\$ 11,653,529	4.0%
Wainfleet	\$ 4,294,972	1.5%	\$ 4,475,764	1.5%
Welland	\$ 24,306,377	8.6%	\$ 25,285,174	8.6%
West Lincoln	\$ 7,583,861	2.7%	\$ 7,936,238	2.7%
	282,829,024	100%	294,544,180	100%

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Recommendation CSD 24-2012

The following tax ratios, tax reductions, and tax rates be adopted for the 2012 taxation year:

Property Classification	Ratio	Tax Reduction	Rate
Residential	1.0000	NA	0.00593352
New Multi-Residential	1.0000	NA	0.01212811
Multi-Residential	2.0440	NA	0.00593352
Commercial	1.7586	NA	0.01043469
Commercial – Excess Land	1.7586	30%	0.00730428
Commercial – Vacant Land	1.7586	30%	0.00730428
Industrial	2.6300	NA	0.01560516
Industrial – Excess Land	2.6300	35%	0.01014335
Industrial – Vacant Land	2.6300	35%	0.01014335
Pipelines	1.7021	NA	0.01009944
Farmland	0.2500	NA	0.00148338
Farmland FAD I	1.0000	25%	0.00445014
Farmland FAD II	Class Ratio	0%	Applicable Class Rate
Managed Forests	0.2500	NA	0.00148338

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Recommendation CSD 24-2012 (con't)

That the 2012 capping program reflect the following criteria:

- a) An annual cap set at the greater of:
 - i) An amount representing an increase of 10% of the previous year's annualized tax, or
 - ii) An amount representing an increase of 5% of the previous year's Current Value Assessment (CVA)
- b) And that, following the application of the capping program, all properties within +/- \$250 threshold of the CVA taxes be moved directly to CVA taxation
- c) Properties at CVA tax in 2011 be excluded from the capping program
- d) Properties that would cross over CVA tax in 2011 be excluded from the capping program (i.e. properties that would change from capped to clawed back and vice-versa)

That the 2012 capping program be funded by claw back from within respective classes pursuant to section 330 of the Municipal Act

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Questions?