

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

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DATE 14 October 1998

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **PROPERTY TAX POLICY DECISIONS FOR 1999**
- OPTIONAL PROPERTY CLASSES

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee recommend Council approve the continued use of the shopping center, office building, vacant commercial land/parking lot and large industrial optional property classes for the 1999 taxation year.

BACKGROUND

On 12 Aug 1998, Council approved the use of the shopping center, office building, vacant commercial land/parking lot and large industrial optional property classes for the 1998 taxation year. The relevant legislation requires that Council confirm, on an annual basis, the continued use of one or all of the optional property classes. For the 1999 taxation year, Council must make this decision by 31 Oct 1998. The legislation does provide for this deadline being extended by order of the Minister of Finance.

DISCUSSION

The recommendation to use all optional property classes for 1998 was based on the principle of establishing, to the extent possible under the new property taxation and assessment system, the same relative burdens of property taxation between the various classes of commercial and industrial properties as existed in 1997. With this starting point established, Council could then change the relative burdens of property taxation between these classes in future years by adjusting the tax ratios applicable to each class. Council chose to adopt the provincially regulated transition ratios for 1998 property taxation. Council has established an Adhoc Property Tax Policy Committee to conduct public consultation and recommend tax ratios for 1999.

The same policy basis for recommending the use of all optional property classes for 1998 continues to exist for 1999. Consequently, staff continue to recommend their use. During the public consultation and Council debate on 1998 property tax policy, however, there was some discussion about the desirability of using the vacant commercial land/parking lot optional class. The point of view was expressed that the lower tax ratio for this optional class (which results in a tax rate that is 6.8% lower than the rate for the vacant residual commercial property class) may encourage land speculation in the downtown core and/or lower parking lot rates which do not promote the use of public transit.

While it is the initial opinion of staff that the difference between the two applicable ratios is not significant enough to substantially affect the decisions of property owners as to the timing of the redevelopment of vacant commercial land or parking lots, staff would recommend that further research and public consultation be conducted prior to a decision being made to discontinue the use of this optional class. In addition, if this optional class was to be discontinued for 1999, the properties would revert back to the residual commercial class and be eligible to participate in the final year of the commercial rebate program. For these reasons, staff would recommend that the decision on the potential discontinuance of this optional class be considered for the 2000 tax year and that the continuance of the use of all optional property classes be confirmed for 1999.

Recognizing the tight time frame that would exist for consideration of this issue should Council not elect to approve the staff recommendation, in particular the continued use of the optional vacant commercial land/parking lot property class, staff have written to the Ministry of Finance requesting that the deadline for this decision be extended until the end of 1998.

Approved by
J.C. LeBelle
Finance Commissioner