



Corporation of the Municipality of Temagami

Memo No.
2021-M-025

Memorandum to Council

Subject: Taxation Ratios

Agenda Date: March 4, 2021

Attachments:

RECOMMENDATION

BE IT RESOLVED THAT Council receive Memo 2021-M-025, Taxation Ratios.

INFORMATION

In recent years, the taxation ratios were set using the revenue neutral calculations contained on the Ontario Property Taxation Assistance (OPTA) portal. The purpose of the revenue neutral taxation ratios is to maintain the relationship between the tax classes on a broader scale and using notional taxation values as established by legislation.

Earlier, the Province of Ontario announced that as part of their COVID-19 pandemic response, the update to the basis of assessment that was scheduled to be effective for the 2021 taxation year was not proceeding. As 2020 was the last of a four year phase-in of assessment values established in 2016, there is no change in the basis of, or in the phase-in of any assessments that would be effective for the 2021 taxation year. Accordingly, there is no revenue neutral calculation for taxation ratios for this year.

That being said, our ratios, especially in the Multi-Residential Class, is different than was the case in 2020. This is due to the fact that the previously established taxation ratio for this class is outside the 'range of fairness' as established by Provincial Legislation. When ratios are higher than the range of fairness, any budget increase that is proposed cannot be levied in that tax class but rather is spread amongst the other tax classes. This has the effect of altering the taxation ratio for the Multi-Residential Class. Eventually, the taxation ratio will be within the range of fairness and this would no longer apply.

The OPTA portal is relied on for these calculations and is also relied on when the tax rates are established to ensure our taxes are levied appropriately as required by Provincial Legislation.

A By-Law has been prepared to establish taxation ratios for 2021 and has been included in this agenda for Council's consideration.

Respectfully Submitted:
Craig Davidson
Treasurer/Administrator