



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning, Administration and Policy Division**

<b>TO:</b>	Chair and Members General Issues Committee
<b>COMMITTEE DATE:</b>	May 5, 2021
<b>SUBJECT/REPORT NO:</b>	2021 Tax Policies and Area Rating (FCS21028) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gloria Rojas (905) 546-2424 Ext. 6247
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That the following optional property classes be continued for the 2021 taxation year:
- (i) Parking Lot and Vacant Land;
  - (ii) Large Industrial;
- (b) That, based on the 2021 final approved Tax Operating Budget, the following final tax ratios be established for the 2021 taxation year:
- |        |                             |        |
|--------|-----------------------------|--------|
| (i)    | Residential                 | 1.0000 |
| (ii)   | Multi-Residential           | 2.4407 |
| (iii)  | New Multi-Residential       | 1.0000 |
| (iv)   | Commercial                  | 1.9800 |
| (v)    | Parking Lot and Vacant Land | 1.9800 |
| (vi)   | Industrial                  | 3.2493 |
| (vii)  | Large Industrial            | 3.8102 |
| (viii) | Pipeline                    | 1.7947 |
| (ix)   | Farm                        | 0.1767 |
| (x)    | Managed Forest              | 0.2500 |
| (xi)   | Landfills                   | 2.9696 |
- (c) That the following tax reductions be established for the 2021 taxation year:

- |       |  |     |
|-------|--|-----|
| (i)   | Farmland awaiting development (1st Subclass) | 25% |
| (ii)  | Farmland awaiting development (2nd Subclass) | 0%  |
| (iii) | Excess land Subclass (Residual Commercial)   | 0%  |
| (iv)  | Excess land Subclass (Residual Industrial)   | 0%  |
| (v)   | Vacant land Subclass (Residual Industrial)   | 0%  |
| (vi)  | Excess land Subclass (Large Industrial)      | 0%  |
- (d) That the Deferral of Tax Increases for Seniors and Low Income Persons with Disabilities Program (Deferral of Tax Increases Program) be continued for the 2021 taxation year;
- (e) That the Full Tax Deferral Program for Seniors and Low Income Persons with Disabilities Program (Full Tax Deferral Program) be continued for the 2021 taxation year;
- (f) That the Seniors' (65+) Tax Rebate Program be continued for the 2021 taxation year;
- (g) That the 40% Tax Rebate for eligible charities and similar organizations be continued for the 2021 taxation year;
- (h) That the City exits the capping and clawback program as there are no longer any properties under capping protection;
- (i) That City of Hamilton By-law #20-092 To Adopt Municipal Options for Tax Capping be repealed;
- (j) That, for the 2021 taxation year, the Area Rated Levies be approved as identified in Appendix "A" to Report FCS21028, "2021 Tax Policies and Area Rating", attached hereto;
- (k) That the City Solicitor 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 2021 taxation year.

## **EXECUTIVE SUMMARY**

Report FCS21028 highlights the tax policy tools and options for the current taxation year and includes tax impacts. For the 2021 tax year, the following items are of special interest:

- The discontinuation of tax capping and clawback program
- Tax impacts resulting from the policies announced in the 2020 Provincial Budget
- Tax impacts due to changes in the delivery of the fire service

Table 3 in the "Analysis and Rationale for Recommendation(s)" section of Report FCS21028 provides details of all the tax policies being recommended.

As identified in Table 1, the combined impacts of the final approved 2021 Operating Budget, inclusive of the final growth, tax policies and education impacts recommended in Report FCS21028 has resulted in achieving a total **City-wide residential tax impact of 2.1% or \$89** for the average residential property valued at \$381,000. This is equivalent to a \$23 increase for every \$100,000 of assessment.

**Table 1**  
**2021 Total Average Residential Tax Impact**

	\$	%
Municipal Taxes	\$ 89	2.4%
Education Taxes	\$ -	0.0%
<b>Total Taxes</b>	<b>\$ 89</b>	<b>2.1%</b>

- Anomalies due to rounding
- Updated for growth and levy restrictions

The tax impact identified in Table 1 is simply a City-wide average. Area rating, tax policies and reassessment result in varying tax impacts throughout the City and on a property-by-property basis. Average residential tax impacts by ward and area rating scenarios are included in Appendix “B” to Report FCS21028, “2021 Tax Policies and Area Rating”, attached hereto.

Table 2 identifies the 2021 total average tax impacts by property class.

**Table 2**  
**Total Tax Impact by Class**

	Municipal				Total Incl. Education
	Reassessment	Tax Policy	Budget	Total	
<b>Residential</b>	0.0%	0.0%	2.4%	2.4%	<b>2.1%</b>
<b>Multi-Residential</b>	0.0%	0.0%	0.0%	0.0%	<b>0.0%</b>
<b>Commercial</b>	0.0%	0.0%	2.4%	2.4%	<b>-1.8%</b>
<b>Industrial</b>	0.0%	0.0%	1.2%	1.2%	<b>-4.8%</b>
<b>Farm</b>	0.0%	0.0%	4.8%	4.8%	<b>3.9%</b>

Note: Anomalies due to rounding

As shown in Table 2, the average tax impacts vary between property classes. For 2021, tax impacts vary as a result of budgetary changes and the legislated restrictions on the Multi-Residential and the Industrial property classes.

According to the Province's four-year reassessment cycle, property values were expected to be updated in 2020 for the 2021-2024 cycle. However, as part of "Ontario's Action Plan: Responding to COVID-19", announced on March 25, 2020, the Provincial government postponed the reassessment planned for 2020. This means that property assessments for the 2021 taxation year continue to be based on the same valuation date that was in effect for the 2020 taxation year.

The 2021 assessment roll has been updated to reflect assessment changes due to net growth, appeals and request for reconsiderations and the impact of such changes is included in the tax impacts as presented. As part of the 2021 Ontario Budget, the Province announced on March 24, 2021, that the reassessment will once again be postponed adding that the government will hold consultations on the timing and valuation date for the next reassessment update. The results of this consultation will be presented in the fall of 2021.

As part of the 2020 Provincial Budget, it was announced that Business Education Taxes (BET) had been reduced across the Province for properties in the Commercial and Industrial property classes beginning in 2021. For Hamilton, this means a reduction of 10% in the rate for the commercial property class and a reduction of 25% in the rate for the industrial property class. The education tax rate for the Residential and Farm property classes remained at the 2020 level. The impact of these announcements is included in the final tax impact presented in Table 2.

The final tax impact also includes the effect of the Provincial legislation as it relates to the Multi-Residential property class, in which municipalities with a Multi-Residential tax ratio above 2.0 are not allowed to pass reassessment related increases to the class and are also subject to a full levy restriction. In addition, the Industrial property class continues to be restricted and levy increases cannot be more than 50% of the increase passed onto the Residential property class. Overall, the tax impact varies significantly between classes.

The municipal tax impact for the Residential property class is 2.4%, which is the net result of the budgetary increases and the shifts due to changes in area rating. The total tax impact including education is 2.1%.

The Multi-Residential property class, including properties in the Multi-Residential and New Multi-Residential property classes, is not experiencing any change in taxes with respect to 2020 (Municipal and with Education). This is the result of a number of Provincial policies, including the delay in the reassessment, the freeze in the education tax rate and the full levy restriction established in 2017.

The Commercial property class is experiencing a municipal tax impact of 2.4% which is the combined impact of the the tax shift as a result of the changes in area rating and the budget increase%. The previously explained reductions in the education tax results in a total tax reduction of -1.8%.

The Industrial property class is experiencing a municipal tax increase of 1.2%, which as mandated by the Provincial levy restriction, is one half on the budgetary increase to the Residential property class. Similar to the Commercial property class, the reduction in the education tax is providing a very significant benefit to the class, resulting in a total tax reduction of -4.8%.

The municipal impact for the farm class is 4.8%. However, normally, farm properties also have a residential component and the combined impact is, therefore, below the 4.8% shown only for the farm property class. Also, the City's low farm tax ratio of 0.1767, helps to limit the actual tax impact in dollars. The total tax impact including education is 3.9%.

In June of 2019, Council approved "Hamilton Fire Department Service Delivery Plan (2019 - 2028)" (Report HSC19026). The Plan identified the impact that growth and the resulting changes to the demographics and risk profiles of fire services, specifically in a number of areas where the shift was from a rural demographic and risk profile to a suburban / urban demographic and risk profile. The Hamilton Fire Department (HFD) currently provides fire and rescue services across the City through three delivery models based on demographic and risk profiles: Rural – response by Volunteer Firefighters, Urban – response by Fulltime Firefighters and Suburban – response by both Fulltime and Volunteer Firefighters (Composite). The Plan outlined shifting from Rural (Volunteer response) to Suburban (Composite) response based on the significant change that has occurred and is occurring in the following four areas:

1. The Winona area from Fruitland Road, easterly to the Grimsby boarder from the lake to the escarpment.
2. Rymal Road East to Golf Club Road between Regional Road 56 and Trinity Church Road.
3. Twenty Road southward to Dickenson Road between Glover Road and Glancaster Road.
4. Airport Industrial Park on the west side of Upper James southernly from Dickenson Road to the Airport property and the Hamilton International Airport property at 9300 Airport Road.

As a result, approximately 5,800 properties with an assessment of approximately \$3.5 B (of which approximately 5,000 properties and \$2.4 B in assessment are in the Residential property class) from Wards 10 and 11 have been reclassified from "Rural Fire" to "Urban Fire".

Details of the shift caused by this change are included in the Analysis and Rationale section of Report FCS21028. Appendix "C" to Report FCS21028 "Urban / Rural Fire Area Rating" shows the map with the updated boundaries of the fire service delivery.

#### **Alternatives for Consideration – Not Applicable**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Current and future tax policies impact the City financially in terms of revenue streams and their sources. The policies recommended in Report FCS21028 have no budget impact since they have all been incorporated into the 2021 approved budget. The benefits of assessment growth have been used to offset the 2021 budgetary pressures.

**Staffing:** None

**Legal:** The policies included in Report FCS21028 are recommended in accordance to the legislative requirements contained in the *Assessment Act, 2001*.

## **HISTORICAL BACKGROUND**

Each year, staff brings 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 2021 budget process.

In 2011, significant changes were approved by Council to the method used for the area rating of specific services. Specifically, commencing in the 2011 taxation year, services such as Recreation, Fire, Sidewalks and Street Lighting are area rated based on an urban / rural model. Culture was area rated prior to 2011 and is no longer area rated. Parkland Purchases, Sidewalk Snow Clearing (Ancaster only) and Transit (urban area only) continue to be area rated by the former area municipality.

In 2019, Council approved the Hamilton Fire Department Service Delivery Plan (2019 - 2028) which included changes in the service delivery boundaries to increase the level of composite operations in high growth areas of the City. Appendix “C” to Report FCS21028 – Map of Urban / Rural Fire Areas shows the updated area rating boundaries.

The final 2021 tax impacts identified in Report FCS21028 incorporate the budget impact, as well as, tax policies and growth.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Report FCS21028 recommends a number of tax policy updates for the 2021 taxation year in accordance with the requirements outlined in the *Assessment Act, 2001*.

## **RELEVANT CONSULTATION**

Staff has consulted with Provincial staff and confirmed that the recommended tax policies adhere to the Provincial legislation.

Staff from the Taxation Section and Legal and Risk Management Services Division, Corporate Services Department have also been consulted.



<b>Tax Policy Tool</b>	<b>Mandatory vs. Discretionary</b>	<b>Recommendation</b>
<b>Deferral of Tax Increases Program</b>	Mandatory	<ul style="list-style-type: none"> <li>Continue existing program as approved by Council (Report FCS18005).</li> <li>Update income threshold to \$36,900 (150% of updated Guaranteed Income Supplement for a couple.).</li> </ul>
<b>Full Tax Deferral Program</b>	Discretionary	<ul style="list-style-type: none"> <li>The program is now a permanent program as approved by Council (Report FCS18005(a)).</li> <li>Update income threshold to \$36,900 (150% of updated Guaranteed Income Supplement for a couple.).</li> <li>Application fee: \$200+HST; Interest at 3% per annum.</li> </ul>
<b>Area Rating</b>	Discretionary	<ul style="list-style-type: none"> <li>Area rating based on the Council approved (April 2011) Urban/Rural model (Reports FCS09087 / FCS09087a / FCS11042).</li> <li>Fire Urban/Rural boundaries updated in 2020 (Report HSC19026).</li> <li>Appendix “A” to Report FCS21028 identifies the area rated levies for 2021.</li> <li>Appendix “C” to Report FCS21028 identifies the updated boundaries for fire area rating</li> </ul>
<b>Rebates to Charities and Similar Organizations</b>	Mandatory	<ul style="list-style-type: none"> <li>Continue with existing program.</li> <li>40% rebate for charities.</li> <li>100% rebate for accredited educational institutions that rent their property.</li> <li>100% rebate for Veteran’s Clubhouses and Legion Halls that would otherwise be tax exempt.</li> </ul>
<b>Vacancy Rebates</b>	Discretionary	<ul style="list-style-type: none"> <li>This program has been eliminated as approved by Council on June 2017 (Report FCS17021(a)).</li> </ul>

### **Full Tax Deferral Program**

In December 2020, Council approved Report FCS18005(a) “Deferral of Full Taxes for Seniors and Low-Income Persons with Disabilities Program” in which the program becomes permanent after a three-three-year pilot that started in 2018.

This program does not have an impact on the operating budget since deferred amounts are protected as they are set up as a receivable and protected by a special lien. The cost of the program is related to the loss of investment revenue. However, the deferred amounts are subject to annual interest (3% for 2021) in order to offset lost investment revenue.



## Capping

In 2016 and 2017, the Province enacted a series of options to help municipalities to accelerate the process towards Current Value Assessment (CVA) level taxes. The measures that the City adopted since have resulted in significant progress towards CVA taxes and for the 2021 tax year, the City no longer has properties under capping protection. Staff is, therefore, recommending that the City exits the program.

## Tax Ratios

Tax ratios distribute the tax burden across the property classes relative to the Residential property class tax ratio, which is set at 1.0000. For example, a property in a property class with a tax ratio of 2.0 would pay twice the amount of municipal tax as a similarly valued residential property. Tax ratios must be set within flexibility ranges determined by Provincial regulations.

Table 4 identifies the recommended 2021 final tax ratios compared to the 2020 final approved tax ratios and the Provincial thresholds.

**Table 4**  
**Recommended 2021 Tax Ratios**

	2020 Final Tax Ratios		Recommended 2021 Final Tax Ratios	Provincial Threshold
Residential	1.0000		1.0000	
Multi-Residential	2.4876		2.4407	2.0000
Commercial	1.9800		1.9800	1.9800
Industrial	3.3153		3.2493	2.6300
Industrial - Large	3.8876		3.8102	2.6300
Pipeline	1.7947		1.7947	
Landfills	2.9696		2.9696	3.1189
Farm	0.1767		0.1767	

As shown in Table 4, the Multi-Residential tax ratio has been reduced from 2020 in order to comply with the Provincial legislation that prevents municipalities with tax ratios above 2.0 to pass any reassessment related increases and any budgetary increases onto the Multi-Residential property class.

The Industrial property class continues to be levy-restricted as the City's tax ratio is above the Provincial Threshold and as a result, the 2021 tax ratio has also been reduced from the 2020 tax ratio.

Staff is recommending that the 2020 tax ratios for all other property classes be maintained in 2021 as detailed in Recommendation (b) of Report FCS21028.

## **Tax Impacts**

The final average tax impacts, as identified in Appendix “B” to Report FCS21028, are the result of various factors:

- 2021 approved tax operating budget (Report FCS21001(a));
- Approved area rating methodology, whereby Fire, Recreation, Sidewalks and Street Lighting are area rated based on Urban / Rural, while Transit (urban area only), Sidewalk Snow Removal (Ancaster only) and Parkland Purchase are area rated based on the former area municipality as per Reports FCS09087 / FCS09087a / FCS11042;
- “Hamilton Fire Department Service Delivery Plan (2019 - 2028)” (Report HSC19026);
- Postponement of the new reassessment cycle;
- Reduction of the BET for the Commercial and Industrial property classes;
- Reassessment and levy restrictions on the Multi-Residential property class;
- Levy restriction on the Industrial property class; and
- 2021 tax policies as recommended within Report FCS21028.

Further details on the impacts by ward are provided in Tables 5 and 6. Although the Residential City-wide average total impact is 2.1%, due to the various factors identified above, the impacts will vary between wards and between urban and rural areas. While the changes in the delivery of the fire service account for the wide differences between urban and rural areas, budget pressures and enhancements in other area rated services may also have a greater impact on some wards than others. Appendix “A” to Report FCS21028 “2021 Tax Policies and Area Rating” identifies the area-rated levies.

Note that 90% of the Residential properties are identified as fully Urban and 9% as fully Rural. Only 1% of the Residential properties fall within “Urban with Rural Fire” or “Rural with Urban Fire”.

## **Residential Tax Impacts (Reassessment + Tax Policies + Budget)**

Tables 5 and 6 break down the 2.1% City-wide average residential tax impact into the average urban and rural residential tax impacts by ward. Further detail on the impacts by ward and by all four tax groupings (Urban, Rural, Urban with Rural Fire and Rural with Urban Fire) are provided in Appendix “B” to Report FCS21028 “2021 Tax Policies and Area Rating” attached hereto.

As previously mentioned, the reassessment scheduled for 2020, which would have been effective for the 2021-2024 cycle has been postponed by the Province and, therefore, all properties continue to have the same valuation that was in effect for the 2020 taxation year. This means that there are no reassessment impacts for the 2021 taxation year. Also, since staff is not recommending any tax policy changes that may result in redistribution of taxes, the resulting tax impacts vary amongst wards due to changes in area rating levies and changes in the fire urban / rural boundaries.

**Table 5****2021 Total Residential Tax Impacts (Municipal and Education):  
Urban - Transit / Urban Fire**

(inclusive of reassessment, area rating, tax policies and education taxes)

**BY WARD**

	Reassessment & Tax Policies	Area Rating Change (Fire)	Budget	Total Average Impact (%)	Total Average Impact (\$)
Ward 1	0.0%	-0.5%	2.2%	1.7%	\$ 82
Ward 2	0.0%	-0.5%	2.2%	1.7%	\$ 56
Ward 3	0.0%	-0.5%	2.2%	1.7%	\$ 45
Ward 4	0.0%	-0.5%	2.2%	1.7%	\$ 47
Ward 5	0.0%	-0.5%	2.2%	1.7%	\$ 61
Ward 6	0.0%	-0.5%	2.2%	1.7%	\$ 67
Ward 7	0.0%	-0.5%	2.2%	1.7%	\$ 68
Ward 8	0.0%	-0.5%	2.2%	1.7%	\$ 74
Ward 9	0.0%	-0.5%	2.1%	1.5%	\$ 69
Ward 10	0.0%	-0.6%	2.1%	1.5%	\$ 69
Ward 11	0.0%	-0.5%	2.1%	1.6%	\$ 69
Ward 12	0.0%	-0.5%	2.3%	1.8%	\$ 105
Ward 13	0.0%	-0.5%	2.2%	1.7%	\$ 89
Ward 14	0.0%	-0.5%	2.2%	1.7%	\$ 81
Ward 15	0.0%	-0.6%	1.9%	1.3%	\$ 72

<b>City-Wide Average</b>				<b>2.1%</b>	<b>\$ 89</b>
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## Notes:

Urban: 90% of all residential properties

Anomalies in totals due to rounding

The urban areas of the City are experiencing a tax increase below the City's average of 2.1%, as shown in Table 5, mostly due to changes in the fire urban / rural boundaries. Approximately 5,800 properties in Stoney Creek (Ward 10) and Glanbrook (Ward 11), with an approximate assessment of \$3.5 B (of which approximately 5,000 properties and \$2.4 in assessment are in the Residential property class), were reclassified from rural fire to urban fire as the service delivery in those areas has been changed from volunteer to composite operations. Although the particular properties that are now subject to urban fire rates will experience a tax increase, the overall result is a benefit of approximately (0.5%) in the urban areas of the City as now there are more properties, with their associated assessment, sharing the cost of the career and composite operations (urban).

Other differences in the tax impacts in the urban areas are due to changes in transit. Ward 15 is experiencing a benefit due to a lower allocation of transit costs associated with previous years' changes. For example, Route 18 which covers Burlington but is charged to Hamilton and was previously charged to Flamborough. Conversely, wards in Hamilton and Ancaster have a higher transit allocation associated with previous years' expansions (i.e. Route 44 in Ancaster and Route 18 in Hamilton).

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Wards 9 and 10 (Stoney Creek portions) are experiencing a benefit due to the full repayment of the lands located at 605 Highway #8 which were part of the parkland area rating levies.

**Table 6**

**2021 Total Residential Tax Impacts (Municipal and Education):  
Rural - No Transit / Rural Fire**

(inclusive of reassessment, area rating, tax policies and education taxes)

**BY WARD**

	Reassessment & Tax Policies	Area Rating Change (Fire)	Budget	Total Average Impact (%)	Total Average Impact (\$)
Ward 1	0.0%	N/A	N/A	N/A	N/A
Ward 2	0.0%	N/A	N/A	N/A	N/A
Ward 3	0.0%	N/A	N/A	N/A	N/A
Ward 4	0.0%	N/A	N/A	N/A	N/A
Ward 5	0.0%	N/A	N/A	N/A	N/A
Ward 6	0.0%	N/A	N/A	N/A	N/A
Ward 7	0.0%	N/A	N/A	N/A	N/A
Ward 8	0.0%	N/A	N/A	N/A	N/A
Ward 9	0.0%	2.6%	1.3%	3.8%	\$ 155
Ward 10	0.0%	N/A	N/A	N/A	N/A
Ward 11	0.0%	2.6%	1.4%	4.0%	\$ 159
Ward 12	0.0%	2.6%	1.4%	4.0%	\$ 216
Ward 13	0.0%	2.6%	1.4%	4.0%	\$ 193
Ward 14	0.0%	N/A	N/A	N/A	N/A
Ward 15	0.0%	2.6%	1.4%	4.0%	\$ 208

<b>City-Wide Average</b>	<b>2.1%</b>	<b>\$ 89</b>
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Notes:

Rural: 9% of all residential properties

Anomalies in totals due to rounding

Contrary to the urban areas which are experiencing a tax benefit due to the changes in the delivery of the fire service, the rural areas are experiencing an increase of approximately 2.6%, as shown in Table 6, since there are now less properties and less assessment to cover the cost of providing the service in rural areas.

In 2021, the budgeted cost of the fire service had an increase of \$326 K over 2020. This budgeted increase has been offset by assessment growth. The percentage of response by career / volunteer crews remained relatively unchanged. Therefore, the change in the boundaries on the fire service delivery is the most significant driver in the tax impact differences between urban areas and rural areas.

The small variations amongst wards are due to decreases in parkland purchases (repayment of the lands located at 605 Highway #8) and decreases in streetlighting due to efficiencies of using LED lights.

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Overall, the tax impacts in the rural areas range from 3.8% to 4.0%, mostly due to the changes in fire service delivery as compared to the City's average of 2.1%.

### **Small Business Optional Property Sub-Class**

The 2020 Provincial Budget "Ontario's Action Plan: Protect, Support, Recover from COVID-19 Act (Budget Measures)," proposed new authority for municipalities to adopt a new optional property subclass for small business properties that will allow for a lower rate of taxation to be applied to eligible properties. The Province may consider matching any municipal property tax reductions with a reduction on the education tax portion. The regulations regarding this new optional property subclass have not been enacted yet and, therefore, implementation for the 2021 year is not feasible.

"Small Business" would be defined locally by each municipality in a way that best meets local needs and priorities. Several considerations must be taken into account when developing the eligibility criteria including:

- Roll data: assessment, classification, property code, size
- Nature of the business (retail, hospitality, etc.)
- Ownership / Occupancy (owner occupied, leased)
- Location

Municipalities should also consider the administrative burden, including the process to have the properties coded by MPAC on time for the next taxation year and the financial impacts of this decision. Although this new optional subclass has been presented as a financial relief to small businesses since they have been gravely affected by the COVID-19 pandemic, the tax policy decisions regarding the implementation of this class will have permanent implications for the municipalities that decide to adopt the subclass and, therefore, municipalities must act with caution to ensure that any decision supports their long-term strategic plans.

The City's Commercial property tax ratio is already at the Provincial threshold of 1.98 and is also restricted in the Multi-Residential and Industrial property classes. Therefore, if implemented, and subject to Provincial regulations, tax shifts may result from a potential tax reduction applied to this subclass and a potential shift to the Residential property class. The measure of the impact will depend on the total assessment that is eligible for the discount and the level of tax relief.

Staff will continue to monitor Provincial announcements regarding the regulations for this class and will report back to Council with analysis and recommendations for the 2022 taxation year.

### **Financial Programs Available to Businesses**

Since the start of the COVID-19 pandemic, the Provincial and federal governments have provided support to the business community with a number of programs including:

- Business Education Tax Reduction as previously explained in Report FCS21028
- Ontario Personal Protective Equipment (PPE) Grant
- Ontario Property Tax and Energy Cost Rebates
- Ontario Small Business Support Grant
- Ontario Tourism and Hospitality Small Business Support Grant
- Canada Emergency Business Account (CEBA)
- Canada Emergency Rent Subsidy (CERS)
- Canada Emergency Wage Subsidy (CEWS)

Additional information on these programs can be found in the “Hamilton COVID Concierge for Business” page: <https://hamiltoncovidconcierge.ca/assistance-support/>

The City of Hamilton has also taken actions to assist local businesses through the COVID-19 Pandemic including:

- The creation of the Mayor’s Task Force on Economic Recovery (MTFER)
- Freezing all General Business License Fees, Trade License Fees, Taxi and Personal Transportation Fees, and Film Permit Fees at 2020 levels for 2021
- One-time enhancement grant of \$10 K to each of the City’s 13 Business Improvement Areas (BIAs) to support special programming in 2021

## **ALTERNATIVES FOR CONSIDERATION**

N/A

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

### **Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

### **Built Environment and Infrastructure**

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS21028 – 2021 Area Rated Levies Summary

Appendix “B” to Report FCS21028 – 2021 Residential Tax Impacts

Appendix “C” to Report FCS21028 – Urban/Rural Fire Area Rating

GR/dt