

## Appendix B

# The Corporation of the City of North Bay



<b>Issued</b> October 2010	<b>Revision Dates</b> February 2014	<b>Approved by Council</b> March 17, 2014
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### **Purpose:**

The purpose of the Long-Term Tax Policy is to establish a framework for tax ratio, tax capping and Tax Policy Development Reserve Fund goals.

### **Legislative Authority:**

Tax Policy considerations and programs are mandatory and legislated by *The Municipal Act, 2001*, S.O. 2001, c.25 and associated tax policy/capping related regulations.

The Tax Policy Development Reserve Fund is not a legislative requirement.

### **Goals And Objectives:**

The goals and objectives of the Long-Term Tax Policy include,

1. To reduce the tax ratios for the multi-residential and commercial classes to 1.400
2. To reduce tax ratios only if this can be achieved without imposing significant tax levy shifts to other classes
3. To achieve the goal as overall real assessment growth is realized by the City

4. To consider each year the transfer of “excess” supplementary taxes to the Tax Policy Development Reserve Fund
5. To accelerate the movement toward full Current Value Assessment for all properties in the capped classes utilizing the capping options available
6. To fund the cost of the mandatory capping program within each class by limiting assessment related tax reductions that would otherwise benefit other properties (claw-backs)
7. To consider annually the options to fund a portion of the cost of the mandatory capping program from the Tax Policy Development Reserve Fund
8. This Policy shall be considered as a key component of the City of North Bay’s Long Term Financial Plan.

**Implementation:**

1. Review the Long-Term Tax Policy a minimum of every 5 years
2. Consider and authorize the transfer of excess supplementary revenue to the Tax Policy Development Reserve Fund
3. Authorize the use of the Tax Policy Reserve Fund to fund a portion of the cost of the mandatory capping program
4. Enactment of by-laws as follows:
  - i. Adoption of tax ratios
  - ii. Adoption of Optional Tools for the Capping Program
  - iii. Establishment decrease limits for claw back properties
  - iv. Adoption of New Construction Thresholds
  - v. Adoption of Vacant Commercial and Industrial Subclass Reduction uniform rate
2. Resolutions for:
  - i. Transfer from the Tax Policy Development Reserve Fund for costs related to funding the legislated caps if required
  - ii. Transfer to reserve of excess supplementary revenue if required

**Definitions:****Current Value Assessment:**

In general terms “Current Value Assessment” (CVA) is the amount of money a property would realize if sold at arm’s length by a willing seller to a willing buyer.

**Tax Ratio:**

A “tax ratio” determines the relative tax burden to be borne by each property class and expresses the relationship that each property class bears to the tax rate for the residential class.

**Tax Policy Development Reserve Fund:**

The Tax Policy Development Reserve Fund is funded from the excess supplementary revenue and is established in a specific resolution that also outlines its operational elements.

**Tax Capping Program:**

Tax capping limits increases in taxes in the Multi-Residential, Commercial and Industrial tax classes resulting from reassessment or class changes to a level adopted annually by Council, but to a minimum of 5% from the previous year’s adjusted taxes.

**Clawback:**

Clawback’s are tax decreases in the Multi-Residential, Commercial and Industrial tax classes that may be utilized to fund the tax capping program.

**Optional Tools:**

Optional tools are tools provided by the provincial government which gives municipalities the opportunity to bring all classes of properties to Current Value Assessment more quickly.

**Municipal Property Assessment Corporation (MPAC):**

MPAC administers a uniform, province-wide property assessment system based on current value assessment in accordance with the provisions of the [Assessment Act](#). It provides municipalities with a range of services, including the preparation of annual assessment rolls used by municipalities to calculate property taxes and municipal enumerations in order to prepare the Preliminary List of Electors during an election year.

**New Construction Thresholds:**

Is the average tax level new construction properties pay in relation to comparable properties compiled by Municipal Property Assessment Corporation (MPAC) and as adopted by Council by by-law annually.

**Supplementary Assessment:**

Supplementary assessment is new assessment compiled by MPAC resulting from an increase in value of properties for new buildings or structures, alterations/additions to buildings or structures or new lots created by subdivision/condo plans and splits.

**Supplementary Taxes:**

Are taxes generated from the supplementary assessment roll.

**Real Assessment Growth:**

Real Assessment Growth means new assessment which is generated by supplementary assessments and netted by assessment reductions resulting from assessment appeals.