

City of Peterborough 2011 Commercial, Industrial and Multi-Residential Tax Bills Frequently Asked Questions (FAQ)

You can click on the links below to access the topics that interest you.

If you cannot find what you need to know here, you can call our tax office at 705-742-7777, Extension 1865 or email us at tax@city.peterborough.on.ca.

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Assessment

Q1. What does Current Value Assessment mean?

A1. Current Value Assessment (CVA) is based on the fair market value of your property as of January 1, 2008 and is defined as what a willing buyer would have paid for your property as of January 1, 2008.

Q2 My assessment has changed from what it was for the 2010 taxation year even though there were no physical changes to the property. How can that be?

A2 A general reassessment took place for the 2009 taxation year. All properties were previously valued based on a January 1, 2005 valuation date. This reassessment brought these values up to a January 1, 2008 valuation date.

In order to cushion the impact of the reassessment and allow taxpayers to budget, these new values are being phased-in equally over a four-year period at a rate of 25% per year.

The phased-in assessment program applies to all property types and only to properties that experience an increase in assessment. The increase considered is any positive change in value from the “starting assessment” being the value as of January 1, 2005 and the “destination assessment” being the value as of January 1, 2008. All increases are subject to the phase-in regardless of the amount. By the 2012 taxation year all properties are paying taxes on their full “destination assessment” being the January 1, 2008 value.

For example, a residential property where the January 1, 2005 value was \$200,000 and the January 1, 2008 value is increasing to \$240,000 experiences an overall value increase of \$40,000 or 20%. In past reassessments the \$40,000 CVA increase would have been realized in one year. With the new phase-in program, the final “destination” value of \$240,000 is not attained until year four. Chart 1 shows the affect of this sample assessment phase-in.

Sample Phase-in for a Property where the Assessment is increasing from \$200,000 to \$240,000.

Taxation Year	2008	2009	2010	2011	2012	2013
Valuation Date	Jan 1, 2005	Jan 1, 2008	Jan 1, 2008	Jan 1, 2008	Jan 1, 2008	Jan 1, 2012
CVA	\$200,000	\$240,000	\$240,000	\$240,000	\$240,000	--
Phase-In	--	25%	50%	75%	100%	--
CVA for taxation	\$200,000	\$210,000	\$220,000	\$230,000	\$240,000	--

Q3 What is a general reassessment?

A3 A reassessment is the process of updating the assessed values of all properties in a municipality to a common valuation date. In 1997, Ontario implemented legislation that required the assessed values of all properties in the Province to be calculated as at the same point in time - June 30, 1996. The legislation also requires the Municipal Property Assessment Corporation (MPAC), to update all assessed values on a regular basis.

All properties in Ontario were reassessed as of January 1, 2005 for the 2006 taxation year. Reassessments were to take place annually after that point. In 2006 when the Ontario Ombudsman reviewed the Municipal Property Assessment Corporation (MPAC), he made a number of recommendations. To give MPAC time to review and implement the recommendations, the Province declared a two-year moratorium or freeze on reassessments for the 2007 and 2008 property tax calculations.

This freeze is now over and once again all properties in the Province are being reassessed. The effective date for these new assessed values is January 1, 2008. These new assessment values will be used as a basis for the property tax calculation for the 2009 to 2012 taxation years inclusive.

Q4 Who carries out a reassessment?

A4 Property assessment is done by property assessors who work for MPAC. MPAC has field offices across Ontario. Each office is responsible for a specific area of the province, generally defined by county, region or district boundaries. More information about MPAC can be found on MPAC's homepage at <http://www.mpac.on.ca>.

Q5 Why isn't the reassessment done every year, so that assessed values are more up-to-date?

A5 Annual updates to assessed values were to start in 2008 with the valuation date being January 1st of the preceding calendar year. For example, the valuation date for the 2008 taxation year was January 1, 2005. However, on June 29, 2007, the Province cancelled the property tax re-assessments that were to occur in 2007 and 2008 to allow for the implementation of the Ombudsman's property tax assessment system recommendation. This freeze is now over and once again all properties in the Province are being reassessed. The effective date for these new assessed values is January 1, 2008. These new assessment values will be used as a basis

for the property tax calculation for the 2009 to 2012 taxation years inclusive. The next reassessment is scheduled to take place in 2012 for the 2013 taxation year.

Q6 Was I notified what my assessed values for 2011 would be before now?

A6 Yes, you would have received a Property Assessment Notice in November of 2008, which set out the assessed values that would apply for the 2011 taxation year. If there were any changes to your property, including ownership changes, you would have received a new Property Assessment Notice in the fall of 2010 for the 2011 taxation year.

Q7 What is a Property Assessment Notice?

A7 A Property Assessment Notice is the document that MPAC sends to a property owner that tells the owner the assessed value of his or her property.

Q8 What type of information was on the Property Assessment Notice?

A8 The Notice contained an assessment roll number; a legal description of the property; the property classification; the assessed value of the property on January 1, 2005 as well as the new assessed value as of January 1, 2008 and the phased-in assessment value as of 2009, 2010 and 2011; how to contact MPAC about information on the Notice; how to request a Request for Reconsideration (RFR), and how to appeal to the Assessment Review Board only if the process is not completed prior to the March 31st appeal deadline.

Q9 My Commercial/Industrial property has been assessed as fully occupied this year, but it is vacant (or partially vacant). Why is this, and is there some way that it can be taxed as vacant?

A9 All buildings in these classes are assessed and taxed as fully occupied, regardless of whether there are vacant units in a building at the time the assessment roll is prepared. Property owners must apply to their municipality, in writing, **each year** for vacant space rebates by the last day of February of the year following the vacancy. That means you have until February 29, 2012 to apply for the vacancy rebate for the 2011 tax year. The classification of vacant properties reverts back to occupied for each new tax year's assessment roll.

The percentage tax reduction to be provided through the rebates would be 30% for

commercial properties and 35% for industrial properties, prorated for the portion of the year that the property was vacant. Rebates apply to properties that have had vacancies for at least 90 consecutive days. The definition of eligible property (i.e. what constitutes vacant space for the purpose of this rebate program), and the calculation methodology (i.e. determining the portion of the property's total tax that is attributable to the vacant area to which the rebate percentage will be applied), is legislated by the Province through Section 364 of The Municipal Act, 2001. The forms can be accessed in the on-line forms section.

Q10 Could I have appealed my assessment when I received my Property Assessment Notice?

A10 Your Property Assessment Notice, sent to you by MPAC in November 2008, would have outlined the procedures to follow if you did not agree with your assessed value. At that time you could have contacted the local offices of MPAC and requested their representatives to have another look at the value through a process called "Request for Reconsideration" (RFR). If MPAC agreed, and adjusted your assessed value, the assessment would have been revised before MPAC turned the roll over to the City for tax billing purposes. If you were unable to reach a satisfactory agreement with MPAC through the RFR process, you could have submitted an official appeal to the Assessment Review Board up until March 31st, 2011. This process repeats itself each year; in other words, you can ask for an RFR or appeal your assessment between January 1 and March 31 each year if you feel your assessment is incorrect.

Q11 Is it too late to question my assessed value now that I have received my final tax bill?

A11 Yes, the deadline to file a Request for Reconsideration or an Assessment Review Board appeal for the 2011 taxation year was March 31st, 2011. You can question your 2012 assessment from that point forward, but your 2011 phased-in assessment will remain as it was assessed. More information on the RFR process is available on MPAC's homepage at <http://www.mpac.on.ca> or you can call MPAC at 1-866-296-6722.

Q12 I asked for a Request for Reconsideration (RFR), was successful, and have received Minutes of Settlement, yet the assessed value on the Final Tax Notice is showing the original amount. Why wasn't the value changed on my tax bill?

A12 All Minutes of Settlement and Requests for Reconsideration changes **received by**

the City by June 30th, 2011 have been processed and the new assessment amounts are reflected on the Final 2011 property tax bills issued in July. However, the City has no control over when these assessment changes are received from MPAC. Those Minutes of Settlement and Requests for Reconsideration received after June 30th will be processed as soon as possible. For the Commercial, Multi-Residential and Industrial tax classes, any Minutes of Settlement received after May 13th will be processed but may require a capping adjustment. Minutes of Settlement received after this date will not be reflected on the final notice, but will be processed as soon as possible.

Q13 Should I pay the instalment amounts even though the assessed value on the tax bill has not been adjusted to reflect the Minutes of Settlement for the RFR?

A13 To avoid penalty and interest charges you should pay the instalment amounts as billed. If you are anticipating a substantial reduction, which will significantly reduce your instalments, you can calculate estimated, revised instalment amounts and pay the adjusted balance before the due date. If you need help estimating your revised instalment, call the **Tax office at 705-742-7777, Extension 1865**. If you have paid the original instalments, and you have a credit balance when the revised instalments are calculated based on the official "Notice of Settlement," we will issue a refund cheque that includes interest from the date of overpayment.

Q14 I appealed my assessed value to the Assessment Review Board (ARB) prior to the March 31st, 2011 deadline and am hoping that eventually my assessed value will be reduced when the ARB deals with my appeal. Should I pay the instalment amounts as indicated on the tax bills even though my assessed values may be changed by the ARB?

A14 It may be several months before we get the decision from the ARB. Keep in mind the ARB is a separate Provincial organization over which the City has no control. We have no authority to change assessed values until we get a signed copy of the Minutes of Settlement from the ARB. When we do get your decision of the ARB decision, MPAC must give the City the applicable phased-in value for the taxation year in question as the ARB decision only indicate the 2008 CVA (which is the final destination CVA for 2012). Once we receive the information from MPAC detailed analyses must be performed to re-calculate capping/clawback adjustments. After this is done we will calculate revised instalments owing, and penalty and interest will be calculated from the original due date on the revised amount. If your appeal is unsuccessful, penalties will have been accruing on the original balance and the full

amount will be payable.

To avoid penalty and interest charges you should pay the instalment amounts as billed. If you are anticipating a substantial reduction which will significantly reduce your instalments you can calculate estimated, revised instalment amounts and pay the adjusted balance before the due date. For help with the calculation you can call the **Tax office at 705-742-7777, Extension 1865**. If you have paid the original instalments, and you have a credit balance when the revised instalments are calculated based on the official ARB decisions, we will issue a refund cheque that includes interest from the date of overpayment.

Q15 Why aren't Property Assessment Notices and tax bills sent at the same time?

A15 The main reason is that municipalities cannot calculate property taxes without having the assessed values. The Assessment Act requires MPAC to mail Property Assessment Notices to property owners at least 14 days prior to the delivery of the Assessment Roll to the municipality, which is typically in early December of the year preceding the current taxation year. The municipality then uses the total values from the Assessment Roll in their budgeting process to determine overall net levy requirements for the City which in turn is used to calculate the municipal tax rates.

Q16 How does Current Value Assessment relate to the amount of taxes I now pay?

A16 Tax rates, expressed as percentages, are applied to current value assessment to derive taxes payable. For example, an occupied Commercial property assessed at \$500,000 will pay a combined \$18,062.55 in municipal and education tax (\$500,000 x 3.6125090%) in 2011.

Different tax rates apply for different property classes. See the **Tax Rate Questions and Answers** section for more information about tax rates.

Q17 Whom should I call if I have a question about the assessed value of my property?

A17 You should call MPAC at 1-866-296-6722. The tax office cannot answer specific questions regarding your assessment. Have your tax bill or assessment notice handy when you call so you can relay all the necessary information. More information on assessment issues is available on MPAC's homepage at <http://www.mpac.on.ca>.

Tax Rates

Q18 What are tax rates?

A18 Tax rates have been established for each class of property and are expressed as a percentage that will be multiplied by the assessed value (CVA) of a property to calculate property taxes. There is a municipal and education rate for each class.

Q19 What are the final 2011 municipal and education rates?

A19 The 2011 final tax rates for all classes are set out in this chart:

Property Class/ Subclass & Code	Municipal Tax Rate	Education Tax Rate	Total Tax Rate
Residential/ New Multi-Residential RTEP, RTES, RTFP, RTFS, NTEP, NTES, NTFP, NTFS	1.1717390%	0.2310000%	1.4027390%
Multi-Residential MTEP, MTFS, MTEP, MTES, MTN	2.2816220%	0.2310000%	2.5126220%
Commercial CTN, DTN, GTN, STN	2.0391770%	1.5733320%	3.6125090%
Commercial Excess/Vacant Land CUN, CXN, SUN, DUN	1.4274240%	1.1013324%	2.5287564%
New Commercial XTN, YTN, ZTN	2.0391770%	1.3300000%	3.3691770%
New Commercial Excess/Vacant Land XUN, XXN, YUN, ZUN	1.4274240%	0.9310000%	2.3584240%
Industrial Taxable ITN, LTN	2.7221840%	1.9300000%	4.6521840%
Industrial Excess/Vacant Land IUN, LUN, IXN, LXN	1.7694200%	1.2545000%	3.0239200%
New Industrial Taxable JTN, KTN	2.7221840%	1.3300000%	4.0521840%
New Industrial Excess/Vacant Land JUN, KUN	1.7694200%	0.8645000%	2.6339200%
Pipeline	1.4888120%	1.3295430%	2.8183550%

PTN			
Farmlands & Managed Forest	0.2929350%	0.0577500%	0.3506850%
FTEP, FTES, TTEP, TTES, R1EP			

Q20 How are tax rates used to determine taxes payable?

A20 You multiply the current value assessment by the tax rate to derive tax on assessment. For example, if your occupied Industrial property is assessed at \$1,000,000, your 2011 total municipal and education tax on assessment will be \$46,521.84 which is calculated by multiplying the \$1,000,000 assessed value by the 4.6521840% combined municipal and education tax rate.

$$(\$1,000,000 \times 4.6521840 / 100 = \$46,621.84)$$

Q21 How are the 2011 municipal tax rates established?

A21 The Municipal tax rates are established by City Council through the annual budget process and are a function of the City’s net municipal tax levy requirements (\$95.4 million) and total available current value assessment weighted by class (\$8.141 billion)

Q22 How are the 2011 education tax rates established?

A22 The education tax rates for all property classes are legislated by the Province. The rate for the residential and multi-residential classes has been set at 0.231% and the farmland rate for 2011 is 25% of the residential rate, or 0.0577500%. These rates are the same for all municipalities across Ontario. The education rates for the Commercial and Industrial classes are also regulated by the Province, but are specific to the City of Peterborough.

Q23 What percentage of my tax bill goes toward education taxes?

A23 The percentage now varies by property class, but it can be calculated on a class basis by dividing the respective municipal and education tax rates for each class by the total tax rate for each class. As an example, the Multi-residential municipal rate is 2.2816220%, the education rate is 0.2310000% and the total combined rate is 2.5126220%. The Municipal rate equals 90.8% of the total (2.2816220 / 2.5126220 X 100) while the education rate equals 9.2% of the total (0.231 / 2.5126220 X 100). The education rate for Commercial properties is 43.6% of the total tax rate while the Industrial education rate is 41.5% of the combined tax rate. You can also compare the "Total Tax Levies" line on your tax bill to the municipal and education categories.

Tax Notice

Q24 What is the “Tax Cap Adjustment” on page 1 of my tax notice and how is it calculated?

A24 The Tax Cap Adjustment shows you how much your 2011 net taxes payable have been affected by the mandated capping program.

A negative Tax Cap Adjustment means that you have had a “tax increase” which was the greater of 10% of the previous year’s annualized taxes and 5% of the previous year’s CVA taxes (ie. what taxes would have been without capping adjustments), plus the municipal budgetary increase. The negative Tax Cap Adjustment is required to limit the relevant tax increase to the greater of either 10% of the previous year’s annualized taxes or 5% of the previous year’s CVA taxes.

A positive Tax Cap Adjustment means that you have experienced a tax decrease but are required to forego this portion of the decrease to help offset the cost of limiting increases that other properties in your class have experienced.

FAQ – Tax Notice

Sample of a Negative Tax Cap Adjustment:

Line	Description	Amount
1	2010 CVA at Year End - 2009 (Annualized)	1,554,500
2	2010 Combined Municipal and Education tax rate	3.8120980%
3	2010 CVA Taxes (L1 x L2)	59,259.06
4	2010 Capping Adjustment	-8,211.32
5	2010 Annualized Capped Taxes (L3 + L4)	51,047.74
6	2011 Tax Cap (maximum of 10% of L5 & 5% of L3)	5104.77
7	2011 Municipal Levy Change (factor is 1.1847%)	665.22
8	2011 Maximum Taxes Payable (L5 + L6 + L7)	56,817.73
9	2011 CVA (Current Value Assessment)	1,581,750
10	2011 Combined Municipal & Education tax rate	3.6125090%
11	2011 CVA Tax on Assessment (L9 x L10)	57,140.86
12	Tax cap adjustment appearing on page 1 of tax bill. (Capping protection – taxes levied cannot exceed maximum of L 8)	-323.13
13	2011 Adjusted Final taxes payable (L11 + L12)	\$56,817.73

Above is a sample calculation of a “**negative tax cap adjustment**” where they have a negative \$323.13 capping adjustment in 2011. The negative tax cap adjustment serves to lower the net taxes payable so that an increase in taxes payable does not exceed the cap. The capping protecting decreases each year until such time the property pays CVA tax (pure tax on assessment without any capping treatment).

FAQ – Tax Notice

Sample of a Positive Tax Cap Adjustment (Clawback):

Ref	Description	Amount
1	2010 CVA at Year End - 2009 (Annualized)	178,000
2	2010 Combined Municipal and Education tax rate	3.8120980%
3	2010 CVA Taxes (L1 x L2)	6,785.53
4	2010 Capping Adjustment	116.45
5	2010 Annualized Capped Taxes (L3 + L4)	6,901.98
6	2011 CVA (Current Value Assessment)	183,500
7	2011 Combined Municipal & Education tax rate	3.6125090%
8	2011 CVA Taxes (L6 x L7)	6,628.95
U	Overall Levy Change Factor (OLC)	1.1847%
10	2011 CVA Taxes before Levy Change (L8 ÷ (1 + L9))	6551.34
11	Tax Change Subject to Capping (L10 minus L5)	-350.64
12	Percentage of assessment related decrease that can be retained for commercial properties (See Question 31)	72.3796%
13	\$ Value of assessment related decrease that can be retained (L11 X L12)	-253.79
14	Total Municipal Levy Change (L5 + L13) x L9	78.76
15	2011 Net Taxes Payable (L5 + L13 + L14)	6726.95
16	2011 CVA Taxes (L8)	6,628.95
17	\$ Value of Capping Adjustment to appear on Page 1 of Tax Bill	98.00
18	2011 Adjusted Final taxes payable (L11 + L12)	6726.95

The chart above is a sample calculation of the positive tax cap adjustment where a taxpayer's commercial occupied assessment was \$178,000 and was subject to a positive \$116.45 capping adjustment in 2010. Properties with a positive tax cap adjustment have experienced a decrease from 2010 annualized taxes to 2011 CVA taxes and a portion of the decrease is being clawed back to help finance the cost of limiting increases. For 2011, their tax cap adjustment is \$98.00. The positive tax cap adjustment serves to increase the net taxes that would be otherwise payable, and to reduce the amount of decrease that the taxpayer would otherwise enjoy. These positive tax cap adjustments will stay into effect until all properties within the respective classes achieve CVA tax on assessment.

Q25 What is the purpose of Schedule 3 that appears on page 2 of my tax notice?

A25 Schedule 3 on page 2 of your tax bill is provided for illustrative purposes only to help you track changes to your taxes from the year 2010 to 2011. It is not used to calculate your 2011 taxes but is intended to help you understand why your taxes have changed between 2010 and 2011.

Q26 What do the “2011 CVA Levies” and “2011 CVA Taxes” shown on Schedule 3 mean and how are these amounts calculated?

A26 2011 CVA Levies and 2011 CVA Taxes are simply different terms to describe the same number and show the total amount of municipal and education tax on assessment for the year 2011. This figure is also reflected on the front page of your tax bill under the heading “Tax/Levy - Subtotal (Municipal and Education).” It does not include special charges, credits or Tax Cap adjustments, but is based on assessed value times the applicable 2011 tax rates.

Q27 What does “2010 Annualized Taxes” shown on Schedule 3 mean?

A27 2010 Annualized Taxes is determined by multiplying the 2010 year-end assessment times the final 2010 municipal and education tax rates, plus or minus any tax capping adjustment that may have applied for 2010. The 2010 year-end assessment is determined by MPAC and reflects what your assessment would have been at the end of the year 2010 before considering any reassessment impacts. It also reflects what your 2010 taxes would have been over the year 2010 assuming that the assessment had been in effect over the full year. In other words, your 2010 Annualized Taxes would be different from your actual 2010 levies if there were any changes to assessed values (due to supplementary assessments, demolitions, etc.), or effective dates of assessment, during the year.

Q28 My final 2010 actual taxes were different from my “2010 Annualized Taxes” but there were no changes to my assessed values or effective dates of assessment during the 2010 year. How can that be?

A28 We based the “2010 Annualized Taxes” figure on the year-end assessed value for 2010 provided by MPAC in a special Year End Assessment CD. In a number of cases, MPAC changed the updated year end 2010 assessed values on this special CD to something different from what the 2010 taxes had been, to make some type of correction. In other words, since no general reassessment has taken effect for the year 2010, your assessed value may not have changed to this “2010 year end number.” This updated year end assessment for 2010 is not shown on your tax bill

anywhere, but it should be stressed, however, that Schedule 3 is provided for **illustrative purposes only** and that the 2010 annualized figure does not affect how your 2011 actual tax payable was calculated.

Q29 What does the “2011 Tax Cap Amount” shown on Schedule 3 mean and how is it calculated?

A29 The 2011 Tax Cap Amount is the portion of the increase of 2011 CVA Taxes (before any City levy increase), over 2010 Annualized Taxes, that is allowed to be billed to property owners. Assessment related increases to Commercial, Industrial and Multi-residential taxes have been capped at the greater of either 10% of the previous year’s annualized tax or 5% of the previous year’s CVA tax (what taxes would have been without capping). The “2011 CVA Taxes before any City levy increase” can be described as the 2010 tax liability that each property would have had if the total tax levy of the City had not increased.

For example, if a property’s 2010 Annualized Taxes were \$10,000, 2010 CVA taxes were \$15,000 and the 2011 CVA Taxes before the levy change was \$12,000 (a \$2,000 or 20% increase), the allowed assessment related increase, or Tax Cap Amount, above 2010 Annualized Taxes, would be only \$1,000 (max of 10% x \$10,000 or 5% x \$15,000), as the actual tax increase was above the capping thresholds. Alternatively, if the 2011 CVA Taxes before the levy change effects were \$10,500 (a difference of \$500 or 5.0%), the Tax Cap Amount would be \$500.

Q30 Why is my Tax Cap Amount negative?

A30 For most properties whose assessment decreased between 2010 and 2011, the Tax Cap Amount is negative as it represents the portion of the tax decrease (before any levy increase) that the taxpayer is allowed to keep. The whole decrease is not passed on because the capping of tax increases must be funded by holding back a portion of tax levy decreases from properties within the same class. The amount of the levy decrease that is “clawed-back” depends upon how large the property’s assessment related tax levy decrease is (i.e. the larger the decrease, the greater the tax decrease clawback will be).

The percentage of tax decreases to be retained and clawed back from properties within each class, to finance the cost of capping increases for properties within the class, are set out in Table 1:

Table 1
Percentage of tax decreases to be retained and held back

Ref	Property Class	% Decrease to be Retained	% Decrease to be Held Back
1	Commercial	72.3796%	27.6204%
2	Industrial	98.8696%	1.1304%
3	Multi-residential	67.7937%	32.2063%

Notes:

1. As an example, Line 1 means that for all Commercial properties with tax decreases, they can retain 72.3796% of the decrease and 27.6204% of the decrease must be held back to help offset the cost of capping increases.
- Q31 On my 2010 Final Tax Bill, my tax on assessment was \$6,922.64 and I had a tax capping adjustment of \$-176.26, resulting in a \$6,746.38 net tax amount. Where does last year’s capping adjustment fit into the calculations for 2011?**
- A31 The 2010 annualized tax figure shown on Schedule 3 will be \$6,746.38, which is the \$6,922.64 tax on assessment **less** the \$176.26 capping adjustment you had for the year 2010. Since 2010 capping adjustments, both positive and negative, affected 2010 net taxes payable, they are also considered part of the 2010 annualized, or year-end taxes.
- Q32 Why is the “2011 Provincial Education Levy Change” shown on Schedule 3 a negative number?**
- A32 The Provincial Education Levy Change shows the amount by which your 2011 taxes have changed, from the 2010 annualized amount, because of a change in the amount of education levy that the Province has raised. The Province has stated that this amount is to be decreased for the 2011 taxation year.
- Q33 What does the “2011 Local Municipal Levy Change” shown on Schedule 3 mean and how is it calculated?**
- A33 The 2011 Local Municipal Levy Change shows the amount by which your 2011 tax on assessment has changed from the 2010 annualized amount because of a 2011 municipal budgetary increase for your class of property.

For example the overall levy change factor for the Multi-residential class is 1.9196%. The amount that appears in the 2011 Local Municipal Levy Change box in Schedule 3 is calculated by multiplying the sum of the property's 2010 Annualized Taxes and Tax Cap Adjustment by 1.9196%. For example, if your 2010 Annualized Taxes are \$20,000 and you have a Tax Cap Adjustment of \$2,500, your Local Municipal Levy Change will equal \$431.91, which is calculated as follows:

$$(\$20,000 \text{ plus } \$2,500) \times 1.9196\% \text{ equals } \$431.91$$

The levy change factor for the Commercial class is 1.1847% and for the Industrial class is 1.2286%.

Q34 What is the “2011 Adjusted Taxes” that is shown on Schedule 3 and how is it calculated?

A34 The 2011 Adjusted Taxes shown on Schedule 3 is the sum of the 2010 Annualized Taxes **plus** the 2011 Tax Cap Amount **plus** the 2011 Provincial Education Levy Change, **plus** the 2011 Municipal Levy Change - as reflected on Schedule 3.

Q35 There is a blank box on Schedule 3 of my tax bill; how can that be?

A35 There are a few instances where a property did not exist as a separately assessed unit at the end of 2010 and, therefore, does not have a 2010 Annualized Tax figure.

2011 Tax Changes

Q36 How much did “taxes” change in 2011?

A36 Taxes, for the Commercial, Industrial and Multi-residential classes, are a function of assessment, tax rates and capping adjustments that may apply.

The Municipal tax rates for the year 2011 for the Commercial, Industrial and Multi-residential classes changed by various amounts as noted:

Commercial	-4.3%	decrease
Industrial	-7.6%	decrease
Multi-residential	-2.1%	decrease

The education rates for the Commercial, Industrial and Multi-residential classes also changed from those of 2009. The changes are:

Commercial	-6.4%	decrease
Industrial	-21.2%	decrease
Multi-residential	-4.1%	decrease

Overall, the combined rates for the Commercial, Industrial and Multi-residential classes will change by:

Commercial	-5.2%	decrease
Industrial	-13.8%	decrease
Multi-residential	-2.3%	decrease

A Commercial property assessed at \$200,000 for 2011 will pay a combined \$7,225.02 in municipal and education tax ($\$200,000 \times 3.6125090\%$), which would represent a \$399.18 decrease, assuming that the property’s assessed value had not changed and that no capping adjustments apply.

Note: Your 2011 taxes, however, may change by some other percentage depending on how much, if any, your assessed value has changed as a result of a reassessment and any applicable tax capping adjustments.

FAQ – Differences in Tax Rates Between Property Classes

Differences in Tax Rates Between Property Classes

Q37 Can Council make the Multi-residential municipal tax rate equal the Residential tax rate?

A37 Yes, Council can do this by lowering the Multi-residential tax ratio down to 1.000 from its current level of 1.94721.

Q38 What are tax ratios?

A38 Tax ratios are used to weight Current Value Assessment, from different tax classes, which in turn cause their tax rates to be different. For example, since the 2011 Residential municipal tax rate is 1.1717390%, and the tax ratio of the Multi-residential class is 1.94721, the Multi-residential municipal tax rate will be $1.1717390\% \times 1.94721$ or 2.2816220%.

Q39 What is the “Mandatory Capping Program?”

A39 The “Mandatory Tax Capping Program” applies to Commercial, Industrial and Multi-Residential properties and limits, or “caps,” the amount of tax increases for properties in these tax classes. In each year, properties with tax increases will pay no more than the prior year's adjusted tax, plus the maximum of either 10% of the previous year's annualized tax or 5% of the previous year's CVA tax, plus the class' overall levy change. This procedure greatly complicates the calculation of net taxes payable and billing procedures and contradicts the basic goals articulated when the new CVA and tax system was implemented in 1998. The new system was touted as being fairer and simpler to understand as tax levels would be based on market value, and owners with similar valued properties in the same class would pay the same taxes. However, under the capping mechanism, properties of similar values in the same class pay a wide range of net taxes because of the capping adjustments. The capping adjustments limiting assessment related increases are financed from other properties within the class by limiting or “clawing back” decreases that would otherwise apply.

Q40 How would the Mandatory Capping program change the effects of decreasing the Multi-residential tax ratios?

A40 The impacts on the Residential municipal tax rate, from lowering the Multi-residential tax ratio, could even be more dramatic due to the mandatory capping program for Commercial, Industrial and Multi-residential properties. Capped properties cannot have increases greater than the maximum of either 10% of the

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previous year's annualized tax or 5% of the previous year's CVA tax and we would likely not be able to finance the caps within each class if the tax rates for each class increase.