



Public Invited to Comment on New Approaches to Municipal Taxation

October 8, 2013

PORT HOPE, ON . Following a presentation from Finance Director David Baxter at this evening's Budget Committee meeting, six potential options for a revised Municipal taxation model will be made available for comprehensive community consultation. Information will be made available as of Friday, October 11th on the Municipal website and all Municipal facilities, and an Open House will be held on Monday, October 21st from 7:00 . 9:00pm at the Town Park Recreation Centre with a presentation at 7:30 pm. Council members and Staff will be in attendance to provide information and answer questions.

Port Hope's Municipal taxation model has been under review to revise the approach put in place in 2001. In conjunction with the amalgamation of the former Township of Hope and Town of Port Hope, an Area Rating methodology was implemented to determine the allocation of the tax levy between the two Wards, with the intention of ensuring a fair and equitable distribution of the tax levy. The amalgamation formula calculated separate tax rates for Ward 1 and Ward 2 using weighted assessment and pre-amalgamation operating expenses (Ward 1 at 85.8% and Ward 2 at 14.2%) for the Town of Port Hope and the Township of Hope to establish the ratio. The amalgamation formula was approved by the new Council on the understanding that it was to be reviewed within 5 years. It was intended to allow the newly formed Municipality to move forward with taxation and cover transactions during the transition period, not as a long term or permanent approach.

The Municipality operates as one community with a single budget and accounting system. As the new Municipality evolved, tying future years to a year 2000 pre-amalgamation formula did not reflect the fact that all residents of the new Municipality had equal access to facilities and services provided by the Municipality. It did not reflect the perspective that all rate payers share the costs of these facilities and services, nor did it allow flexibility for changes to services, costs and legislation over time. The Area Rating Policy put in place 12 years ago is no longer meeting the original goals of the policy and the Municipal taxation approach must be revised in order to be compliant going forward with guidelines for taxation set out in the Ontario Municipal Act.

In 2012 and 2013, temporary Common-Plus-Area-Specific approaches were implemented in an effort to move toward a more balanced methodology. An Area Rating Citizens Working Group was appointed by Council to review background information, identify options for a revised approach to Municipal taxation, and assist in framing recommendations for a taxation approach for the long term. The Working Group met 22 times between June 2012 and July 2013. While the Area Rating Working Group was able to reach a general agreement on some aspects, they were not able to come to consensus on a revised taxation methodology and the last meeting was held in July 2013.

Members of the Working Group were in general agreement that the most fair and equitable methodology would be a Common-Plus-Special Services approach. In accordance with the Municipal Act, all Municipal expenses and services considered common to all property owners are included in a common rate applied to all properties, based on weighted assessment. Expenses/services that are not available to a group of residents can be considered %special services+as per Section 326 of the Municipal Act and a separate, additional rate is applied to each area for these special services. The determination of what is considered a common service vs. special services is made based on access to and availability of service. Proximity to or frequency of use of any service is not a consideration of whether it is considered a common service, the determination is made solely on the basis of whether or not a group of taxpayers has access to a service.

Property tax is comprised of three components: Municipal, education and County taxes. While property tax is collected by the Municipality, a portion of that amount is forwarded to the Province of Ontario for education and the County of Northumberland for the services they provide. The rate for both education and County taxes is the same for all properties across the Municipality. The Municipal portion of the total property tax bill is currently 57% for Ward 1 properties and 39% for Ward 2 properties.

Using 2013 as the base year, and residential property as an example, the Common Plus Special Services approach once fully implemented, would result in a 7% decrease (\$66 per \$100,000 in weighted assessment) on the Municipal portion of Ward 1 tax bills. Ward 2 properties would see a 46.9% increase (\$207 per \$100,000 in weighted assessment) on the Municipal portion of the property tax bill.

Members of the Working Group agreed that the increase on the Ward 2 tax rate should be phased in using interest from the Community Fund (monies received by former Township of Hope and Town of Port Hope from the federal government as a hosting fee for low-level radioactive waste). While the Municipal Act does not allow for the phasing in of the decrease in Ward 1 taxes, it does not preclude the compliant phasing in of the corresponding increase to Ward 2 taxes.

The Council and Municipal Staff members of the group built upon the work already completed to develop six options for implementing a Common Plus Special Services approach with varying degrees of mitigation for the increase to Ward 2 taxes over time. Those options are being made available for public review and comment. All comments received by November 15, 2013 will be considered in the development of a report to Committee of the Whole on November 26, 2013 outlining a Municipal taxation approach for 2014 and beyond.

Details on Municipal taxation are available at all Municipal facilities and at www.porthope.ca.

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