

Municipality of Chatham-Kent

Finance, Budget and Information Technology Services

Financial Services

To: Mayor and Members of Council
From: Matt Torrance, MBA, CPA, CGA
Director, Financial Services
Date: April 15, 2020
Subject: Tax Policy 2020

Recommendations

It is recommended that:

1. A by-law to establish capping policies for certain Commercial, Industrial and Multi-Residential properties for the 2020 taxation year be approved.
2. A by-law to establish capping policies for New Construction Floor on Commercial, Industrial and Multi-Residential properties for the 2020 taxation year be approved.
3. A reallocation from tax claw back to allowance for doubtful accounts, in the amount of \$50,000, be approved.
4. The Broad Class Tax Transition Ratio for Landfill be set at 7.374 as prescribed by the Province of Ontario.
5. All other 2020 Tax Ratio policies remain unchanged from 2019 decisions.
6. A by-law to set tax ratios for prescribed property classes for Municipal purposes for the 2020 taxation year be approved.

Background

This report is intended to establish tax policy for 2020.

Reassessment occurred January 1, 2016 for implementation in the years 2017-2020. The impact of this reassessment is that increases are phased-in over four years, 2020 being the fourth year. Assessment reductions were implemented immediately in 2017. This caused a greater negative effect on the assessment base early in the phase-in which resulted in an upward push on tax rates in 2017. A reverse of this occurs in 2018-2020 as there is more assessment each year to spread the tax levy across. Attachment A demonstrates the number of properties in each class experiencing increases or decreases in their assessments.

As part of the March 2020 Economic and Fiscal Update, the Province of Ontario announced the postponement of the property reassessment for 2021. This means that assessments for the 2021 taxation year will continue to be based on the same valuation date that was in effect for 2020. This measure will not have a financial impact on the municipality.

Comments

As at January 2020, weighted assessment increased 5.01% over 2019 (see Table 9, column 5). This increase in assessment is primarily due to the phased in increases in assessment, assessments on new construction, and decreases from recent Assessment Review Board (ARB) decisions. While reassessment is revenue neutral to the Municipality as a whole, it does shift the burden of taxation between classes. Looking at weighted assessment, classes including Residential, Farmland, Commercial, Office Building, Industrial, Landfill, Multi-Residential, Parking Lots and Pipelines increased. Only Shopping Centre decreased. Since the Municipality does not profit from Current Value Assessment (CVA) changes, the overall tax rate lowers to compensate for the increase in total assessment.

There are several tax policy implications that determine the final tax bill of each property. Provincial regulations dictate some of the shifts in taxation and Council direction dictate others. Table 1 reflects the recommendations of this report on each class. It begins with the 2019 billed tax levy, illustrates the effect of each policy, and totals to the proposed 2020 tax levy.

Table 1						
2020						
Class	2019 Levy Restated	2020 Assessment Change	2020 Assessment Growth	2020 Budget Change	6.7505 Landfill Ratio Increase to 7.374	Municipal 2020 Levy
COMMERCIAL	27,711,291	(524,463)	1,208,159	726,940	(2,957)	29,118,970
INDUSTRIAL	5,777,325	(148,284)	253,846	185,958	(796)	6,068,050
Land Fill	212,508	(8,459)	1,698	7,974	19,699	233,420
MULTI RES	5,902,292	37,630	4,916	142,264	(558)	6,086,543
PIPELINE	2,501,929	(55,243)	5,580	88,372	(412)	2,540,227
RESIDENTIAL	98,211,481	(44,371)	885,676	2,849,457	(12,096)	101,890,147
FARM	14,806,085	743,190	40,123	598,204	(2,879)	16,184,724
Total	155,122,913	0	2,400,000	4,599,169	0	162,122,082

Class	% Change	% Change	Education	2020 Net Levy	Total	Total
	Before Assessment Growth	After Assessment Growth			% Change Before Assessment Growth	% Change After Assessment Growth
COMMERCIAL	0.72%	5.08%	146,564	29,265,534	1.25%	5.61%
INDUSTRIAL	0.64%	5.03%	35,867	6,103,917	1.26%	5.65%
Land Fill	9.04%	9.84%	-	233,420	9.04%	9.84%
MULTI RES	3.04%	3.12%	(3,037)	6,083,506	2.99%	3.07%
PIPELINE	1.31%	1.53%	(26,029)	2,514,198	0.27%	0.49%
RESIDENTIAL	2.84%	3.75%	(85,092)	101,805,055	2.76%	3.66%
FARM	9.04%	9.31%	71,779	16,256,503	9.53%	9.80%
Total	2.96%	4.51%	140,052	162,262,134	3.06%	4.60%

As demonstrated above, there has been an increase in the taxes allocated to all property classes. The increase to the Farmland class is primarily a result of reassessment. The assessment growth and the 2.97% budget increase make up the remainder of the increase in the other classes.

Table 2 below illustrates the average impact of the recommendations on a typical residential property.

Table 2 Average Municipal Tax Change Impact on a Typical Home	
2019 Municipal Tax (house value \$166,370) ¹	2,889.14
Effect of Re-Assessment ²	(1.31)
Budget Change ³	83.82
Effect of Erie Shore Drive ⁴	3.67
Landfill Ratio increase to 7.374 ⁵	(0.36)
2020 Municipal Tax (house value \$168,383)	2,974.96
Education Change	(2.50)
2020 Total tax	2,972.46

¹ An average house valued at \$166,370 in 2019 paid \$2,889 in Municipal Tax

² The impact of re-assessment shifts was a decrease in taxes on the average property of \$1.31

³ The budget increase approved by Council was 2.97 %. When applied to the weighted assessment, the impact on an average house was an increase of \$83.82

⁴ The reduction in taxes for the residents of Erie Shore drive resulted in an increase of \$3.67 on the average residential house

⁵ As a result of the significant change in assessment methodology for Landfill sites, the Provincial government has provided Chatham-Kent with transition ratio flexibility to ensure Chatham-Kent receives continued increases of taxes collected for the Landfill class over 2019 taxes collected

Note that an average house went up in value \$2,013 and is billed \$83.32 more in taxes. With all the recommendations, assessment, and education rate changes taken into account, this is an approximate 2.88% increase and is less than the 2.97% budget increase approved by Council. This increase includes an additional \$3.67 of taxes on the average home as a result of the Municipality no longer collecting taxes from March 1st, 2020 to December 31st, 2020 from the properties on Erie Shore Drive.

The following tax policy considerations each have a bearing on how much taxes an individual class pays:

1. Transition Ratios

Transition ratios are used as a tax policy tool by Council to weight assessment. The higher the transition ratio, the higher the assessment weight and the greater the relative tax burden. The Residential class is weighted at 1.0 by Provincial policy. Commercial pays almost twice the tax of Residential on the same value of property. Farmland is currently assessed at 22% of the Residential rate. Due to concerns regarding Municipal competitiveness, Council in 2009, lowered the large Industrial transition ratio from 2.9270 to the standard Industrial transition ratio of 2.4350 following input from Economic Development Services to entice manufacturers to locate in Chatham-Kent. In 2015 Council lowered both the standard Industrial and large Industrial from 2.4350 to 2.2159 and the Commercial broad class transition ratio from 1.9765 to 1.9646 to further enhance the competitiveness of Chatham-Kent's tax rates to attract more investment to our communities. Since 2016, Council has

further lowered the tax ratio in the standard Industrial and large Industrial classes from 2.2159 to 2.0350. It has historically been the goal of Council to continue to lower the Industrial ratios down to the Commercial ratio as attracting new Industrial employers will provide the most effective tax incentive to attract jobs and total assessment. As a result of Provincial transfer to property tax, the 2020 budget increase was larger than it has been in recent years. Therefore administration is not recommending further decreases to the Industrial ratio in 2020 as any decreases would have to be absorbed by the other classes which are already experiencing a higher than normal increase. Administration will continue to monitor with the long term goal of further reductions to the Industrial ratio in future years.

In 2020, administration is recommending the Commercial and Multi-Residential ratios remain at their current ratio of 1.9404.

Table 3: 2020 Class Ratio Comparison			
Municipality	Commercial	Industrial	Multi-Res
Chatham-Kent	1.9404	2.0350	1.9404
Lambton	1.6271	2.0476	2.0000
London	1.9200	1.9200	1.7491
St. Thomas	1.8645	2.2418	2.2472
Windsor	2.0187	2.3200	2.0000

Table 4 is included to demonstrate the impact of tax policy decisions for Commercial / Industrial on the Residential class. For example, a 1% shift to Residential taxes raises enough funds to lower Commercial taxes by 3.50%, or would lower Industrial taxes by 16.80%, or would enable a combined Commercial and Industrial reduction of 2.90%. The second section of Table 4 illustrates the dollar effect on properties in each class assessed at \$100,000.

Table 4: %Tax Effect of Residential Tax Burden Increase On Other Classes					
Class	0.5%	1.0%	1.5%	2.0%	2.5%
Commercial	-1.75%	-3.50%	-5.25%	-7.01%	-8.76%
Industrial	-8.40%	-16.80%	-25.20%	-33.60%	-42.01%
Combined	-1.45%	-2.90%	-4.35%	-5.80%	-7.25%

\$ Effect of Residential Tax Burden Increase Based on \$100,000 Assessment						
Class	Original Municipal Tax	0.5%	1.0%	1.5%	2.0%	2.5%
Residential	\$1,675.26	\$8.38	\$16.75	\$25.13	\$33.51	\$41.88
Commercial	\$3,261.90	-\$57.12	-\$114.25	-\$171.37	-\$228.50	-\$285.62
Industrial	\$3,409.16	-\$286.40	-\$572.81	-\$859.21	-\$1,145.62	-\$1,432.02
Combined	\$3,335.53	-\$48.34	-\$96.68	-\$145.01	-\$193.35	-\$241.69

Assumptions:

- * Includes only the Muncipal component of Tax
- * All tax calculations are based on Broad Class Transition Ratios
- * All Calculations based on Chatham Tax Rates and Tax Classes
- * All other tax classes including Farmland are not uneffected
- * Optional tax class ratios move in direct proportion with the broadclass ratio
- * Capped class transition ratios can be lowered but may not be raised without the consent of the province

Any reduction in either the Industrial or Commercial ratio will result in an immediate upward effect on the Residential, Multi-residential and Farm tax base.

Administration obtains Farm tax rate information from bordering rural municipalities. Table 5 illustrates that a hypothetical farm property with an assessment of \$500,000 would generate the following municipal taxes (excluding School Board):

Table 5 : Farm Taxes based on \$500,000 Assessment (2019 taxation)						
			Chatham-Kent		Difference	
St Clair Township	1,118	}		}	268	
Dawn-Euphemia	1,239					147
Southwest Middlesex	1,521		1,386			(135)
West Elgin	1,355					31
Leamington	1,859					(473)
Lakeshore	1,350					36

Based on the above survey, Chatham-Kent farm tax rates are somewhere in the middle when compared to surrounding jurisdictions. Farms to the south of Chatham-Kent generally pay less in taxation than the neighbouring municipalities to the east and west. Farms in the north of Chatham-Kent pay more than their neighbouring municipalities to the north. It is noted that Lambton County was the only neighboring municipality which had a 2019 farm ratio less than 25%, at 22.6%.

Table 6 shows the effect of a 1% rise in the Farm transition ratio on municipal taxpayers as a whole, as well as the impact on our hypothetical Residential property valued at approximately \$160,000. A 1% reduction in the ratio to 21% would have a similar opposite effect.

Table 6: Impact on tax burden from an increase in the farm class transition ratio from 22% to 23% on residential rate				
	Farm at 23%	Farm at 22%	Tax Shift Farm Cost	Impact on 160,000 Residential Benefit
Aggregate	\$ 16,829,928	\$ 16,202,337	\$ 627,591	
Farm property assessed at 500,000	\$ 1,685	\$ 1,619	\$ 66	-\$11
* Calculation Based on 2020 budget and 2020 assessment				
* Municipal Levy only				

The Farm transition ratio in Chatham-Kent is currently at 22%, down from 25% a number of years ago. Council lowered the ratio twice in the mid 2000's due to low cash crop commodity prices and the economic outlook for farmers. In the last five to ten years the economic conditions have improved and have been reflected in the large increase in farm sale prices captured in the January 1, 2012 and January 1, 2016 reassessments. Council can lower the ratio or increase the ratio to a maximum of 25% should it wish to do so. No changes are being recommended in this report to the Farm ratio as this issue was discussed extensively during the 2013 budget deliberations and due to the large increases in assessment currently being phased in from 2013-2020.

Table 7 illustrates the transition ratios recommended by administration for 2020.

Table 7 Transition Ratios Recommended for 2020						
Class	2000 Municipal Transition Ratio	2019 Municipal Transition Ratio		2020 Municipal Recommended Transition Ratio		Broad Class Transition Ratio Prescribed
Residential	1.0000	1.0000		1.0000		} No Prescribed Transition Ratio
Pipelines	1.2742	1.2742		1.2742		
Farm Land	0.2500	0.2200		0.2200		
Landfill	-	6.7505		7.3740		
Multi-Res	2.1488	1.9404		1.9404		2.0000
Commercial Residual	2.0106	1.9404	} 1.9472	1.9404	} 1.9471	1.9800
Office Space	1.6204	1.5638		1.5638		
Shopping Centre	2.3207	2.2397	} 2.0350	2.2397	} 2.0350	2.6300
Parking Lots	1.3455	1.2985		1.2985		
Industrial	3.2018	2.0350		2.0350		
Large Industrial	3.8480	2.0350		2.0350		

2. Maximum CVA-Related Tax Increases Be Set At 10%

Industrial, Commercial and Multi-Residential (capped classes) properties are protected from significant swings in taxation under section 329.1 of the Municipal Act, 2001. Under the Act, assessment related increases are limited to 10% unless a higher percentage is chosen by Council and specified by by-law. Under the same section, Council may elect to eliminate the cap on any property that is within \$500 of its “correct” levy (tax rate x assessment = correct levy).

Administration is recommending the maximum assessment-related tax increase on capped classes, being 10% permitted by legislation, be maintained, as well as maintaining eliminating the cap on any property that is within \$500 of its “correct” levy. Administration is also recommending the phasing out of the capping program by utilizing a limit of 10% of the previous year’s annualized CVA taxes. If an entire capped class has all properties at a level of at least 50% of their CVA value, those capped properties will have their capping protection phased out over a period of four years, at which time the class will be at its full CVA value. Administration is also recommending to exclude reassessment related changes from the application of part IX of the Act, thereby limiting capping protection to the assessed value of properties prior to 2019.

These decisions do not change the amount of revenue collected by the Municipality. It moves the tax burden more quickly from those properties that are overpaying to those that are not paying enough as determined by their current assessment. Council moved the tax cap up from 5% in 2005 once the legislation was changed.

Maintaining the cap at 10% for 2020 meets the following objectives:

- moves properties more quickly toward their correct tax contribution
- maintains the phase-in and capping option to be applied in future as required to deal with future tax changes
- reduces the number of properties paying taxes in excess of those normally owing on the basis of assessment
- improves the transparency and equity of the tax system

In 2020, administration is recommending the adoption of a by-law limiting new construction within the Industrial, Commercial and Multi-Residential properties from entering the capping program in the same manner as 2019. Instead, these properties will be taxed at their assessed value and do not have the ability to enter the capping program.

3. Specific Property Tax Protection and Assessment Issues

Table 8: Tax Protection and Assessment Issues		
	2019	2020
Tax Claw Back	\$125,000	\$75,000
Total	\$125,000	\$75,000

Claw Back Level

As a consequence of capping increases to protected classes, there is a deficiency within each property class. Council can recover costs from within the same class, or recover costs from the general levy, or both as was done in 2019. Administration is recommending continuing this funding program for 2020 similar to 2019 and it is expected that 100% of the claw backs will be funded at a cost of \$75,000 to the general levy. In 2020, administration continues to propose that any property within \$500 of its “correct” CVA tax will be moved to that level immediately.

No changes are being recommended to the capping program in 2020; the program has been reduced to \$75,000 for the 2020 tax year from \$125,000 in 2019. Administration is recommending that the budget amount continue to remain unchanged at \$125,000 and the remaining \$50,000 in funds be reallocated to increase the allowance for doubtful accounts budget. The Municipality has seen a large number of assessment appeals from large commercial and industrial properties resulting in significant write-offs. The number of appeals in 2020 has not decreased, and therefore it is expected that the deficit in allowance for doubtful accounts will continue moving forward.

Previous Non Taxable Commercial Capping – Unique Case

Chatham-Kent had a single commercial property that had a 2008 assessment that increased to \$60M and a subsequent 2012 assessment which decreased it to \$45M, with a further decrease in 2016 to \$6.2M as a result of a new assessment methodology. During the 2016 assessment cycle, the Province created a new Landfill class for this property. The Province has also provided Chatham-Kent with the flexibility for yearly tax increases within the Landfill property class as to not cause a property tax burden shift to other classes.

4. 2020 Assessment Roll

The assessment roll, delivered in December 2019, is for 2020 taxation. New construction increases the assessment value of the roll. Assessment Review Board decisions and Reconsiderations lower the value of assessment on the roll. Reassessment increases reflecting market values as at January 2016 are phased-in over 2017-2020, along with new assessment minus assessment reductions, resulting in an increased taxable weighted assessment for 2020 by 5.01% as illustrated in Table 9. With each reassessment, the decline in property values is realized in the first year, while increases are phased-in over a four year period.

Administration estimates that taxation from building activities increased by approximately \$2,400,000 in 2019. This \$2,400,000 was included in the 2020 budget as new tax revenue.

Chatham-Kent has always treated Current Value Assessment (CVA) adjustments as revenue neutral. CVA related tax revenue increases are offset by the tax rate decreases so that the total revenue collected from properties remains constant. Increased revenues occur when new buildings are constructed or improved and when Council increases its budget requirements.

The treatment of this issue is consistent with past years and is in line with the current budget process.

Table 9 Weighted Assessment Changes				
Average Class-Wide				
Weighted Assessment Changes				
From 2019 - 2020	Phased In	Phased in		
	2019	2020	Change	
Commercial	1,487,375,274	1,610,491,878	123,116,605	8.28%
Office	33,873,691	35,699,521	1,825,830	5.39%
Parking Lots	2,069,484	3,192,362	1,122,878	54.26%
Land Fill	16,880,300	18,439,424	1,559,124	9.24%
Industrial	327,456,007	343,344,107	15,888,100	4.85%
Large Industrial	75,570,257	80,433,344	4,863,087	6.44%
Shopping Centre	241,396,974	210,176,897	(31,220,076)	-12.93%
Multi Residential	360,853,295	375,869,839	15,016,544	4.16%
Pipelines	190,267,444	192,522,701	2,255,256	1.19%
Farmland	1,169,160,003	1,271,585,995	102,425,992	8.76%
Residential	6,570,974,529	6,858,939,221	287,964,692	4.38%
Average	10,475,879,277	11,000,697,311	524,818,033	5.01%

5. Small-Scale On-Farm Business Subclasses

On May 3, 2018, the Government of Ontario established two new optional subclasses for small-scale on-farm businesses to promote and support local farms across Ontario. The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the existing commercial and industrial tax rates. The reduced tax rate will apply to the first \$50,000 of eligible commercial or industrial assessment.

To qualify, the commercial and/or industrial facility must be an extension of the farming operation. In addition, 51% of the facility must be used to sell, process or manufacture something from a product produced on the farmland. If the commercial and/or industrial operation has an assessed value equal to or greater than \$1 million, it is not eligible for the small-scale on-farm business subclass. In Chatham-Kent, there are currently eight properties which are eligible for this new subclass. To support Chatham-Kent's agricultural community, administration is recommending no changes to the existing two optional subclasses.

6. Fire and Police Area-Rated Services

It was requested by previous Councils for administration to illustrate in this report what the area-rated charges were for Fire and Police. Table 10 below presents the cost per \$100,000 of residential assessment. It should be noted that assessments are generally higher in urban centres on similar structures because of other amenities such as access to sidewalks, transit, water and sewers. Administration costs are pro-rated to both rural and urban areas.

Table 10 : Emergency Services Area Rated Charge per \$100,000 Residential Assessment	
<u>Police</u>	
Rural	\$ 185.53
Urban and Urban Fringe	\$ 359.97
<u>Fire</u>	
Rural	\$ 83.33
Urban and Urban Fringe	\$ 219.50

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

Economic Development Services was consulted in relation to Industrial tax ratios, and supports the recommendation not to change the Industrial, Commercial and Multi-Residential ratios from 2019. MPAC provided assessment data. All calculations are done in-house.

Financial Implications

Tax policy is an integral part of the annual municipal taxation process. It determines which property classes fund what portion of the overall tax levy.

The tax policy by-laws require Council approval in order to establish the tax rates necessary for budgetary requirements of Chatham-Kent and its boards, commissions and agencies.

Prepared by:

Reviewed by:

Matt Torrance, MBA, CPA, CGA
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Attachment(s): A - Property Assessment Changes
 By-law – 2020 Tax Ratios
 By-law – Maximum Tax Increases
 By-law – New Construction Limits

c. Stuart McFadden, Director, Economic Development Services
 MPAC
 Ministry of Municipal Affairs and Housing

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APPENDIX A

Number of Properties by Class															
% Change		Residential		Commercial		Industrial		L Industrial		Multi Res		Farm		Pipeline	
From	To	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
-90%	-99%	202	0.49%	70	2.44%	25	3%	0	0.00%	0	0.00%	202	2.35%	0	0.00%
-80%	-89%	22	0.05%	2	0.07%	1	0%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-70%	-79%	10	0.02%	0	0.00%	0	0%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-60%	-69%	13	0.03%	1	0.03%	2	0%	0	0.00%	0	0.00%	2	0.02%	0	0.00%
-50%	-59%	12	0.03%	1	0.03%	1	0%	0	0.00%	0	0.00%	5	0.06%	0	0.00%
-40%	-49%	16	0.04%	3	0.10%	1	0%	0	0.00%	0	0.00%	7	0.08%	0	0.00%
-30%	-39%	11	0.03%	6	0.21%	2	0%	0	0.00%	0	0.00%	7	0.08%	0	0.00%
-20%	-29%	24	0.06%	12	0.42%	1	0%	0	0.00%	0	0.00%	2	0.02%	0	0.00%
-10%	-19%	41	0.10%	17	0.59%	2	0%	0	0.00%	2	1.32%	20	0.23%	0	0.00%
-5%	-9%	38	0.09%	20	0.70%	1	0%	0	0.00%	2	1.32%	20	0.23%	0	0.00%
0%	-4%	78	0.19%	31	1.08%	2	0%	0	0.00%	16	10.53%	114	1.33%	4	10.53%
0%	0%	39,458	94.94%	2,492	86.98%	676	90%	15	83.33%	115	75.66%	7,893	91.91%	20	52.63%
0%	4%	249	0.60%	39	1.36%	10	1%	2	11.11%	11	7.24%	116	1.35%	11	28.95%
5%	9%	202	0.49%	30	1.05%	3	0%	0	0.00%	3	1.97%	23	0.27%	0	0.00%
10%	19%	233	0.56%	12	0.42%	7	1%	1	5.56%	0	0.00%	28	0.33%	0	0.00%
20%	29%	101	0.24%	19	0.66%	1	0%	0	0.00%	1	0.66%	14	0.16%	1	2.63%
30%	39%	65	0.16%	7	0.24%	1	0%	0	0.00%	0	0.00%	6	0.07%	0	0.00%
40%	49%	37	0.09%	4	0.14%	0	0%	0	0.00%	0	0.00%	4	0.05%	0	0.00%
50%	59%	17	0.04%	6	0.21%	0	0%	0	0.00%	0	0.00%	2	0.02%	0	0.00%
60%	69%	19	0.05%	2	0.07%	0	0%	0	0.00%	0	0.00%	3	0.03%	0	0.00%
70%	79%	8	0.02%	1	0.03%	0	0%	0	0.00%	0	0.00%	1	0.01%	0	0.00%
80%	89%	4	0.01%	3	0.10%	0	0%	0	0.00%	0	0.00%	1	0.01%	0	0.00%
90%	99%	10	0.02%	1	0.03%	0	0%	0	0.00%	0	0.00%	1	0.01%	0	0.00%
>	100%	252	0.61%	11	0.38%	1	0%	0	0.00%	1	0.66%	11	0.13%	2	5.26%
	New	437	1.05%	75	2.62%	18	2%	0	0.00%	1	0.66%	106	1.23%	0	0.00%
Totals		41,559	100%	2,865	100%	755	100%	18	100%	152	100%	8,588	100%	38	100%

CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

BY-LAW NO. -2020

**“A by-law to Set Tax Ratios for Prescribed
Property Classes for Municipal Purposes
for the 2020 Taxation Year”**

WHEREAS it is necessary for the Council of The Corporation of The Municipality Of Chatham-Kent, pursuant to Section 308 of the Municipal Act, 2001, to establish the tax ratios for the Municipality;

AND WHEREAS the tax ratios determine the relative amount of taxation to be borne by each property class and are a component of tax policy;

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, c. A.31, as amended (hereinafter referred to as the “Assessment Act”);

NOW THEREFORE the Council of The Corporation of the Municipality of Chatham-Kent hereby enacts the following:

Assess Type	Description	Tax Ratio	Vacancy Factor
C1	Comm Farmland Awaiting Development 1	1.0000	0.25
C4	Comm Farmland Awaiting Development 11	1.9404	0.25
C7	Small Scale Value Added Farm	1.9404	0.25
X7	Comm New Value Added Farm	1.9404	0.25
CH	Comm Occupied/Hydro	1.9404	1
CT	Comm Occupied	1.9404	1
XT	Comm (New Construction)	1.9404	1
CK	Comm Vacant Units & Excess Land/ Hydro	1.9404	0.7
CU	Comm Vacant Units & Excess Land	1.9404	0.7
XU	Comm (New Construction) Excess Land	1.9404	0.7
CJ	Comm Vacant Land\Hydro	1.2985	1
CX	Comm Vacant Land	1.2985	1
XX	Comm (New Construction) Vacant Land	1.2985	1
DH	Office Buildings Occupied/ Hydro	1.5638	1
DT	Office Buildings Occupied	1.5638	1
YT	Office Buildings (New Construction)	1.5638	1
DU	Office Buildings Vacant	1.5638	0.7
YU	Office Buildings (New Construction) Excess Land	1.5638	0.7
FT	Farmlands	0.2200	1
HT	Land Fill	7.3740	1
GT	Parking Lot	1.2985	1
I1	Industrial Farmland Awaiting Development 1	1.0000	0.25
I4	Industrial Farmland Awaiting Development 11	2.0350	0.25
I7	Small Scale Value Added Farm	2.0350	0.25
IH	Industrial Occupied/ Hydro	2.0350	1
IT	Industrial Occupied	2.0350	1
J7	Industrial New Value Added Farm	2.0350	0.25
JT	Industrial (New Construction)	2.0350	1
IK	Industrial Vacant Units & Excess Land/Hydro	2.0350	0.65
IU	Industrial Vacant Units & Excess Land	2.0350	0.65
JU	Industrial (New Construction) Excess Land	2.0350	0.65
IX	Industrial Vacant Land	2.0350	0.65
IJ	Industrial Vacant Land\Hydro	2.0350	0.65
JX	Industrial (New Construction) Vacant Land	2.0350	0.65
LT	Large Industrial Occupied	2.0350	1
KT	Large Industrial (New Construction)	2.0350	1
LU	Large Industrial Vacant Units & Excess Land	2.0350	0.65
KU	Large Industrial (New Construction) Excess Land	2.0350	0.65
MT	Multi-Residential	1.9404	1
NT	New Multi-Residential	1.1000	1
PT	Pipelines	1.2742	1
R1	Residential Farmland Awaiting Development 1	1.0000	0.25
R4	Residential Farmland Awaiting Development 11	1.0000	0.25
RH	Residential & Farm/Hydro	1.0000	1
RT	Residential & Farm	1.0000	1
ST	Shopping Centre Occupied	2.2397	1
ZT	Shopping Centre (New Construction)	2.2397	1
SU	Shopping Centre Vacant & Excess Land	2.2397	0.7
ZU	Shopping Centre (New Construction) Excess Land	2.2397	0.7
TT	Managed Forests	0.2500	1

1. This By-law shall come into force and take effect upon finally being passed.
FINALLY PASSED this 27th day of April, 2020.

SIGNED

MAYOR-Darrin Canniff

SIGNED

CLERK-Judy Smith

CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

BY-LAW NO -2020

**“A by-law to establish maximum tax increases for certain
Commercial, Industrial & Multi-Residential properties
for the 2020 taxation year”**

WHEREAS Part IX of the Municipal Act, 2001, places limitations on taxes for certain property classes.

AND WHEREAS property in the commercial classes, the industrial classes and the multi-residential classes apply to this part, said classes referred to hereinafter as capped classes.

AND WHEREAS under section 330(1) of the Municipal Act Council may establish a percentage by which tax decreases are limited for a taxation year to recover all or part of the revenues forgone by placing limitations on tax increases for certain property classes.

AND WHEREAS municipalities may pass a by-law to limit capping protection to only reassessment related changes prior to 2020 and exclude 2020 changes from the application of Part IX of the Act;

NOW THEREFORE the Council of the Corporation of the Municipality of Chatham-Kent hereby enacts the following:

1. All reassessment related tax increases and decreases be put in place for 2020 to a maximum increase, in the case of capped classes, utilize a limit of 10% of the previous year's capped taxes and 10% of the previous year's annualized CVA (uncapped) taxes of 10% as calculated in accordance with the Act.
2. That, after the application of the 10% in #1 above, those properties with a remaining tax cap of \$500 or less, have the tax cap removed.
3. Where a property has a tax reduction withheld of \$500 or less after the application of calculations established under #5 below, that the tax reduction withheld be reduced to zero.
4. That once a property pays tax based on its full CVA value, it is deemed ineligible for future capping protection.
5. That Part IX of the Municipal Act, 2001 (limitation on taxes for certain property classes) does not now and hereafter does not apply to valuation changes for any property in the commercial, industrial or multi-residential classes that could be subject to capping as a result of the increase or decrease in value effective January 1, 2018 for 2020 taxation.
6. That capping increases above 10% be financed first by limiting tax decreases to all properties within the same capped class and then from all property classes, as part of the general tax rate, through the application of a single percentage such as the effect on each property class and on the Municipality as a whole does not exceed \$75,000.
7. That Business Improvement Area levies are separate and apart from commercial and industrial levies and are not subject to the tax limits in this bylaw.
8. That any area-rated levy, local improvement, water, drainage or other charge being increased or decreased in 2020 shall be a budgetary change and not subject to the taxation limits in this bylaw.

This By-law shall come into force and take effect upon finally being passed.

FINALLY PASSED this 27th day of April, 2020.

SIGNED

SIGNED

MAYOR-Darrin Canniff

CLERK-Judy Smith

CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

BY-LAW NO. -2020

**"A By-Law to Adopt Optional Tools for the
Purposes of Administering Limits for Eligible
Properties within the Meaning of Section 331
(New Construction) of the *Municipal Act, 2001*
Regarding the Commercial, Industrial and
Multi-Residential Property Classes"**

WHEREAS the Municipality may, in accordance with s. 329.1 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended (“*the Act*”) modify the provisions and limits set out in s. 331 of the Act, with respect to the calculation of taxes for municipal and school purposes payable in respect of property in the Commercial, Industrial and Multi-Residential property classes;

AND WHEREAS the Municipality may enact a By-Law to adopt the provisions of s. 329.1 of the Act whereby a “floor” or minimum uncapped tax percentage applies to eligible properties in one or more of the capped classes;

AND WHEREAS this By-Law shall only apply to properties in the Commercial, Industrial and Multi-Residential property classes, as defined by the *Assessment Act*, R.S.O. 1990, c. A.31 to which Part IX of the Act applies;

AND WHEREAS in this By-Law, “uncapped taxes” means the taxes for municipal and school purposes that would be levied for the taxation year but for the application of Part IX of the Act;

AND WHEREAS the Municipality relies upon sections 329.1 and 331 of the Act, and hereby deems it necessary and appropriate to adopt optional tools for the purpose of providing minimum amounts of taxes payable for the Commercial, Industrial and Multi-Residential property classes;

NOW THEREFORE the Council of the Corporation of the Municipality of Chatham-Kent hereby enacts as follows:

1. That s. 329.1(1)(8) of the Act shall apply to the Commercial, Industrial and Multi-Residential property classes for 2020.
2. That for all properties that become eligible within the meaning of s. 331(20) of the Act, the taxes for municipal and school purposes for the year or portion of the year shall be the greater of:
 - (i) The amount of the taxes determined for the property for 2020 under s. 331(2); and,
 - (ii) The amount of the uncapped taxes for the property for 2020 multiplied by one-hundred per cent (100%).

This By-law shall come into force and take effect upon finally being passed.

FINALLY PASSED this 27th day of April, 2020.

SIGNED

SIGNED

MAYOR-Darrin Canniff

CLERK-Judy Smith