

## **6. 2000 TAX RATES**

### **COMMITTEE RECOMMENDATIONS**

**That Council approve:**

- 1. The 2000 tax rates for each Regional service as detailed in Annex A;**
- 2. The taxation requirements for each Regional service as presented in Table 1;**
- 3. The preparation and submission to Regional Council of the necessary by-laws for enactment.**

### **DOCUMENTATION**

- 1. Finance Commissioner's report dated 12 April 00 is immediately attached.**

DATE 13 April 2000

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

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **2000 TAX RATES**

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### **DEPARTMENTAL RECOMMENDATION**

**That the Corporate Services and Economic Development Committee recommend Council approve:**

- 1. The 2000 tax rates for each Regional service as detailed in Annex A;**
- 2. The taxation requirements for each Regional service as presented in Table 1;**
- 3. The preparation and submission to Regional Council of the necessary by-laws for enactment.**

### **PURPOSE**

The purpose of this report is to seek approval from the Corporate Services and Economic Development Committee and Council of the 2000 tax rates for Region Wide, Police, Child Care, Transit and Solid Waste purposes in order to raise the taxation requirements as adopted by Council at its budget meeting on December 22, 1999 and as amended by the recommendations contained in this report.

### **BACKGROUND**

Section 366 (2 and 3) of the Municipal Act requires Regional Council, for purposes of raising upper tier levy requirements, to pass by-laws directing the council of each lower tier to levy the regional tax rates on the rateable assessment as specified in the by-law. Actual amounts to be requisitioned by the Region from each municipality cannot be finalized until the calculation of the 10-5-5 capping program on the commercial, industrial and multi residential property class is completed later this year.

## 2000 TAXATION REQUIREMENT

The budget as adopted by Council on December 22, 1999, established a total taxation requirement for regional programs at \$557.4 million. Based on the final assessment roll for 2000 taxation purposes, this taxation requirement translated into a total regional tax rate for residential properties of 1.1330%. This was the target tax rate as established by Council.

Since the adoption of the budget, a number of adjustments are required to the 2000 taxation requirements and to the assessment roll prior to the calculation of the 2000 tax rates. These adjustments are discussed below.

### 1) Region Wide Fund / Child Care Fund

The staff report entitled “2000 Draft Estimates - Recommended Adjustments” was adopted by Council on December 22, 1999. Included in the report was Schedule B which summarized the 2000 regional taxation requirements and the estimated tax rates.

Although the total adjustments as adopted by Council on December 22<sup>nd</sup> were correctly reflected on this schedule, the taxation requirements and tax rates for the Region Wide and Child Care service were not correct. The Council approved adjustment of \$580,000 in the Child Care fund for compensation in the Purchase of Service program was inadvertently shown in the Region Wide fund.

### 2) Professional Sports Facility Property Class

On December 8, 1999 Council adopted the report entitled “Professional Sports Facility Property Class”. Included in the report was a discussion of the two methods of providing tax relief to the Corel Centre - through the setting of tax ratios or through tax rates.

Based on the report recommendations, Council approved the use of this new property class and the use of the “tax rate method” to provide property tax relief to the Corel Centre. In addition, Council agreed to set the 2000 tax rate for the new class that would reduce regional property taxes payable to virtually zero on the stadium portion of the Corel Centre lands. The amount of tax relief to be provided was approximately \$1.5 million.

Due to the condensed budget review timetable, the 2000 taxation requirements were not updated to reflect the tax rate method, as adopted by Council. Instead, the taxation requirement as presented on December 22, 1999, reflected the **tax ratio method**. Under this method, the taxation requirement of \$557.4 million had been reduced by \$1.5 million to reflect the tax relief provided to the Corel Centre and to achieve the residential tax rate target of 1.1330%.

Under the **tax rate method** of tax relief, Council is required to submit an application to the Minister of Finance to set a special tax rate for the Corel Centre that would be lower than it otherwise would be as calculated using the existing tax ratios.

The provincial regulations require that the tax requirement must be set so that the tax rates generated for all property classes are equal to what they would have been in the absence of the special class. In order to conform to the regulation, the 2000 tax rates must be based on a taxation requirement that includes the tax relief to be provided to the Corel Centre. Therefore the tax relief of \$1.5 million must be added back to the \$557.4 million, as adopted on December 22, 1999, in order to generate the required tax rate. The additional \$1.5 million will be used to fund the tax relief for the Corel Centre.

**It is important for Council to note that the resulting residential tax rate remains at 1.1330%. The adjustment to the taxation requirement is simply a restatement issue to comply with the provincial regulations and does not result in an increase in tax rates.**

The special tax rates for the Corel Centre which are required to generate the tax relief as approved by Council are presented later in this report.

### 3) Payment in Lieu Adjustment (PIL's)

In reviewing the distribution of the 2000 budget for Payment in lieu revenues by fund (Region Wide, Police, Child Care, Transit, Solid Waste), staff recommend that the revenues in each fund be adjusted to more accurately reflect each fund's share of the total PIL revenue. The amount of adjustment between funds is shown in Table 1. The estimated total amount of PIL revenues for 2000 does not change.

### 3) Hydro Properties

Subsequent to Council's approval of the 2000 budget, staff were advised by the Ministry of Municipal Affairs and Housing that an adjustment must be made to the final roll to remove the assessment related to the former Ontario Hydro properties before final tax rates can be established. The assessment in Ottawa-Carleton associated with these properties amount to approximately \$12.3 million or 0.03% of the total assessment base of \$41.4 billion.

This adjustment is required as a result of the restructuring of Ontario Hydro on April 1, 1999 into five new private corporations. Although these properties are now taxable, the province amended section 361.1 of the Municipal Act to allow the taxes payable to be included in the definition of PIL properties. This was done to:

- continue the previous revenue sharing arrangement on these properties (i.e. the lower tier retains both the lower tier and education revenue generated from the application of the tax rate to the assessment);
- exclude these properties from the 10-5-5 capping calculation; and
- allow tax rates to continue to be calculated, as in the past, without this assessment.

In the development of the 2000 Regional budget, the revenues associated from these Ontario Hydro properties were reflected in the PIL revenue line. Therefore, the removal of the Ontario Hydro properties from the tax roll is necessary to ensure that the calculated tax rates generate the required taxation revenues.

#### 4) Transit Service Area

In December 1999, the calculation of the Transit tax rate as presented to Council was based on an estimate of the final assessment to be included in the service area. Upon verification with the area municipalities, the final assessment for transit purposes has increased by \$36.3 million from the original estimate representing an increase of 0.1%.

#### RECOMMENDED ADJUSTMENTS

As mentioned previously, the required adjustment to the 2000 taxation requirements for the Corel Centre will not affect the achievement of Council's residential tax rate objective of 1.1330%. However, the budget adjustments for the Region Wide / Child Care Fund and the Payments in lieu, along with the assessment adjustments for Hydro properties and the Transit service area will have an effect on the tax rates.

Although the budget adjustments for the Region Wide / Child Care and PIL's do not have an effect on the total level of taxation, the shift between funds has an impact on the total tax rate. In the case of the adjustment from the Region Wide to the Child Care fund, the \$580,000 is now being raised from a smaller assessment base – the Child Care service area. Overall, the total tax rate will increase. The adjustment will result in a tax rate increase in the Child Care Fund which will not be offset by the tax rate decrease in the Region Wide Fund.

The adjustment to the PIL revenues (a revenue decrease in the Region Wide fund and increase in all other funds) will have a similar affect, only in reverse. The total tax rate will decrease. Although the Region Wide fund tax rate will increase as a result of the PIL revenue transfer, the increase in PIL revenues in the other funds, especially the Transit service area, will result in a larger tax rate decrease. Again, this is due to the smaller assessment base in the service area.

The assessment changes for Hydro properties and the Transit service area also have an effect on the tax rate. The removal of the Hydro properties from the final roll decreases the assessment base from which to raise the taxation requirement. A higher tax rate is required in order to raise the same taxation amount. Conversely, the increase in the Transit service area will require a lower tax rate in order to raise the same level of taxation.

In the absence of any further adjustments to the 2000 taxation requirements, the above noted adjustments to the 2000 taxation requirements and the assessment changes would result in a residential tax rate of 1.1319%. In order to achieve Council's tax rate target of 1.1330%, an adjustment to the 2000 taxation requirement of \$555,000 is required.

During the review of the 2000 budget, Council passed the following motion:

*“That an amount of \$2 million be added to the corporate budget (Finance - Sundry and Remissions - CSEDC Operating Book page 133) for the provision of the Transition Team, subject to staff comments to be provided at the Council budget review meeting on 22 December 1999.”*

At the December 22 meeting, the Finance Commissioner recommended that a budget provision not be provided at that time, given the uncertainties surrounding the estimated costs of the Transition Board. The Commissioner also recommended that staff would report back to Council with a strategy on how to fund the costs of the Transition Board within the 2000 budget.

Although a definitive estimate of the Board’s costs has not been finalized, it is recommended that the additional \$555,000 be added to the 2000 budget to meet this future funding requirement.

Table 1 summarizes the issues discussed in this report.

<b>Table 1</b>	<b>Region Wide</b>	<b>Police</b>	<b>Child Care</b>	<b>Transit</b>	<b>Solid Waste</b>	<b>Total*</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b><u>Dec 22, 1999 Report</u></b>						
<b>2000 Taxation</b>	<b>290,462</b>	<b>105,088</b>	<b>15,363</b>	<b>120,878</b>	<b>25,576</b>	<b>557,367</b>
<b>2000 Residential Tax Rates</b>	<b>0.5619%</b>	<b>0.2033%</b>	<b>0.0324%</b>	<b>0.2634%</b>	<b>0.0504%</b>	<b>1.1330%</b>
<b><u>Recommended Adjustments</u></b>						
<b>1) Region Wide / Child Care</b>	<b>(580)</b>	<b>-</b>	<b>580</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2) Corel Centre Tax Relief</b>	<b>761</b>	<b>268</b>	<b>44</b>	<b>337</b>	<b>66</b>	<b>1,476</b>
<b>3) PIL Realignment</b>	<b>5,780</b>	<b>(750)</b>	<b>(360)</b>	<b>(4,500)</b>	<b>(170)</b>	<b>-</b>
<b>Taxation Requirement</b>	<b>296,423</b>	<b>104,606</b>	<b>15,627</b>	<b>116,715</b>	<b>25,472</b>	<b>558,843</b>
<b>Residential Tax Rate</b>	<b>0.5722%</b>	<b>0.2019%</b>	<b>0.0328%</b>	<b>0.2532%</b>	<b>0.0501%</b>	<b>1.1319%</b>
<b>4) Transition Board Provision</b>	<b>289</b>	<b>104</b>	<b>15</b>	<b>121</b>	<b>26</b>	<b>555</b>
<b>2000 Revised Taxation</b>	<b>296,712</b>	<b>104,710</b>	<b>15,642</b>	<b>116,836</b>	<b>25,498</b>	<b>559,398</b>
<b>2000 Residential Tax Rates</b>	<b>0.5728%</b>	<b>0.2021%</b>	<b>0.0329%</b>	<b>0.2534%</b>	<b>0.0501%</b>	<b>1.1330%</b>

\* Total Residential Tax Rate Includes Fire Supply Rate of 0.0217%

#### COREL CENTRE TAX RATES

As discussed previously, Council approved the use of the new Professional Sports Facility Property Class and to utilize the Tax Rate method in providing tax relief to the Corel Centre. In addition, Council agreed to set the 2000 tax rate for this new class at a level that would reduce the property taxes payable to virtually zero on only the stadium portion of the Corel lands.

This tax relief is conditional on a binding agreement between the Region, the owners of the Ottawa Senators Hockey Club and the National Hockey League that the Ottawa Senators Hockey team remain at the Corel Centre for five more full hockey seasons, as a minimum. A report from the Acting Regional Solicitor is to be provided to Council outlining the status of these negotiations.

The provincial regulation (174/00) which establishes the use of a “professional sports facility class”, defines the roll numbers to be included in the class. In addition, the regulation states that:

*“the professional sports facility class shall not include any portion of the property where goods or services are offered to the public on a regular basis on non-event days”*

The intent of the regulation is to exclude from the class and therefore from any potential tax relief, properties such as the on site restaurants which are open on non-event days. In order to comply with the regulation, the assessment associated with these establishments must be removed from the total assessment of the Corel lands.

Unfortunately, the assessment roll does not provide this information. The City of Kanata has requested the assistance of the Provincial Assessment Office but has not received any information in this regard. In the absence of this information, the Treasurer of the City of Kanata has calculated an estimated assessment for these properties based on the 1997 business assessment. For purposes of developing the tax rates, the assessment for this new property class has been set at \$78,031,702, which represents the Corel lands assessment (\$83,065,000) less the estimated assessment of the on-site properties (\$5,033,298) as provided by the Treasurer of the City of Kanata.

In order to establish the required 2000 tax rates for this class, the total taxation for the Corel Centre, prior to any tax relief, must first be calculated. The total taxation on the Corel Centre (excluding the on-site properties) for regional purposes in 2000 would be approximately \$1,621,404. Based on Council direction, the amount of tax relief to be provided (on the stadium portion only) amounts to \$1,476,311. The remaining taxation requirement \$145,093 is divided by the total Corel lands assessment (\$78,031,702) to arrive at the 2000 tax rates. Table 2 summarizes these calculations.

**Table 2**

	<b>Region Wide</b>	<b>Police</b>	<b>Child Care</b>	<b>Transit</b>	<b>Solid Waste</b>	<b>Total*</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b><u>No Mitigation</u></b>						
<b>Stadium</b>	<b>760.9</b>	<b>268.5</b>	<b>43.6</b>	<b>336.7</b>	<b>66.6</b>	<b>1,476.3</b>
<b>Other Lands</b>	<b>74.8</b>	<b>26.4</b>	<b>4.3</b>	<b>33.1</b>	<b>6.5</b>	<b>145.1</b>
	<b>835.7</b>	<b>294.9</b>	<b>47.9</b>	<b>369.8</b>	<b>73.1</b>	<b>1,621.4</b>
<b>Less: Tax Relief on Stadium</b>	<b>(760.9)</b>	<b>(268.5)</b>	<b>(43.6)</b>	<b>(336.7)</b>	<b>(66.6)</b>	<b>(1,476.3)</b>
<b>2000 Taxation</b>	<b>74.8</b>	<b>26.4</b>	<b>4.3</b>	<b>33.1</b>	<b>6.5</b>	<b>145.1</b>

<b>2000 Tax Rates</b>	<b>0.0958%</b>	<b>0.0338%</b>	<b>0.0055%</b>	<b>0.0424%</b>	<b>0.0084%</b>	<b>0.2076%</b>
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\* Total Tax Rate for the Professional Sports Facility class includes Fire Supply Rate of 0.0217%

### SUMMARY

The calculation of tax rates as presented in Annex A, are based on the revised assessment roll and reflects the revised taxation requirements of \$559,398,000 as presented in Table 1. Approval of the tax rates for the Corel Centre will be subject to the signed agreement and to the approval of the Minister of Finance.

For information purposes, Annex B presents, by municipality, the average residential property tax impact between 1999 and 2000 for a homeowner with a property assessment of \$150,000. It should be noted that the six year phase-in of the regional police service tax rate is now complete and that in 2000, property owners across Ottawa-Carleton in the same property class will be subject to the identical tax rate.

### TRANSITION BOARD APPROVAL

The budget adjustments required for the implementation of the Professional Sports Facility Property Class, the adjustment between the Region Wide / Child Care funds and the transfer of PIL revenues between funds represent a restatement of the 2000 budget as approved by Council on December 22, 1999. Therefore, Transition Board approval of these adjustments is not required.

In accordance with the Financial Guidelines as adopted by the Ottawa Transition Board, the additional provision of \$555,000 as recommended in this report for Transition Board costs will be subject to Board approval.

*Approved by*  
*J.C. LeBelle*



**2000 Regional Tax Rates**

	<b>Region Wide</b>	<b>Child Care</b>	<b>Solid Waste</b>	<b>Transit</b>	<b>Police</b>	<b>Fire Supply</b>	<b>Total</b>
1 - Residential and Farm	0.5728%	0.0329%	0.0501%	0.2534%	0.2021%	0.0217%	1.1330%
2 - Multi-Residential	1.3379%	0.0768%	0.1171%	0.5920%	0.4721%	0.0217%	2.6176%
3 - Commercial (occupied)	1.1213%	0.0643%	0.0981%	0.4961%	0.3957%	0.0217%	2.1973%
Vacant Units and Excess Land	0.7849%	0.0450%	0.0687%	0.3473%	0.2770%	0.0217%	1.5446%
Vacant Land	0.7348%	0.0422%	0.0643%	0.3251%	0.2593%	0.0217%	1.4474%
4 - Commercial Office	1.3551%	0.0778%	0.1186%	0.5996%	0.4782%	0.0217%	2.6509%
Vacant Units and Excess Land	0.9485%	0.0544%	0.0830%	0.4197%	0.3347%	0.0217%	1.8622%
5 - Shopping Centres	0.9327%	0.0535%	0.0816%	0.4127%	0.3292%	0.0217%	1.8314%
Vacant Units and Excess Land	0.6529%	0.0375%	0.0571%	0.2889%	0.2304%	0.0217%	1.2885%
6 - Parking Lot/Vacant	0.7348%	0.0422%	0.0643%	0.3251%	0.2593%	0.0217%	1.4474%
7 - Professional Sports Facility	0.0958%	0.0338%	0.0055%	0.0424%	0.0084%	0.0217%	0.2076%
8 - Industrial (occupied)	1.2852%	0.0738%	0.1125%	0.5687%	0.4535%	0.0217%	2.5153%
Vacant Units and Excess Land	0.8354%	0.0479%	0.0731%	0.3696%	0.2948%	0.0217%	1.6426%
Vacant Land	0.8354%	0.0479%	0.0731%	0.3696%	0.2948%	0.0217%	1.6426%
9 - Large Industrial	1.1036%	0.0633%	0.0966%	0.4883%	0.3895%	0.0217%	2.1631%
Vacant Units and Excess Land	0.7174%	0.0412%	0.0628%	0.3174%	0.2532%	0.0217%	1.4136%
10 - Pipe Lines	0.6487%	0.0372%	0.0568%	0.2870%	0.2289%	0.0217%	1.2804%
11 - Farmlands	0.1432%	0.0082%	0.0125%	0.0634%	0.0505%	0.0217%	0.2995%
12 - Managed Forests	0.1432%	0.0082%	0.0125%	0.0634%	0.0505%	0.0217%	0.2995%

**2000 vs 1999 Tax Rates  
Impact on \$150,000 Residential Property**

	2000 Levies \$000's	Gloucester			Kanata			Nepean		
		1999 %	2000 %	Change \$	1999 %	2000 %	Change \$	1999 %	2000 %	Change \$
-Region Wide	296,697	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)
-Child care	15,642	0.0284%	0.0329%	7	0.0284%	0.0329%	7	0.0284%	0.0329%	7
-Solid Waste	25,498	0.0512%	0.0501%	(2)	0.0512%	0.0501%	(2)	0.0512%	0.0501%	(2)
-Transit	116,831	0.2645%	0.2534%	(17)	0.2645%	0.2534%	(17)	0.2645%	0.2534%	(17)
Subtotal	454,667	0.9398%	0.9092%	(46)	0.9398%	0.9092%	(46)	0.9398%	0.9092%	(46)
-Police	104,705	0.1967%	0.2021%	8	0.1806%	0.2021%	32	0.1938%	0.2021%	12
-Fire Supply	n/a	0.0217%	0.0217%	-	0.0217%	0.0217%	-	0.0217%	0.0217%	-
<b>Total Region</b>	559,373	1.1582%	1.1330%	(38)	1.1421%	1.1330%	(14)	1.1553%	1.1330%	(33)

	2000 Levies \$000's	Ottawa			Vanier			Rockcliffe		
		1999 %	2000 %	Change \$	1999 %	2000 %	Change \$	1999 %	2000 %	Change \$
-Region Wide	296,697	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)
-Child care	15,642	0.0284%	0.0329%	7	0.0284%	0.0329%	7	0.0284%	0.0329%	7
-Solid Waste	25,498	0.0512%	0.0501%	(2)	0.0512%	0.0501%	(2)	0.0512%	0.0501%	(2)
-Transit	116,831	0.2645%	0.2534%	(17)	0.2645%	0.2534%	(17)	0.2645%	0.2534%	(17)
Subtotal	454,667	0.9398%	0.9092%	(46)	0.9398%	0.9092%	(46)	0.9398%	0.9092%	(46)
-Police	104,705	0.2016%	0.2021%	1	0.2043%	0.2021%	(3)	0.1933%	0.2021%	13
-Fire Supply	n/a	0.0217%	0.0217%	-	0.0217%	0.0217%	-	0.0217%	0.0217%	-
<b>Total Region</b>	559,373	1.1631%	1.1330%	(45)	1.1658%	1.1330%	(49)	1.1548%	1.1330%	(33)

	2000 Levies \$000's	Cumberland			Goulbourn			Osgoode		
		1999 %	2000 %	Change \$	1999 %	2000 %	Change \$	1999 %	2000 %	Change \$
-Region Wide	296,697	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)
-Child care	15,642	0.0284%	0.0329%	7	-	-	-	-	-	-
-Solid Waste	25,498	0.0512%	0.0501%	(2)	0.0512%	0.0501%	(2)	-	-	-
-Transit	116,831	0.2645%	0.2534%	(17)	-	-	-	-	-	-
Subtotal	454,667	0.9398%	0.9092%	(46)	0.6469%	0.6229%	(36)	0.5957%	0.5728%	(34)
-Police	104,705	0.1699%	0.2021%	48	0.1654%	0.2021%	55	0.1685%	0.2021%	50
-Fire Supply	n/a	0.0217%	0.0217%	-	0.0217%	0.0217%	-	-	-	-
<b>Total Region</b>	559,373	1.1314%	1.1330%	2	0.8340%	0.8467%	19	0.7642%	0.7749%	16

	2000 Levies \$000's	Rideau			W.Carleton		
		1999 %	2000 %	Change \$	1999 %	2000 %	Change \$
-Region Wide	296,697	0.5957%	0.5728%	(34)	0.5957%	0.5728%	(34)
-Child care	15,642	-	-	-	-	-	-
-Solid Waste	25,498	0.0512%	0.0501%	(2)	0.0512%	0.0501%	(2)
-Transit	116,831	-	-	-	-	-	-
Subtotal	454,667	0.6469%	0.6229%	(36)	0.6469%	0.6229%	(36)
-Police	104,705	0.1709%	0.2021%	47	0.1683%	0.2021%	51

-Fire Supply	n/a	-	-	-	-	-	-
<b>Total Region</b>	559,373	0.8178%	0.8250%	11	0.8152%	0.8250%	15