**RECOMMENDATION**

a) That the following optional property classes be continued for the 2011 taxation year:
   - New Multi-Residential
   - Parking Lot and Vacant Land
   - Large Industrial
b) That, based on the 2011 final approved tax operating budget, the following final tax ratios be established for the 2011 taxation year:

- Residential 1.0000
- Multi-Residential 2.7400
- New Multi-Residential 1.0000
- Commercial (residual) 1.9800
- Parking Lot & Vacant Land 1.9800
- Industrial (residual) 3.2690
- Large Industrial 3.8333
- Pipeline 1.7367
- Farm 0.2028
- Managed Forest 0.2500

c) That the following tax reductions be established for the 2011 taxation year:

- Excess land subclass (residual commercial) 30%
- Excess land subclass (residual industrial) 30%
- Vacant land subclass (residual industrial) 30%
- Excess land subclass (large industrial) 30%
- Farmland awaiting development (1st subclass) 25%
- Farmland awaiting development (2nd subclass) 0%

d) That the existing property tax relief deferral program for low-income seniors and disabled persons be continued for the 2011 taxation year;

e) That the existing 40% tax rebate for eligible charities and similar organizations be continued for the 2011 taxation year;

f) That the existing 30% vacancy rebate for eligible commercial and industrial properties be continued for the 2011 taxation year;

g) That the existing Senior’s (65+) Tax Rebate Program be continued, with the following criteria updated for the 2011 taxation year:

(i) **Income threshold (150% of GIS couple)** increased to $31,464 ($31,030 in 2010);

(ii) **Assessment cap (120% of city-wide average)** increased to $316,600 ($299,800 in 2010);

(iii) **Rebate** increased by the CPI index to $165 ($161 in 2010);
h) That, for the 2011 taxation year, the tax capping percentage for any assessment-related tax increases in the Commercial, Industrial and Multi-Residential property classes be set at the maximum allowable of 10%;

i) That, for the 2011 taxation year, any capped property in the Commercial, Industrial and Multi-Residential property classes that is within $250 of its Current Value Assessment (CVA) of taxes in 2011, be moved directly to its' full Current Value Assessment (CVA) of taxes;

j) That, for the 2011 taxation year, the minimum percentage of Current Value Assessment (CVA) taxes for properties eligible for the new construction/new to class treatment be set at 100% of Current Value Assessment (CVA) taxes;

k) That for the 2011 taxation year, any property in the Commercial, Industrial and Multi-Residential property class which paid full Current Value Assessment (CVA) taxes in 2010, no longer be eligible for capping protection in 2011 and future years;

l) That, for the 2011 taxation year, all properties eligible for a tax reduction under the existing capping program receive the full decrease, funded from the approved capping program operating budget;

m) That the City Solicitor & Corporate Counsel be authorized and directed to prepare all necessary by-laws, for Council approval, for the purposes of establishing the tax policies and tax rates for the 2011 taxation year.

EXECUTIVE SUMMARY

This report highlights the tax policy tools/options for the 2011 taxation year. For the most part, the tax policies recommended for the 2011 taxation year are consistent with those recommended and approved by Council in prior years. For 2011, the only changes being recommended are as follows:

- the further reduction of the Industrial tax ratio in order to adhere to the provincial levy restriction; and
- the indexation of the criteria for the Seniors (65+) Tax Rebate Program to take into account increased property values and inflation.
- Note that changes to area rating have already been approved by Council on April 27th, 2011, and therefore not included in this report.
The “Analysis / Rationale for Recommendation” section of this report provides a table of all the tax policies being recommended.

**Alternatives for Consideration – Page 7**

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS** (for Recommendation(s) only)

**Financial:** Current and future tax policies impact the City financially in terms of revenue streams and their sources. The policies recommended in this report have no budget impact since they have all been incorporated into the 2011 budget.

**Staffing:** N/A

**Legal:** N/A

**HISTORICAL BACKGROUND** (Chronology of events)

Each year, staff bring forward tax policy options as part of the overall annual budget approval. The tax policies being recommended are consistent with the assumptions used when identifying tax impacts to Council during the 2011 budget process.

**POLICY IMPLICATIONS**

This report deals with a number of tax policy items.

**RELEVANT CONSULTATION**

Staff have consulted with Provincial staff to ensure that the recommended tax policies adhere to the Provincial legislation. Staff from the Taxation Division, which administer the rebate programs, have also been consulted.

**ANA LYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The following Table summarizes the 2011 tax policies being considered within this report:
<table>
<thead>
<tr>
<th>Tax Policy Tool</th>
<th>Mandatory vs. Discretionary</th>
<th>Recommendation</th>
</tr>
</thead>
</table>
| Tax Ratios                  | Mandatory Discretionary    | • Reduction of the Industrial tax ratio to adhere to the levy restriction and only pass on 50% (maximum allowable) of the residential budgetary tax increase  
• No change to all other tax ratios (Multi-Residential and Commercial tax ratios are at the provincial threshold and therefore no longer restricted) |
| Optional Property Classes   | Discretionary              | • No change  
• Maintain existing New Multi-Residential, Parking Lot and (Commercial) Vacant Land and Large Industrial optional property classes                                                                                                                                                                                                  |
| Graduated Tax Rates         | Discretionary              | • No change  
• Not recommended to establish graduated tax rates                                                                                                                                                                                                                                                                                       |
| Capping                     | Mandatory program with discretionary criteria | • No change – continue to set the maximum allowable capping criteria in an effort to limit the amount of capping  
• Movement towards the end of capping, with reassessment impacts being mitigated solely through the assessment phase-in  
• Continue to set capping criteria at 10% and $250 minimum, no capping if at full CVA taxes in 2010, full CVA taxes on new construction/ new to class, no clawbacks |
| Relief for Low-Income Seniors and Disabled | Mandatory                   | • No change  
• Continue existing deferral program                                                                                                                                                                                                                                                                                                           |
| Rebates to Charities        | Mandatory                   | • No change  
• Continue existing program – 40% rebate                                                                                                                                                                                                                                                                                                     |
| Vacancy Rebates             | Mandatory with discretion on rebate % | • No change  
• Continue to provide equal vacancy rebate of 30% to both Commercial and Industrial property classes                                                                                                                                                                                                                                           |
| Veterans / Legions Rebate   | Discretionary              | • Continue existing 100% rebate  
• Additional three year extension was approved in 2009 (2009-2011)                                                                                                                                                                                                                                                                         |
Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

<table>
<thead>
<tr>
<th>Heritage Tax Rebate</th>
<th>Discretionary</th>
<th>• Not recommended, consistent with 2010 (FCS10019/PED10031 “Heritage Property Tax Rebate Program”)</th>
</tr>
</thead>
</table>
| Senior Tax Rebate Program | Discretionary | • No change, continue existing program  
• 2010 updated rebate amount = $165 (2009 amount of $161 + CPI index)  
• Update assessment threshold to $316,600 (120% of the updated city-wide average assessed value for a single family dwelling)  
• Update income threshold to $31,464 (150% of updated GIS couple) |

With respect to tax ratios, the following Table identifies the recommended 2011 tax ratios versus the 2010 final approved tax ratios and the Provincial thresholds:

<table>
<thead>
<tr>
<th>Property Class</th>
<th>2010 Approved</th>
<th>2011 Recommended</th>
<th>Threshold Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>1.0000</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>New Multi-Residential</td>
<td>1.0000</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>Multi-Residential</td>
<td>2.7400</td>
<td>2.7400</td>
<td>2.74</td>
</tr>
<tr>
<td>Commercial Residual Parking Lot/Vacant Land</td>
<td>1.9900</td>
<td>1.9800</td>
<td>1.98</td>
</tr>
<tr>
<td>Commercial Residual Large</td>
<td>3.2918</td>
<td>3.2690</td>
<td>2.63</td>
</tr>
<tr>
<td>Industrial Residual Large</td>
<td>3.8601</td>
<td>3.8333</td>
<td></td>
</tr>
<tr>
<td>Pipelines</td>
<td>1.7367</td>
<td>1.7367</td>
<td></td>
</tr>
<tr>
<td>Farm</td>
<td>0.2028</td>
<td>0.2028</td>
<td></td>
</tr>
<tr>
<td>Managed Forest</td>
<td>0.2500</td>
<td>0.2500</td>
<td></td>
</tr>
</tbody>
</table>

As shown above, the Industrial tax ratio has been reduced for 2011 in order to adhere to the Provincial levy restriction, however continues to be above the threshold ratio of 2.63, and therefore still subject to the levy restriction. The Multi-Residential and Commercial tax ratios are at the provincial threshold of 2.74 and 1.98 respectively. Staff are not recommending any other changes to the existing tax ratios for 2011.
ALTERNATIVES FOR CONSIDERATION
(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

For discretionary tax policy tools, it is Council’s decision whether or not to establish the program. For mandatory tools/programs, Council may have some alternatives with respect to criteria only.

CORPORATE STRATEGIC PLAN  (Linkage to Desired End Results)


Skilled, Innovative & Respectful Organization
• Council and SMT are recognized for their leadership and integrity

Financial Sustainability
• Effective and sustainable Growth Management
• Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner
• Generate assessment growth/non-tax revenues

Growing Our Economy
• Competitive business environment

APPENDICES / SCHEDULES

None