

Property Tax Policy for 2007

**Presentation to City
Council by:**

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Property Tax Policy for 2007 - Agenda

- Tax policy decisions
- Impact of the decisions
- Impact on the home owner and other classes

Tax Policy Decisions

- Setting of tax ratios
- Determine the level of tax protection for the business classes (capping and clawbacks)

Decision 1 - Required

- **Option 1**

Keep the industrial tax ratios at current values and pass on 50% of levy increase

- **Option 2**

Move industrial ratio to the Provincial threshold of 2.63 and pass on 100% of levy increase

Option 1 is recommended

Decision 1 Required Cont'd

- **Option 1**
Effects above 2.63 threshold on taxes

2007 additional taxation	\$	
Residential		4.4 Million
Industrial		.4 Million

- **Option 2**
Effects at 2.63 threshold on taxes

Residential		4.5 Million
Industrial		.3 Million
Additional Residential tax burden		\$77,000
Additional Industrial tax relief		\$114,000

Decision 2 – Tax Capping

- Tax capping is an ongoing requirement
- Applies to Multi-Residential, Commercial and Industrial Classes
- City has policy of funding tax caps by holding back decreases

The Following Capping Tax Tools are Recommended:

- 10% cap over the 2006 annualized taxes
- Minimum 5% of Current Value Assessment (CVA) tax increase over 2006 taxes
- Moving capped and clawed back properties within \$250 of CVA taxes to CVA taxes
- Create a minimum CVA tax of 90% for newly constructed business properties

Properties Affected by the Mandatory 5% Cap

	Multi-Residential	Commercial	Industrial
Decrease Clawback %	32.27%	86.36%	87.36%
Clawback \$	\$28,491	\$1,531,896	\$253,667
# of Capped Properties	24	293	64
# of Clawback Decreasing Properties	75	1,195	97
# of CVA Tax Properties	279	1,161	234
Total # in Class	378	2,649	395

Not Recommended

Recommended: Full Options Implemented to Fast Track Properties to CVA Taxes

	Multi-Residential	Commercial	Industrial
Decrease Clawback %	29.69%	71.54%	76.17%
Clawback \$	\$20,786	\$1,239,243	\$216,958
# of Capped Properties	14	233	50
# of Clawback Decreasing Properties	24	893	75
# of CVA Tax Properties	340	1,623	270
Total # in Class	378	2,649	395

Summary of Recommendations:

Decision 1

- Adopt 2007 starting tax ratio for the industrial class and pass on 50% of the levy increase as it provides the best benefit to the residential class

Decision 2

- Adopt capping options to eliminate maximum number of capped and clawback properties
- Fund tax cap requirement on a class based revenue neutral basis

Taxes on a Typical Residential Property Owner (\$120,000 CVA)

	Career/Urban (Sudbury)	Composite/ Commuter (Valley East)	Volunteer/Commuter (NC, RB, Wa, OF, Ca)	Volunteer (Unorg.)
2006 Taxes	\$2,288	\$2,182	\$2,088	\$2,022
2007 Taxes	\$2,372	\$2,258	\$2,177	\$2,109
Change	\$84	\$76	\$89	\$87
Percentage	3.7%	3.5%	4.3%	4.3%

Tax Increases – Other Classes

- The impact within classes varies as a result of area rating
- The impact amongst classes varies as a result of the education tax

Multiple Residential	3.8% - 4.7%
Commercial	2.3% - 2.8%
Industrial	1.2% - 1.8%

Tax Policy Decision for 2007