

SIMCOE COUNTY

2021 PROPERTY TAX AND TAX POLICY OVERVIEW



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THE 2021 TAX DISCUSSION

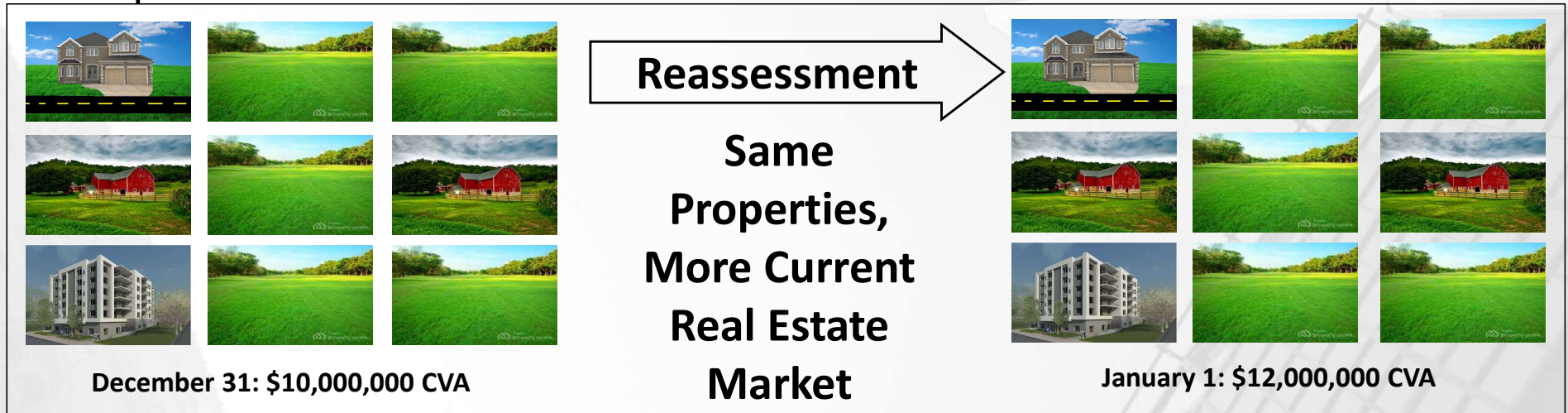
- 2021 should have been the first year of a new reassessment cycle, with all destination (Full CVA) values being updated to reflect Jan. 1, 2020 market conditions, however, the Province pressed pause on this in the spring of 2020.
- This means that property taxes for 2021 will again rely on the full destination values based on the January 1, 2016 valuation date.
 - This will be the first year since 2008 with no market driven valuation change
- The best way to understand what the lack of market value change means for 2021 is to identify the specific impacts that occur when it is in place
- In fact, it may be more important than ever to be clear as to how key variables impact the amount of tax we raise and how it is shared
 - Assessment and Revenue Growth/Loss;
 - Reassessment & Phase-In Related Tax Implications;
 - Municipal Levy Change; and
 - Tax Policy Adjustments

GROWTH, REASSESSMENT, PHASE-IN, POLICY & LEVY CHANGE

Variable	Tax Implications
 <p>Reassessment / Phase-In</p>	<ul style="list-style-type: none"> • Updates the <u>relative</u> value of everyone's property, which can impact the <u>proportional share of tax</u> each taxpayer is responsible for • Since 2009, these shifts in proportional share have been phased in • <u>No new tax revenue</u> for municipalities, but individual tax liabilities will change/shift among properties and groups of properties
 <p>Growth</p>	<ul style="list-style-type: none"> • <u>New municipal revenue</u> from new assessable property • Only taxpayers whose properties undergo assessable changes in state use and condition are impacted • <u>Existing taxpayers do not contribute</u> to revenue increases
 <p>Tax Policy</p>	<ul style="list-style-type: none"> • Tax ratios, discounts and other tax policy options can be adjusted to alter the <u>distribution of tax</u> among properties and groups of properties • Some of these tools alter the share of taxes based on a property's use (Class & Ratios), other alter the balance based on value (Banding)
 <p>Levy Change</p>	<ul style="list-style-type: none"> • The difference (+/-) in revenue a municipality chooses to raise compared to the prior year at year-end, after growth <p style="text-align: center;">Prior Year Levy + Growth = Revenue Limit</p> <p style="text-align: center;">Current Year Levy – Revenue Limit = Levy Change</p>

PHASE-IN BRINGS MORE ASSESSMENT DOLLARS AND WE CAN RAISE MORE TAX WITH THE SAME RATE. HOW IS THIS NOT GROWTH?

A: The tax base has not grown. No new taxpayers, properties or assessable improvements



A2: Growth looks much different and is the actual expansion of the tax base.



QUANTIFYING ASSESSMENT GROWTH

Realty Tax Class	2020 CVA		CVA Growth	
	As Returned	As Revised	\$	%
Residential	56,903,527,308	58,001,132,820	1,097,605,512	1.93%
Farm	3,755,799,610	3,782,196,739	26,397,129	0.70%
Managed Forest	177,855,263	182,916,429	5,061,166	2.85%
New Multi-Residential	1,518,000	29,193,400	27,675,400	1,823.15%
Multi-Residential	383,500,926	403,237,226	19,736,300	5.15%
Commercial	3,985,317,503	4,029,924,908	44,607,405	1.12%
Industrial	811,769,032	807,126,085	-4,642,947	-0.57%
Landfill	3,968,100	3,968,100	0	0.00%
Pipeline	204,982,000	206,916,000	1,934,000	0.94%
Total (Tax + PIL)	66,228,237,742	67,446,611,707	1,218,373,965	1.84%

- The pause in reassessment and the reliance on 2016 destination values for a second year had no direct implications for how growth is measured, how it impacts our tax base, or the amount of growth that materialized

QUANTIFYING REVENUE GROWTH

- From a tax policy perspective, and for the purposes of establishing our Revenue Limit or 0% Levy Change Position, we measure the difference in the tax base at year-end vs. the point at which we set rates for the year

Realty Tax Class	2020 County Levy		Revenue Growth	
	As Levied	Year-End	\$	%
Residential	\$155,623,204	\$158,625,934	\$3,002,730	1.93%
Farm	\$2,568,703	\$2,586,759	\$18,056	0.70%
Managed Forest	\$121,642	\$125,101	\$3,459	2.85%
New Multi-Residential	\$4,153	\$79,865	\$75,712	1,823.07%
Multi-Residential	\$1,049,148	\$1,103,140	\$53,992	5.15%
Commercial	\$13,313,560	\$13,470,624	\$157,064	1.18%
Industrial	\$2,641,967	\$2,632,140	-\$9,827	-0.37%
Landfill	\$10,856	\$10,856	\$0	0.00%
Pipeline	\$727,096	\$733,956	\$6,860	0.94%
Total (Tax + PIL)	\$176,060,329	\$179,368,375	\$3,308,046	1.88%

**Applied to Roll
as Returned**

**Applied to Roll
as Revised**

**2020
Tax Rates**

YEAR-OVER-YEAR GROWTH COMPARISON

Realty Tax Class	2019 Growth		2020 Growth	
Residential	\$4,189,863	2.83%	\$3,002,730	1.93%
Farm	-\$19,423	-0.81%	\$18,056	0.70%
Managed Forest	\$1,585	1.39%	\$3,459	2.85%
New Multi-Residential	\$3,392	502.52%	\$75,712	1,823.07%
Multi-Residential	\$19,199	1.69%	\$53,992	5.15%
Commercial	\$331,360	2.59%	\$157,064	1.18%
Industrial	-\$72,579	-2.51%	-\$9,827	-0.37%
Landfill	\$0	0.00%	\$0	0.00%
Pipeline	\$7,889	1.10%	\$6,860	0.94%
Total (Tax + PIL)	\$4,461,286	2.65%	\$3,308,046	1.88%

- We are seeing lower rates of growth across our client base this year
- We attribute this more to administrative and process slowdowns during the pandemic than actual shifts in activity within the assessment base
 - For the most part, assessment roll growth in any given year largely reflects real-world building and activity that took place in prior years

LOCAL GROWTH PATTERNS

Local Municipality	CVA Growth		County Levy Growth	
	\$	%	\$	%
Adjala-Tosorontio	10,601,025	0.42%	-\$1,735	-0.03%
Bradford W-G	122,572,000	1.55%	\$356,528	1.69%
Clearview	33,704,100	1.16%	\$86,427	1.25%
Collingwood	183,698,609	3.93%	\$503,910	3.83%
Essa	17,522,600	0.47%	\$39,641	0.42%
Innisfil	285,772,395	3.27%	\$801,999	3.43%
Midland	23,441,800	1.11%	\$64,027	1.06%
New Tecumseth	98,413,718	1.32%	\$251,558	1.26%
Oro-Medonte	50,955,500	0.98%	\$144,202	1.06%
Penetanguishene	17,732,700	1.63%	\$48,700	1.60%
Ramara	37,256,100	1.48%	\$104,993	1.60%
Severn	38,621,000	1.26%	\$101,464	1.21%
Springwater	73,558,900	1.75%	\$189,931	1.78%
Tay	18,699,000	1.27%	\$50,316	1.27%
Tiny	75,099,700	1.79%	\$208,073	1.87%
Wasaga Beach	130,724,818	2.91%	\$358,001	2.87%
County-Wide	1,218,373,965	1.84%	\$3,308,035	1.88%

- Local revenue growth will match the County levy growth on a % basis

2021 BASE-LINE TAX: NOTIONAL LEVY

Realty Tax Class	Start Ratios	Rate	Year End Levy	Notional Levy	Difference
Residential	1.000000	0.00273571	\$158,625,934	\$158,625,934	\$0
Farm	0.250000	0.00068393	\$2,586,759	\$2,586,759	\$0
Managed Forest	0.250000	0.00068393	\$125,101	\$125,101	\$0
New Multi-Residential	1.000000	0.00273571	\$79,865	\$79,865	\$0
Multi-Residential	1.000000	0.00273571	\$1,103,140	\$1,103,140	\$0
Commercial	1.252100	0.00342538	\$13,470,624	\$13,470,624	\$0
Industrial	1.252100	0.00342538	\$2,632,140	\$2,632,140	\$0
Landfill	1.000000	0.00273571	\$10,856	\$10,856	\$0
Pipeline	1.296600	0.00354712	\$733,956	\$733,956	\$0
Total (Tax + PIL)			\$179,368,375	\$179,368,375	\$0

- For the first time since 2008, there will be no reassessment related tax shifts between properties, among classes or among local area municipalities

EDUCATION RATES & BET CUTS

Realty Tax Class	2020 Year-End	2021	\$	%
Residential	\$88,654,451	\$88,654,451	\$0	0.00%
Farm	\$1,446,690	\$1,446,690	\$0	0.00%
Managed Forest	\$69,965	\$69,965	\$0	0.00%
New Multi-Residential	\$44,666	\$44,666	\$0	0.00%
Multi-Residential	\$616,952	\$616,952	\$0	0.00%
Commercial	\$38,333,759	\$34,834,628	-\$3,499,131	-9.13%
Industrial	\$9,865,871	\$7,137,335	-\$2,728,536	-27.66%
Landfill	\$38,889	\$38,889	\$0	0.00%
Pipeline	\$2,560,622	\$1,820,861	-\$739,761	-28.89%
Total (Tax + PIL)	\$141,631,865	\$134,664,437	-\$6,967,428	-4.92%

- As part of the Province's 2020 Budget, they have proposed reducing the Business Education Tax (BET) Rates province-wide to a uniform level of 0.88%
- This means a rate reduction of approximately 30% for any rate that was at the previous maximum, and just over 10% for new construction rates and those set to the previous target level of 0.98%
- Uniform Residential and Farm/Forest rates remain unchanged for 2021

TYPICAL PROPERTY SUMMARY

Property Type	Average Values		Individual Levies and Levy Shares					
	CVA	Tax	County		Local		Education	
Single-Detached	399,691	\$3,877	\$1,093	28%	\$2,172	56%	\$612	16%
Townhouse / Semi	329,197	\$3,194	\$901	28%	\$1,789	56%	\$504	16%
Condominiums	299,590	\$3,139	\$820	26%	\$1,861	59%	\$458	15%
Waterfront Residential	629,461	\$6,362	\$1,722	27%	\$3,677	58%	\$963	15%
All Residential	378,112	\$3,668	\$1,034	28%	\$2,055	56%	\$579	16%
Farm	559,579	\$1,357	\$383	28%	\$760	56%	\$214	16%
Multi-Residential	2,120,732	\$20,874	\$5,802	28%	\$11,827	57%	\$3,245	15%
Commercial	656,633	\$12,496	\$2,249	18%	\$4,469	36%	\$5,778	46%
Industrial	905,068	\$17,212	\$3,100	18%	\$6,147	36%	\$7,965	46%

For 2021 Property Level taxes for existing properties will only change if one or more of the following apply:

- 1) The municipality increases its overall tax levy (levy increase);
- 2) Tax Policies are adjusted in a way that alters the balance of taxation; or
- 3) The property owner alters their property in a way that triggers an assessment change.

(Note: These values are available for each local area municipality)

TYPICAL SINGLE DETACHED RESIDENTIAL HOMES

Property Type	Average Values		Individual Levies and Levy Shares					
	CVA	Tax	County		Local		Education	
Adjala-Tosorontio	507,650	\$3,519	\$1,389	39%	\$1,353	38%	\$777	23%
Bradford W-G	575,591	\$5,290	\$1,575	30%	\$2,834	54%	\$881	16%
Clearview	349,017	\$3,804	\$955	25%	\$2,315	61%	\$534	14%
Collingwood	360,355	\$4,099	\$986	24%	\$2,562	63%	\$551	13%
Essa	426,424	\$2,884	\$1,167	40%	\$1,065	37%	\$652	23%
Innisfil	424,807	\$4,231	\$1,162	27%	\$2,419	57%	\$650	16%
Midland	235,317	\$3,384	\$644	19%	\$2,380	70%	\$360	11%
New Tecumseth	452,931	\$4,225	\$1,239	29%	\$2,293	54%	\$693	17%
Oro-Medonte	421,405	\$3,611	\$1,153	32%	\$1,813	50%	\$645	18%
Penetanguishene	248,845	\$3,582	\$681	19%	\$2,520	70%	\$381	11%
Ramara	281,587	\$2,702	\$770	28%	\$1,501	56%	\$431	16%
Severn	341,076	\$2,806	\$933	33%	\$1,351	48%	\$522	19%
Springwater	488,014	\$3,749	\$1,335	36%	\$1,667	44%	\$747	20%
Tay	230,066	\$2,469	\$629	25%	\$1,488	60%	\$352	15%
Tiny	311,980	\$2,283	\$853	37%	\$953	42%	\$477	21%
Wasaga Beach	327,509	\$3,231	\$896	28%	\$1,834	57%	\$501	15%
County-Wide	399,691	\$3,877	\$1,093	28%	\$2,172	56%	\$612	16%

TAX POLICY OPTIONS BALANCE OF TAXATION



TAX POLICY AND BALANCE OF TAXATION

- Ontario's property tax system is built around two core design principles, which ultimately determine how the total tax burden is shared amongst taxpayers
 1. Relative Property Value; and
 2. Property Use
- All formal tax policy tools allow us to manipulate or mitigate the tax distribution based on one of these two variables

Tax Tool	Variable	Function
Tax Ratios	Use	Distributes the Tax Burden Among Classes
Subclass Discounts	Use	Distribute Taxes within and Among Classes
Class / Subclass Structure	Use	Determines how <i>fine-grained</i> the application of Tax Ratios and/or Discounts will be
Graduated Tax	Value	Creates a Progressive vs. Straight Line CVA to Tax Share Relationship
Tax Capping	Value	These programs alter Final Tax Share based on the Direction and Magnitude of Pre-Mitigated Value Driven Tax Change
Tax Phase-In	Value	

TAX POLICY AND BALANCE OF TAXATION

Realty Tax Class	Balance of Assessment		Ratio / Discount	Balance of Taxation	
	2021 CVA	Share		Start Levy	Share
Residential	58,001,132,820	86.00%	1.000000	\$158,625,934	88.44%
Farm	3,782,196,739	5.61%	0.250000	\$2,586,759	1.44%
Managed Forest	182,916,429	0.27%	0.250000	\$125,101	0.07%
New Multi-Res.	29,193,400	0.04%	1.000000	\$79,865	0.04%
Multi-Residential	403,237,226	0.60%	1.000000	\$1,103,140	0.62%
Commercial	3,705,838,164	5.49%	1.252100	\$12,693,904	7.08%
<i>Vacant/Excess</i>	323,847,344	0.48%	0.70	\$776,511	0.43%
<i>SS OFB</i>	239,400	0.00%	0.25	\$205	0.00%
Industrial	678,264,785	1.01%	1.252100	\$2,323,315	1.30%
<i>Vacant/Excess</i>	128,761,300	0.19%	0.70	\$308,740	0.17%
<i>SS OFB</i>	100,000	0.00%	0.25	\$86	0.00%
Landfill	3,968,100	0.01%	1.000000	\$10,856	0.01%
Pipeline	206,916,000	0.31%	1.296600	\$733,956	0.41%
Total	67,446,611,707	100.00%		\$179,368,375	100.00%

This table shows the County's Status Quo balance of taxation based on the 2020 class structure, tax ratios and subclass discounts, we have prepared two alternate models

Model 1: Eliminates Vacant and Excess Discounts with corresponding ratio reductions to maintain the class-by-class balance

Model 2: Builds on this with Graduated Taxation, which shifts taxes from lower to higher value commercial properties

VACANT AND EXCESS LAND SUBCLASS

- Vacant and Excess Land subclasses fall under either the Commercial or Industrial classes based on zoning and/or the nature of the occupied/improved portion of the parent property
- By default, these properties are subject to a reduced tax rate in comparison to occupied properties in the same class
 - Since 2017, Simcoe has used a uniform discount of 30%
- As of 2021 municipalities have the authority to alter or eliminate vacant and excess land subclass discounts without regulatory approval

Property A: Is a completely unimproved lot and would be classified as **Vacant Land**

Property B/C: Is comprised of Improved and Unimproved land. The “B” Portion would be subject to the **Fully Occupied Rate**. The “C” portion would be deemed **Excess Land**



TAX POLICY SENSITIVITY MODEL 1

ELIMINATE VACANT/EXCESS LAND AND MAINTAIN CLASS BALANCE

Realty Tax Class	Revenue Neutral County Levy		Difference	
	Status Quo	Model 1	\$	%
Residential	\$158,625,934	\$158,621,291	-\$4,643	0.00%
Farm	\$2,586,759	\$2,586,682	-\$77	0.00%
Managed Forest	\$125,101	\$125,098	-\$3	0.00%
New Multi-Residential	\$79,865	\$79,863	-\$2	0.00%
Multi-Residential	\$1,103,140	\$1,103,109	-\$31	0.00%
Commercial				
<i>Occupied</i>	\$12,693,902	\$12,391,433	-\$302,469	-2.38%
<i>Excess Land</i>	\$202,579	\$282,503	\$79,924	39.45%
<i>Vacant Land</i>	\$573,932	\$800,365	\$226,433	39.45%
SSOFB	\$205	\$201	-\$4	-1.95%
Commercial Sub-Total	\$13,470,618	\$13,474,502	\$3,884	0.03%
Industrial				
<i>Occupied</i>	\$2,323,315	\$2,212,663	-\$110,652	-4.76%
<i>Excess Land</i>	\$87,077	\$118,466	\$31,389	36.05%
<i>Vacant Land</i>	\$221,664	\$301,583	\$79,919	36.05%
SSOFB	\$86	\$82	-\$4	-4.65%
Industrial Sub-Total	\$2,632,142	\$2,632,794	\$652	0.02%
Landfill	\$10,856	\$10,856	\$0	0.00%
Pipeline	\$733,956	\$733,936	-\$20	0.00%
Total	\$179,368,371	\$179,368,131	-\$240	0.00%



This model is shifting taxes from occupied and improved business property (B) to vacant and unimproved land (A&C)

SENSITIVITY MODEL 1: INTER-MUNICIPAL SHIFTS

Local Municipality	Revenue Neutral County Levy		Shift	
	Notional	Scenario 2		
Adjala-Tosorontio	\$6,161,682	\$6,154,656	-\$7,026	-0.11%
Bradford W-G	\$21,391,518	\$21,429,376	\$37,858	0.18%
Clearview	\$7,006,597	\$7,000,991	-\$5,606	-0.08%
Collingwood	\$13,663,489	\$13,667,729	\$4,240	0.03%
Essa	\$9,546,674	\$9,523,023	-\$23,651	-0.25%
Innisfil	\$24,165,969	\$24,184,488	\$18,519	0.08%
Midland	\$6,115,582	\$6,097,616	-\$17,966	-0.29%
New Tecumseth	\$20,217,066	\$20,189,441	-\$27,625	-0.14%
Oro-Medonte	\$13,794,451	\$13,787,745	-\$6,706	-0.05%
Penetanguishene	\$3,087,650	\$3,081,554	-\$6,096	-0.20%
Ramara	\$6,678,296	\$6,678,046	-\$250	0.00%
Severn	\$8,471,457	\$8,472,704	\$1,247	0.01%
Springwater	\$10,863,648	\$10,871,512	\$7,864	0.07%
Tay	\$4,001,076	\$4,005,606	\$4,530	0.11%
Tiny	\$11,363,075	\$11,360,110	-\$2,965	-0.03%
Wasaga Beach	\$12,840,147	\$12,863,534	\$23,387	0.18%
County-Wide	\$179,368,377	\$179,368,131	-\$246	0.00%

- Policy changes will always create shifts in the County levy among area municipalities depending on the specific local property mix
- This model is unique in that the shifts are constrained between occupied and vacant/unimproved business properties

VACANT PROPERTIES AND EXCESS PORTIONS

Class / Subclass	Portion Count	Average CVA	Status Quo Tax		Scenario 1		Difference	
			Mun (UT/LT)	Mun + Ed	Mun (UT/LT)	Mun + Ed	Total Tax (Mun + Ed)	
Commercial								
Vacant	492	486,506	\$3,056	\$7,340	\$4,352	\$8,636	\$1,296	17.7%
Excess	242	349,117	\$2,165	\$5,051	\$3,084	\$5,969	\$918	18.2%
Industrial								
Vacant	217	426,020	\$2,950	\$6,639	\$4,202	\$7,891	\$1,252	18.9%
Excess	93	390,484	\$2,554	\$6,198	\$3,638	\$7,282	\$1,084	17.5%

This Table sets out the impacts for the average:

- Vacant Land Properties (A), and
- Excess Land Portions (C).



VACANT PROPERTIES AND EXCESS PORTIONS

Properties with Excess Land Portions	Property Count	Average CVA	Status Quo Tax		Scenario 1		Difference	
			Mun (UT/LT)	Mun + Ed	Mun (UT/LT)	Mun + Ed	Total Tax (Mun + Ed)	
Commercial	229	2,936,599	\$26,583	\$50,882	\$27,480	\$51,728	\$846	1.7%
Industrial	93	4,590,584	\$45,483	\$86,066	\$46,444	\$87,027	\$961	1.1%

This Table sets out the impacts for the average commercial and industrial properties that include one or more excess portions

These figures represent the property wide values and taxes (B + C)



SENSITIVITY MODEL 2: GRADUATED TAXATION

- Graduated taxation is an optional mechanism that allows municipalities to alter the CVA to Tax relationship from one that is **Linear** to one that is **Progressive**
 - This shifts the tax burden within a property class from lower to higher value properties
- The general structure of a graduated tax scheme relies on two critical variables:
 - The definition of the assessment bands, which are applied on a property-by-property basis; and
 - The relationship between the rates that will apply to the two or three bands of assessment

	Low Band	High Band	Total
CVA	1,000,000	1,000,000	2,000,000
Non-Graduated Rate	0.019500	0.019500	0.019500
Non-Graduated Tax	\$19,500	\$19,500	\$39,000
Band Factor	1.00	1.50	
Band Rates	0.017500	0.026250	
Graduated Tax	\$17,500	\$26,250	\$43,750
Graduated Tax Impacts	-\$2,000	\$6,750	\$4,750
	-10.26%	34.62%	12.18%

- This property will pay more overall due to the amount of CVA in the high band
- The % increase will depend on how much assessment is in the high band
- All properties with no CVA in the high band will see tax decreases of 10.26%

SENSITIVITY MODEL 2: GRADUATED TAXATION

- The Graduated Tax Model that we have prepared is an extension of Model 1 and uses the following Graduation and Banding Factors
 - Applied to the Commercial Class only
 - Two Bands of Assessment with a Threshold of 650,000
 - The high band Factor is 1.060620 to 1.000000

Status / Subclass	Status Quo	Model 1 (Pre-Grad)	Graduated Rates	
			Low Band	High Band
Occupied	0.00342538	0.00334376	0.0032296	0.00342538
Vacant Excess Land	0.00239777	0.00334376	0.0032296	0.00342538
Small Scale On-Farm	0.00085635	0.00083594	0.0008074	0.00342538
Full Rate vs. Status Quo		-2.38%	-5.72%	0.00%

- This is a fairly moderate graduated tax model but it achieves a couple of specific outcomes
 - It takes the tax shift off of the occupied commercial that was created by eliminating the discounts and targets the savings to the lower value properties
 - It also gives us a High Band rate equal to the uniform commercial rate that would apply if no tax policy changes are made
 - Parameters are set County-Wide, so local levies will not balance this precisely

SENSITIVITY MODEL 2: GRADUATED TAXATION

- Graduated tax has no impact on the class level balance of taxation
- Taxes are shifted within the class based on value, rather than among classes

Realty Tax Class	Pre-Graduated Tax	Graduated Tax			Graduated Tax Impact	
		Low Band	High Band	Total		
Residential	\$158,621,291			\$158,621,291	\$0	0.00%
Farm	\$2,586,682			\$2,586,682	\$0	0.00%
Managed Forest	\$125,098			\$125,098	\$0	0.00%
New Multi-Residential	\$79,863			\$79,863	\$0	0.00%
Multi-Residential	\$1,103,109			\$1,103,109	\$0	0.00%
Commercial Occupied	\$12,391,433	\$4,770,571	\$7,634,139	\$12,404,710	\$13,277	0.11%
Excess Land	\$282,503	\$159,961	\$119,738	\$279,699	-\$2,804	-0.99%
Vacant Land	\$800,365	\$494,887	\$295,016	\$789,903	-\$10,462	-1.31%
Small Scale On-Farm	\$201	\$192	\$0	\$192	-\$9	-4.48%
Commercial Sub-Total	\$13,474,502	\$5,425,611	\$8,048,893	\$13,474,504	\$2	0.00%
Industrial	\$2,632,794			\$2,632,794	\$0	0.00%
Landfill	\$10,856			\$10,856	\$0	0.00%
Pipeline	\$733,936			\$733,936	\$0	0.00%
Total	\$179,368,131	\$5,425,611	\$8,048,893	\$179,368,133	\$2	0.00%

SENSITIVITY MODEL 2: GRADUATED TAXATION

- Taxes are redistributed within the class based on value, rather than among classes
- The real shifts occur between lower and higher value properties

Properties with CVA of 650,000 or Less

Property Type	County, Local and Education			
	Pre-Grad	Graduated	Difference	
Fully Occupied	\$14,718,588	\$14,286,368	-\$432,220	-2.94%
Excess	\$596,156	\$578,935	-\$17,221	-2.89%
Vacant	\$1,598,338	\$1,553,892	-\$44,447	-2.78%
SS OFB	\$1,062	\$1,033	-\$29	-2.69%
Total	\$16,914,144	\$16,420,228	-\$493,916	-2.92%

Properties with CVA Greater than 650,000

Property Type	County, Local and Education			
	Pre-Grad	Graduated	Difference	
Fully Occupied	\$52,131,112	\$52,602,482	\$471,371	0.90%
Excess	\$832,829	\$841,619	\$8,790	1.06%
Vacant	\$2,605,412	\$2,619,179	\$13,767	0.53%
SS OFB	\$0	\$0	\$0	0.00%
Total	\$55,569,352	\$56,063,280	\$493,928	0.89%

SENSITIVITY MODEL 2: GRADUATED TAXATION

- As taxes shift between lower and higher value properties, the overall commercial tax burden will necessarily shift among area municipalities

Local Municipality	Pre Graduated Tax	Graduated Tax	Difference		Vs. Status Quo Start Levy	
Adjala-Tosorontio	\$329,276	\$331,408	\$2,132	0.65%	-\$4,752	-1.41%
Bradford W-G	\$1,608,198	\$1,619,604	\$11,406	0.71%	\$57,061	3.65%
Clearview	\$432,895	\$425,058	-\$7,837	-1.81%	-\$13,243	-3.02%
Collingwood	\$1,825,876	\$1,822,283	-\$3,593	-0.20%	-\$10,092	-0.55%
Essa	\$1,186,406	\$1,202,608	\$16,202	1.37%	-\$6,495	-0.54%
Innisfil	\$1,801,591	\$1,809,378	\$7,787	0.43%	\$22,317	1.25%
Midland	\$1,177,784	\$1,174,022	-\$3,762	-0.32%	-\$21,683	-1.81%
New Tecumseth	\$1,497,655	\$1,500,764	\$3,110	0.21%	-\$11,654	-0.77%
Oro-Medonte	\$594,423	\$589,194	-\$5,229	-0.88%	-\$11,874	-1.98%
Penetanguishene	\$228,081	\$225,989	-\$2,092	-0.92%	-\$5,215	-2.26%
Ramara	\$278,450	\$275,724	-\$2,726	-0.98%	-\$2,668	-0.96%
Severn	\$564,223	\$560,853	-\$3,370	-0.60%	-\$5,231	-0.92%
Springwater	\$487,359	\$479,135	-\$8,224	-1.69%	-\$4,091	-0.85%
Tay	\$203,680	\$202,181	-\$1,499	-0.74%	\$2,700	1.35%
Tiny	\$172,797	\$170,476	-\$2,321	-1.34%	-\$4,750	-2.71%
Wasaga Beach	\$1,085,808	\$1,085,828	\$20	0.00%	\$23,556	2.22%
County-Wide	\$13,474,501	\$13,474,506	\$5	0.00%	\$3,885	0.03%

GRADUATED TAXATION: WHAT DO WE REALLY ACHIEVE?

While graduation does allow us to manipulate the distribution of tax within a class, there are a number of distinct drawbacks that need to be considered

- In simple terms the concept is that the “Big Guys” will pay at a higher rate than the “Little Guys” but, the correlation between assessed value and the size of a business isn’t actually very strong
- Many of the smallest businesses are tenants and this would actually reverse the benefit gained by eliminating the subclass discounts for most businesses
- A rough summary of the Low Band make up suggests that the benefits may not be targeted as we might expect

Category	Low Band CVA	% of Band	% of Category
Clubs/Halls/Theaters	5,807,000	0.7%	51.7%
Camps, Campgrounds	3,709,000	0.4%	83.3%
Golf/Ski/Sports Complex	9,754,500	1.1%	13.7%
Hotels/Motels/Resorts	7,990,873	0.9%	5.6%
Restaurant	24,447,300	2.8%	31.2%
Automotive (Dealers, Service, Fuel)	78,787,100	9.0%	21.2%
Office	84,691,500	9.7%	37.0%
Retail	277,208,449	31.6%	17.7%
Traditional / Typical Commercial	492,395,722	56.1%	19.9%
Land, Gov, Institutional, Industrial, Etc.	385,095,140	43.9%	24.8%
Total Low Band	877,490,862	100.0%	21.8%

GRADUATED TAXATION: INCREASED COMPLEXITY AND RISK

In addition to the fact that graduated tax is a fairly blunt instrument it has some administrative and long-term strategic drawbacks.

- It adds a significant layer of complexity for both municipalities and taxpayers that goes far beyond the calculation of tax rates
 - It would be necessary to consult with local tax collectors and/or billing software suppliers before making a final decision to ensure this could be implemented and in what time-frame
- Graduated tax increases the tax dollars at risk due to ARB appeals and other write-off mechanisms because those reductions will generally be calculated using the inflated high band rate
 - For 2021 alone there is over \$600,000,000 in commercial CVA under appeal, much of this associated with high value properties
- The model we have prepared is a fairly modest one, which doesn't really increase taxes at risk, but it does negate the marginal risk reduction that the change in subclass treatment would bring
- Also, because this graduated model is fairly mild, the upside for those who will benefit is not that significant and may not justify the increased complexity effort