

PROPERTY TAX OVERVIEW 2024 TAX POLICY



Municipal Tax Equity Consultants is now a Voxtur Assessment Company

Prepared and Presented For:

The County of Grey

Thursday, February 8, 2024



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AGENDA AND OVERVIEW

The purpose of today's presentation is two-fold:

- 1) To review some concepts and features related to Ontario's property tax and assessment system that impact and inform decisions you make here at the County and within your local area municipalities; and
- 2) To provide an updated picture of Grey County's current tax and tax policy landscape.

In doing so, we will discuss a host of topics and concepts, including;

- ✓ Property Assessment and the Basis of Taxation;
- ✓ The Annual Tax Discussion – Setting Policies and Levying Taxes;
- ✓ Understanding Assessment and Tax Change;
- ✓ Base-Line Levies and Annual Starting Tax⁹;
- ✓ Tax Policy Options and Balance of Taxation; and
- ✓ Municipal Levy Changes.

I am also happy to answer any questions or discuss any other related matters that might be of interest.

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IMPORTANT NOTE REGARDING SCOPE AND PURPOSE

It is important to note that there are no actual decision points being put forward today.

- This content, even that based on actual County data, is being presented for information purposes.
- County Staff will return with actual taxation reports and any recommendations they have at a subsequent meeting.

**PROPERTY ASSESSMENT
THE BASIS OF TAXATION**

PROPERTY ASSESSMENT AS BASIS OF TAXATION AND TAX DISTRIBUTION

- In Ontario, individual property tax liabilities are calculated by applying a tax rate against the property’s assessed value
 - Assessments are to be based on the “current value” of the land; synonymous with market value estimated as of a specific, uniform point in time.
 - We are currently using January 1, 2016 Market Values as the basis for taxation
- Each property is also assigned to a property class based on its actual or intended use
- It is the addition of this second variable that allows the tax burden to be distributed or shared on the basis of:
 - **Relative Property Value; and**
 - **Property Use** (expressed as classification)

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ASSESSMENT AS A BASIS OF TAXATION

- We do not tax the value of property in the same way income, or the value of a purchase is taxed (Transactional Value)
 - We use assessment as a means of distributing a finite tax burden or requirement across a known tax base*
 - This distinguishes the property tax rate from all other tax rates in that it is a **dependent**, rather than an **independent** variable
- $x(\text{Tax Rate}) = \text{Tax Levy } (\$1.65 \text{ Mil}) \div \text{Tax Base } (150 \text{ Mil CVA})$

						
CVA (Mil \$)	150.0	70.0	31.0	12.0	23.0	14.0
Share of CVA	100%	46.7%	20.7%	8.0%	15.3%	9.3%
Tax Rate	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Tax	\$1,650,000	\$770,000	\$341,000	\$132,000	\$253,000	\$154,000
Share of Tax	100%	46.7%	20.7%	8.0%	15.3%	9.3%

So... it is not the absolute value of property that determines one’s tax liability, it is the property’s relative value, or more precisely, its SHARE of the total base

** We are temporarily ignoring the realities of growth and loss*

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TAX CLASSES AND TAX RATIOS

- In addition to a value, each property is assigned a classification based on use.
- This second variable allows the tax burden to be distributed on the basis of:
 - Relative Property Value; and Property Use** (expressed as classification)
- Tax Ratios, Discounts and Class/Subclass Options allow the distribution of the levy to be manipulated and adjusted within the confines of Provincial rules and limits.
- Outwardly, Tax Ratios express the relationship between the tax rate for a class and the residential tax rate
 - In reality, they serve a much more active and essential function.

Each Building is Assessed at \$100,000



Class	Residential	Commercial	Industrial
Tax Ratio	1.00 (Legislated)	2.00	3.00
Tax Rate	1.0%	2.0%	3.0%
Tax	\$1,000	\$2,000	\$3,000

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VALUE, CLASSES, RATIOS & THE BALANCE OF TAXATION

- The real function of tax ratios is manipulating the balance of taxation among property classes
- Tax ratios effectively alter the weighting, or distribution of the tax burden compared to how the levy would be shared if each dollar of CVA was treated equally

CVA (Mil \$)	150.0	70.0	31.0	12.0	23.0	14.0
Share of CVA	100%	46.7%	20.7%	8.0%	15.3%	9.3%
Tax	\$1,650,000	\$770,000	\$341,000	\$132,000	\$253,000	\$154,000
Share of Tax	100%	46.7%	20.7%	8.0%	15.3%	9.3%
Tax Ratio		1.00	0.25	1.50	1.75	2.00
Weighted CVA	164	70	7.75	18	40.25	28
Share of Wtd. CVA	100.0%	42.7%	4.7%	11.0%	24.5%	17.1%
Tax	\$1,650,000	\$704,268	\$77,973	\$181,098	\$404,954	\$281,707
Share of Tax	100.0%	42.7%	4.7%	11.0%	24.5%	17.1%

- Increasing or decreasing a ratio does not result in an overall tax gain or loss, it will simply alter the **Balance of Taxation.**

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OTHER TAX POLICY OPTIONS AND BALANCE OF TAXATION

- Tax Ratios are not the only mechanism for setting or adjusting the balance of taxation, however, they are the primary variable and must be set via by-law each year.
- Other tax policy tools are available with each leveraging one of the system’s two key distribution variables: **Value** (CVA) or **Use** (Classification).

Tax Tool	Variable	Function
Tax Ratios	Use	Distributes the Tax Burden Among Classes
Class / Subclass Structure	Use	Distribute Taxes by Broad or More Specific Groupings
Graduated Tax	Value	Use a Progressive vs. Straight Line Value to Share Relationship
Tax Capping	Value	Alter Final Tax Share based on Direction and Magnitude of Pre-Mitigate Change
Tax Phase-In	Value	Alter Final Tax Share based on Direction and Amount of Pre-Mitigate Change

SETTING TAX POLICY AND LEVYING TAXES AN ANNUAL AND ONGOING EXERCISE



THE ANNUAL TAX DISCUSSION

- Each year the County and local area municipalities must make a host of decisions that will shape the size and distribution of the tax levy.
 - Both the County and local area municipalities must decide how much revenue to raise;
 - The County must set tax ratios, subclass treatment and may also choose to adopt or collapse optional property classes, which will impact how municipal taxes are distributed and shared; and
 - For Grey County, there are special legislative provisions that require the City of Owen Sound to set its own tax ratios, which dictate how the City’s levy, and its share of the County levy will be distributed locally.

There is no Status Quo

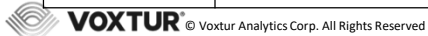
- As the underlying assessment base is in constant flux, even the renewal of the previous year’s choices will produce new outcomes.
- As such, in order to make informed decisions about this year, we need to know how things have changed since the day on which last year’s decisions were made.

THE ANNUAL TAX DISCUSSION

- 2021 should have been the first year of a new reassessment cycle, with all destination (Full CVA) values being updated to reflect a Jan. 1, 2019 market.
 - In 2020 the Province initially pressed pause on this for 2021 and later extended the order through 2024.
- Although you won’t be dealing with any reassessment related impacts as part of this year’s tax levy exercise, it is important to understand what reassessment is and how it influences taxes.
- 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.
 - Reassessment & Phase-In Related Tax Implications;
 - Assessment and Revenue Growth/Loss;
 - Municipal Levy Change; and
 - Tax Policy Adjustments

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

Variable	Tax Implications
Reassessment/ Phase-In	<ul style="list-style-type: none"> Updates the relative value of everyone’s property, which can impact the proportional share of tax each taxpayer is responsible for From 2009 - 2020, these shifts in proportional share were phased in No new tax revenue for municipalities, but individual tax liabilities will change/shift among properties and groups of properties
Growth	<ul style="list-style-type: none"> New municipal revenue from new assessable property Only taxpayers whose properties undergo assessable changes in state use and condition are impacted Existing taxpayers do not contribute to revenue increases
Tax Policy	<ul style="list-style-type: none"> Tax ratios, discounts and other tax policy options can be adjusted to alter the distribution of tax among properties and groups of properties Some of these tools alter the share of taxes based on a property’s use (Class & Ratios), others alter the balance based on value (Banding)
Levy Change	<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 Current Year Levy – Revenue Limit = Levy Change </p>



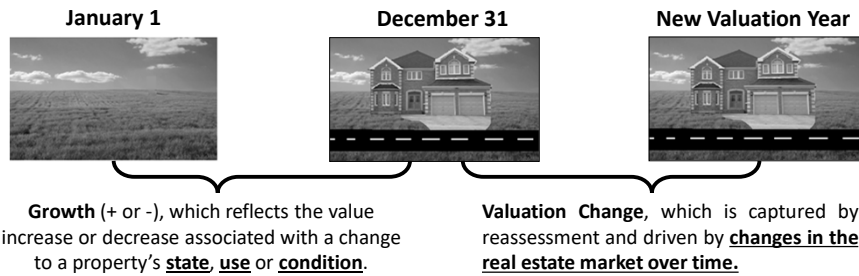
MEASURING AND UNDERSTANDING ASSESSMENT AND TAX CHANGE

**Growth, Reassessment, Phase-In
and Associated Tax Implications**



ASSESSMENT CHANGE AND FLUCTUATIONS

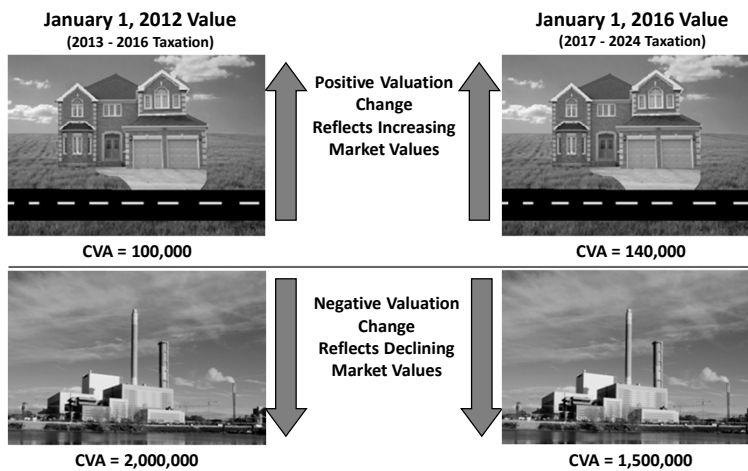
- The Assessment Roll is a living data set, which is continually evolving in response to real-world market and property changes
- As the assessment base is constantly changing, tax outcomes are also in a continuous state of flux in response to:



- We must measure, understand and treat these two types of changes separately as they have very different impacts for the taxpayer and the municipality.





VALUATION CHANGE / REASSESSMENT

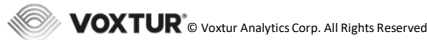
- Reassessment is about updating values to reflect more current market conditions, which in turn keeps the tax burden distribution somewhat in line with the distribution of real-estate wealth, which is what we are taxing.



REASSESSMENT IS SIMPLY A REALIGNMENT OF SHARES

- When reassessment occurs, the tax base doesn't increase or grow, it is just realigned to reflect a more current market
 - It is the change in **CVA Share**, not the **Absolute CVA Change** that drives reassessment related tax change.

					Total
Current Value Assessment					
Base CVA (M\$)	70,000,000	30,000,000	25,000,000	15,000,000	140,000,000
New CVA	82,600,000	36,000,000	28,000,000	16,200,000	162,800,000
CVA Change %	18.00%	20.00%	12.00%	8.00%	16.29%
CVA Share					
Base CVA Share	50.00%	21.43%	17.86%	10.71%	100%
New CVA Share	50.74%	22.11%	17.20%	9.95%	100%
CVA Share Change	1.47%	3.19%	-3.69%	-7.13%	0.00%
Tax Shares					
Before Reassessment	\$750,000	\$322,000	\$268,000	\$160,000	\$1,500,000
After Reassessment	\$761,045	\$332,270	\$258,100	\$148,585	\$1,500,000
Tax Change \$	\$11,045	\$10,270	-\$9,900	-\$11,415	\$0
Tax Change %	1.47%	3.19%	-3.69%	-7.13%	0.00%

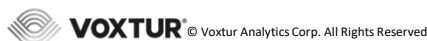


NOTIONAL TAX RATES MAINTAIN OVERALL REVENUE NEUTRALITY

- Revenue neutral or Notional tax rates (NTR's) must be calculated in order to translate reassessment/phase-in related assessment changes into tax impacts. Notional tax rates are rates that raise the previous year's tax levy, from the updated assessment roll.
- These rates are set to control for non-growth related value changes and maintain **overall** revenue neutrality.
- In the case of our hypothetical reassessment, the CVA increased by 16.3%
- In response, the tax rate is reduced by 14% to achieve revenue neutrality.
 - Put another way, the base-year rate 16.3% greater than the new notional tax rate.

	Base Levy	Notional Levy	Difference
CVA	140,000,000	162,800,000	16.3%
Rate	0.01071429	0.00921376	-14.0%
Tax	\$1,500,000	\$1,500,000	0.0%

- As notional rates are set to maintain overall revenue neutrality, taxes will change for individual properties and therefor groups of properties.
 - Tax shifts will occur at the property and class level, and among area municipalities.



REASSESSMENT RELATED TAX IMPACTS

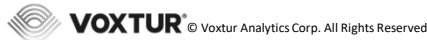
- Tax shifts among properties and groups of properties are driven by **differences** in rate of reassessment (or phase-in) change
- Tax rates are re-set based on overall change so the more a property or group of properties varies from the overall rate, the greater the tax shift (+ or -)

Class	CVA Change	Tax Shift		Res Props	CVA Change	Tax Shift	
Industrial	6%	-\$14,661	-9.5%	Property 1	9%	-\$574	-7.0%
Commercial	12%	-\$11,129	-4.40%	Property 2	12%	-\$73	-4.40%
Overall	17%	\$0	0.0%	Property 3	14%	-\$148	-2.69%
Residential	18%	\$5,565	0.72%	Overall	17%	\$0	0.0%
Multi-Res	20%	\$3,207	2.43%	Property 4	22%	\$455	4.14%
Farm	23%	\$17,018	4.99%	Property 5	24%	\$161	5.84%

- Shifts will also occur among area municipalities due to differing market value forces and different mixes of property.

Bottom Line

- Tax shifts are determined by relative change as it is relative change that impacts CVA Share



CURRENT VALUE ASSESSMENT & REASSESSMENT

- In a perfect world each taxpayer’s liability would be calculated against an actual point-in-time value of their property.
- Of course, properties do not necessarily exchange in the market on a regular basis and sales can be spread far about chronologically, meaning the transitions occur in different market conditions.
- This means that unlike other taxes (income, HST, etc.) we do not have equitable empirical value evidence against which to calculate taxes so we must use value estimates, or assessments
- As these could not practically be maintained in real-time, it is necessary to utilize common “antecedent” valuation dates
 - When a reassessment takes place, values are updated based on changes in market conditions from one valuation date to the next

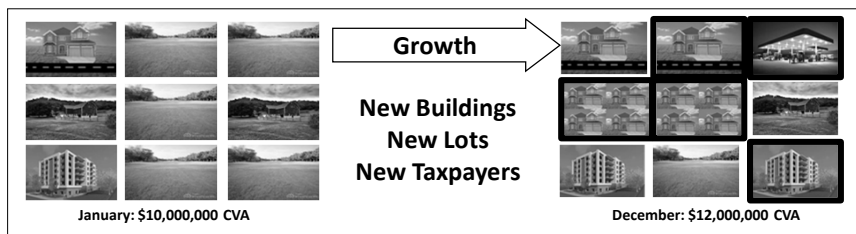


IF REASSESSMENT BRINGS MORE ASSESSMENT DOLLARS, HOW IS THIS NOT GROWTH?

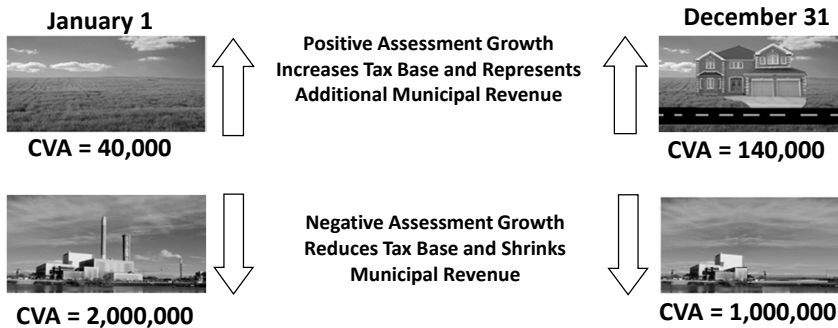
A: The tax base has not grown. No new taxpayers, properties or assessable improvements



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



REAL ASSESSMENT GROWTH (OR LOSS)



- When real growth in the base occurs, property values and classifications are updated in response to changes in the State, Use and/or Condition of property.
- This has a direct impact on municipal revenue.
- **Increases in revenue are carried solely by new taxpayers**, or those that changed the state, use or condition of their property.
 - This is particularly important when considering how your local share of the County levy changes from year-to-year.

QUANTIFYING ASSESSMENT GROWTH

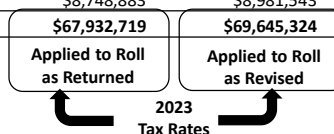
Realty Tax Class	2023 CVA		CVA Growth	
	As Returned	As Revised	\$	%
Residential	14,771,386,268	15,101,009,259	329,622,991	2.23%
Farm	2,979,998,571	3,054,929,254	74,930,683	2.51%
Managed Forest	188,376,717	194,382,100	6,005,383	3.19%
New Multi-Residential	25,098,700	33,212,300	8,113,600	32.33%
Multi-Residential	267,489,295	268,555,195	1,065,900	0.40%
Commercial	1,053,026,463	1,094,561,696	41,535,233	3.94%
Resort Condominium	237,943,100	237,943,100	0	0.00%
Industrial	197,858,795	216,476,941	18,618,146	9.41%
Landfill	1,689,000	1,689,000	0	0.00%
Pipeline	57,118,300	60,894,300	3,776,000	6.61%
Total (Tax + PIL)	19,779,985,209	20,263,653,145	483,667,936	2.45%

- The pause in reassessment and the reliance on 2016 destination values for a fourth 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	2023 County Levy		Revenue Growth	
	As Levied	Year-End	\$	%
Residential	\$50,211,917	\$51,353,070	\$1,141,153	2.27%
Farm	\$2,467,094	\$2,529,086	\$61,992	2.51%
Managed Forest	\$178,978	\$184,685	\$5,707	3.19%
New Multi-Residential	\$24,753	\$25,911	\$1,158	4.68%
Multi-Residential	\$565,621	\$568,100	\$2,479	0.44%
Commercial	\$3,493,288	\$3,619,947	\$126,659	3.63%
Resort Condominium	\$904,619	\$904,619	\$0	0.00%
Industrial	\$1,154,881	\$1,283,091	\$128,210	11.10%
Landfill	\$6,422	\$6,422	\$0	0.00%
Pipeline	\$176,263	\$188,850	\$12,587	7.14%
Total (Excluding O.S.)	\$59,183,836	\$60,663,781	\$1,479,945	2.50%
Owen Sound Requisition	\$8,748,883	\$8,981,543	\$232,660	2.66%
Grand Total	\$67,932,719	\$69,645,324	\$1,712,605	2.52%



LOCAL GROWTH PATTERNS

Local Municipality	2023 Municipal Levy Growth			
	County Levy		Local Municipal Levies	
Chatsworth	\$25,172	0.73%	\$50,188	0.73%
Georgian Bluffs	\$86,584	1.21%	\$142,368	1.21%
Grey Highlands	\$158,076	2.02%	\$284,590	2.02%
Hanover	\$63,218	1.93%	\$162,747	1.93%
Meaford	\$168,565	2.28%	\$399,477	2.28%
Owen Sound	\$232,660	2.66%	\$881,242	2.66%
Southgate	\$196,452	4.60%	\$462,006	4.60%
The Blue Mountains	\$728,397	3.80%	\$745,505	3.80%
West Grey	\$53,479	0.80%	\$105,322	0.80%
County Wide	\$1,712,603	2.52%	\$3,233,445	2.40%


- One of the reasons it is important to understand and measure growth separately from other tax change factors (levy increase, policy shifts, etc.) is that the new revenue derived from growth is carried solely from new or newly improved property
- Existing taxpayers do not contribute to this additional revenue

YEAR-OVER-YEAR GROWTH COMPARISON

Local Municipality	County Levy Growth			
	During 2022		During 2023	
Chatsworth	\$64,073	1.93%	\$25,172	0.73%
Georgian Bluffs	\$129,282	1.87%	\$86,584	1.21%
Grey Highlands	\$154,244	2.04%	\$158,076	2.02%
Hanover	\$47,081	1.47%	\$63,218	1.93%
Meaford	\$122,770	1.71%	\$168,565	2.28%
Owen Sound	\$124,065	1.45%	\$232,660	2.66%
Southgate	\$285,259	7.29%	\$196,452	4.60%
The Blue Mountains	\$562,117	3.07%	\$728,397	3.80%
West Grey	\$102,766	1.59%	\$53,479	0.80%
County Wide	\$1,591,657	2.44%	\$1,712,603	2.52%

- Growth patterns will change geographically and by property type over time.
- Most positive growth is not reflected on the assessment roll immediately.
 - MPAC can add new assessment for the current year and two proceeding years.
 - A home added to the roll in 2023, may have been built in 2021, in which case the municipality would actually collect three years of new taxes.
 - However, we only use a single year for measuring the change to the base.

NOTIONAL TAX LEVIES AND ESTABLISHING AN ANNUAL BASE-LINE




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2024 BASE-LINE TAX: NOTIONAL RATES

- Each year the County’s actual year-end levy, including growth, must be restated against the new assessment roll using uniform tax ratios on a County-wide basis
- This results in a slight rate adjustment due to the fact that Owen Sound’s unique ratios are used to determine the revenue limit itself, but not the distribution of that amount against the new assessment roll

Realty Tax Class	Start Ratios	Upper Tier General Rates		
		2023 Actual	2024 Notional	Change
Residential	1.000000	0.00380183	0.00380227	0.01%
Farm	0.218000	0.00082880	0.00082889	0.01%
Managed Forest	0.250000	0.00095046	0.00095057	0.01%
New Multi-Residential	1.000000	0.00380183	0.00380227	0.01%
Multi-Residential	1.330900	0.00505986	0.00506044	0.01%
Commercial	1.296900	0.00493059	0.00493116	0.01%
Resort Condominium	1.000000	0.00380183	0.00380227	0.01%
Industrial	1.831000	0.00696115	0.00696196	0.01%
Landfill	1.000000	0.00380183	0.00380227	0.01%
Pipeline	0.906848	0.00344768	0.00344808	0.01%



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2024 BASE-LINE TAX: NOTIONAL LEVY

Realty Tax Class	County General Levy		Difference	
	2023 As Revised	2024 Notional	\$	%
Residential	\$51,353,070	\$51,359,012	\$5,942	0.01%
Farm	\$2,529,086	\$2,529,362	\$276	0.01%
Managed Forest	\$184,685	\$184,706	\$21	0.01%
New Multi-Residential	\$25,911	\$25,915	\$4	0.02%
Multi-Residential	\$568,100	\$568,166	\$66	0.01%
Commercial	\$3,619,947	\$3,620,362	\$415	0.01%
Resort Condominium	\$904,619	\$904,724	\$105	0.01%
Industrial	\$1,283,091	\$1,283,242	\$151	0.01%
Landfill	\$6,422	\$6,422	\$0	0.00%
Pipeline	\$188,850	\$188,873	\$23	0.01%
Total (Excluding O.S.)	\$60,663,781	\$60,670,784	\$7,003	0.01%
Owen Sound Requisition	\$8,981,543	\$8,974,602	-\$6,941	-0.08%
Grand Total	\$69,645,324	\$69,645,386	\$62	0.00%

- In the absence of reassessment/phase-in, there are no material tax shifts occurring on a year-over-year basis
- These modest shifts are the result of restating the County-wide year-end revenue against the new roll and common tax parameters

CITY OF OWEN SOUND – ALTERNATE RATIO POLICY

Realty Tax Class	County General Levy			City's County Tax	Redistribution
	County Ratios	County Requisition	City Ratios		
Residential	1.000000	\$6,058,940	1.000000	\$5,604,823	-7.49%
Farm	0.218000	\$2,839	0.250000	\$3,011	6.06%
Managed Forest	0.250000	\$68	0.250000	\$63	-7.35%
New Multi-Residential	1.000000	\$100,367	1.000000	\$92,845	-7.49%
Multi-Residential	1.330900	\$790,842	1.508425	\$829,151	4.84%
Commercial	1.296900	\$1,777,097	1.715420	\$2,174,407	22.36%
Industrial	1.831000	\$223,351	1.831000	\$206,610	-7.50%
Pipeline	0.906848	\$21,095	2.959828	\$63,692	201.93%
Grand Total		\$8,974,599		\$8,974,602	0.00%

- The total amount that the City must raise each year is calculated using the County's chosen ratios in the exact same manner that all other local shares are determined.
- The difference is, that rather than using the County's rates, the City redistributes the levy based on its own, local tax ratios.

TYPICAL PROPERTY SUMMARY

Property Type	Average Values		Individual Levies and Levy Shares					
	CVA	Tax	County		Local		Education	
Single-Detached	303,838	\$3,891	\$1,155	30%	\$2,271	58%	\$465	12%
Townhouse / Semi	354,600	\$4,536	\$1,348	30%	\$2,645	58%	\$543	12%
Condominiums	268,908	\$3,372	\$1,022	30%	\$1,939	58%	\$411	12%
Waterfront Residential	567,983	\$7,086	\$2,160	30%	\$4,057	57%	\$869	12%
All Residential	294,965	\$3,778	\$1,122	30%	\$2,205	58%	\$451	12%
Farm	390,407	\$1,109	\$324	29%	\$636	57%	\$149	13%
Multi-Residential	1,320,633	\$21,841	\$6,683	31%	\$13,137	60%	\$2,021	9%
Commercial	312,187	\$7,312	\$1,539	21%	\$3,026	41%	\$2,747	38%
Industrial	264,433	\$7,787	\$1,841	24%	\$3,619	46%	\$2,327	30%

- This table documents the average CVA and general levy tax (before levy increase) for typical properties
 - These values reflect County-wide averages for all properties billed using County ratios and rates;
 - MTE’s full report summarizes each property type by area municipality, including Owen Sound
- The final tax bill for most taxpayers will increase based on the County’s levy change and the local levy change as finalized by each local area municipality

TAX POLICY OPTIONS AND TOOLS SETTING AND MANAGING THE BALANCE OF TAXATION



TAX RATIOS & THE BALANCE OF TAXATION

- Tax ratios are an integral part Ontario’s property tax system and serve fine-tune the *Balance of Taxation* among properties classes.
- Comparing the distribution of the County’s 2024 Assessment and Starting Levy by class illustrates how the current tax ratios influence the balance of taxation.
- Each dollar of CVA is essentially *Weighted* but the tax ratio for its class and thereby altering the proportional share each class represents.
 - Farm captures 15.1% of the County-wide CVA, but only carries 3.6% of the tax burden.
 - Commercial makes up 5.4% of the assessment but 7.8% of the tax.

Realty Tax Class	Current Value Assessment		Weighted CVA			County Levy	
	\$ (Mil)	Share	Tax Ratio	Wtd. CVA	Share	\$	Share
Residential	15,101	74.52%	1.000000	15,101	82.44%	57,417,952	82.44%
Farm	3,055	15.08%	0.218000	666	3.64%	2,532,200	3.64%
Managed Forest	194	0.96%	0.250000	49	0.27%	184,774	0.27%
New Multi-Residential	33	0.16%	1.000000	33	0.18%	126,282	0.18%
Multi-Residential	269	1.33%	1.330900	357	1.95%	1,359,007	1.95%
Commercial	1,095	5.40%	1.296900	1,420	7.75%	5,397,459	7.75%
Resort Condominium	238	1.17%	1.000000	238	1.30%	904,724	1.30%
Industrial	216	1.07%	1.831000	396	2.16%	1,506,593	2.16%
Landfill	2	0.01%	1.000000	2	0.01%	6,422	0.01%
Pipeline	61	0.30%	0.906848	55	0.30%	209,968	0.30%
Total	20,264	100.00%		18,317	100.00%	69,645,382	100.00%



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Note: Based on County-Wide Revenue Neutral Levy before Policy Changes or City apportionment.

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ADJUSTING TAX RATIOS AND THE BALANCE OF TAXATION

- Flexibility to move ratios is prescribed by Provincial rules in respect of Transition Ratios, Ranges of Fairness, Provincial Threshold (Average) Ratios, Revenue Limits, etc.
 - For the most part, ratios may be adjusted towards or within the Province’s target ranges

Realty Tax Class	Current	Provincial Ranges		2024 Range of Flexibility	
		Low	High	Low	High
Residential	1.000000	1.00	1.00	1.000000	1.000000
Farm	0.218000	0.00	0.25	0.000000	0.250000
Managed Forest	0.250000	0.25	0.25	0.250000	0.250000
New Multi-Residential	1.000000	1.00	1.10	1.000000	1.100000
Multi-Residential	1.330900	1.00	1.10	1.000000	1.330900
Commercial	1.296900	0.60	1.10	0.600000	1.296900
Resort Condominium	1.000000	1.00	1.10	1.000000	1.100000
Industrial	1.831000	0.60	1.10	0.600000	1.831000
Landfill	1.000000	0.60	1.10	0.600000	1.100000
Pipeline	0.906848	0.60	0.70	0.600000	0.906848

- The County’s farm ratio was reduced to 0.240 in 2019 and to 0.218 in 2020
- In 2021 both the County and City eliminated subclass discounts for vacant and excess land in the commercial and industrial property classes
- For 2023, the County and City reduced their multi-residential ratios by ¼ of the difference between their 2022 ratios and 1.00



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ADJUSTING TAX RATIOS AND THE BALANCE OF TAXATION

- Tax Ratio changes alter the balance of taxation in a manner similar to reassessment in there is a shift in the distribution of the *Weighted Base*.
 - The difference is, reassessment changes the CVA, Ratio changes alter the weighting factor.
- The actual impact of a tax ratio change depends on two key factors:
 - 1) How much you move the ratio; and
 - 2) How much tax the class carries before the ratio is changed.

Realty Tax Class	Status Quo		Scenario One				Scenario 2			
	Ratio	Share of Tax	Ratio		Share of Tax		Ratio		Share of Tax	
Residential	1.000000	82.44%	1.000000	0.00%	82.58%	0.16%	1.000000	0.00%	82.98%	0.65%
Farm	0.218000	3.64%	0.218000	0.00%	3.64%	0.16%	0.218000	0.00%	3.66%	0.65%
Managed Forest	0.250000	0.27%	0.250000	0.00%	0.27%	0.16%	0.250000	0.00%	0.27%	0.65%
New Multi-Residential	1.000000	0.18%	1.000000	0.00%	0.18%	0.16%	1.000000	0.00%	0.18%	0.65%
Multi-Residential	1.330900	1.95%	1.220600	-8.29%	1.79%	-8.14%	1.330900	0.00%	1.96%	0.65%
Commercial	1.296900	7.75%	1.296900	0.00%	7.76%	0.16%	1.189418	-8.29%	7.15%	-7.69%
Resort Condominium	1.000000	1.30%	1.000000	0.00%	1.30%	0.16%	1.000000	0.00%	1.31%	0.65%
Industrial	1.831000	2.16%	1.831000	0.00%	2.17%	0.16%	1.831000	0.00%	2.18%	0.65%
Pipeline	0.906848	0.01%	0.906848	0.00%	0.01%	0.16%	0.906848	0.00%	0.01%	0.65%
Landfill	1.000000	0.30%	1.000000	0.00%	0.30%	0.16%	1.000000	0.00%	0.30%	0.65%

Note: Shares Calculated before City reapportionment.

RATIO SENSITIVITY: MULTI-RESIDENTIAL RATIO ADJUSTMENT

- For 2023, both the County and City moved their multi-residential ratios ¼ of the way towards equalization with residential and new multi-residential.
 - Were this pattern to be continued for 2024, the County’s revised multi-residential ratio would be 1.22060
- This table illustrates the impacts of this change on a class-by-class basis, and on the portion of County levy raised by way of requisition to the City of Owen Sound.

Realty Tax Class	Revenue Neutral County Levy		Levy Shifts	
	Status Quo	MR @ 1.22060	\$	%
Residential	\$51,359,012	\$51,442,218	\$83,206	0.16%
Farm	\$2,529,362	\$2,533,481	\$4,119	0.16%
Managed Forest	\$184,706	\$185,005	\$299	0.16%
New Multi-Residential	\$25,915	\$25,957	\$42	0.16%
Multi-Residential	\$568,166	\$521,923	-\$46,243	-8.14%
Commercial	\$3,620,361	\$3,626,228	\$5,867	0.16%
Resort Condo	\$904,724	\$906,190	\$1,466	0.16%
Industrial	\$1,283,242	\$1,285,321	\$2,079	0.16%
Landfill	\$6,422	\$6,432	\$10	0.16%
Pipeline	\$188,873	\$189,179	\$306	0.16%
Total (County Rates)	\$60,670,783	\$60,721,934	\$51,151	0.08%
Owen Sound Req.	\$8,974,602	\$8,923,492	-\$51,110	-0.57%
Grand Total	\$69,645,385	\$69,645,426	\$41	0.00%

RATIO SENSITIVITY: INTER-MUNICIPAL SHIFTS OF COUNTY LEVY

Local Municipality	Revenue Neutral County Levy		Levy Shifts	
	Status Quo	MR @ 1.22060	\$	%
Chatsworth	\$3,465,573	\$3,470,775	\$5,202	0.15%
Georgian Bluffs	\$7,230,638	\$7,241,764	\$11,126	0.15%
Grey Highlands	\$7,982,295	\$7,992,839	\$10,544	0.13%
Hanover	\$3,335,797	\$3,318,869	-\$16,928	-0.51%
Meaford	\$7,569,597	\$7,567,423	-\$2,174	-0.03%
Southgate	\$4,463,555	\$4,469,473	\$5,918	0.13%
The Blue Mountains	\$19,885,761	\$19,915,991	\$30,230	0.15%
West Grey	\$6,737,567	\$6,744,801	\$7,234	0.11%
Sub-Total (County Rates)	\$60,670,783	\$60,721,935	\$51,152	0.08%
Owen Sound	\$8,974,602	\$8,923,492	-\$51,110	-0.57%
Grand Total	\$69,645,385	\$69,645,427	\$42	0.00%

- Tax Shifts will also occur among local area municipalities.
 - Under this scenario, those locals with more multi-residential assessment will see an overall decrease in their share of the County levy.
 - Those with little or no multi-residential assessment will see their share increase
- This, however, is not the full picture; it is important to understand and consider the balance of tax in regard to the local as well as the County levy.

RATIO SENSITIVITY: INTERNAL LOCAL TAX SHIFTS

- With the exception of Owen Sound, the shifts in County Levy within each local municipality will mirror the County-wide inter-class patterns on a percentage basis.
- Ratio driven tax shifts for each local levy will depend on the specific local mix of assessment
 - A municipality such as Hanover, which has a material amount of multi-residential assessment, will see more significant shifts
 - For municipalities with nominal multi-residential assessment, the changes will be less dramatic.

Realty Tax Class	Hanover: 53,165,100 MR CVA				Chatsworth: 987,000 MR CVA			
	County Levy Shifts		Local Levy Shifts		County Levy Shifts		Local Levy Shifts	
Residential	\$3,873	0.16%	\$41,412	0.67%	\$4,844	0.16%	\$708	0.01%
Farm	\$4	0.17%	\$45	0.67%	\$414	0.16%	\$62	0.01%
Managed Forest	N/A		N/A		\$43	0.16%	\$6	0.01%
New Multi-Residential	\$30	0.16%	\$319	0.67%	\$5	0.16%	\$0	0.00%
Multi-Residential	-\$21,897	-8.14%	-\$53,120	-7.67%	-\$407	-8.15%	-\$824	-8.28%
Commercial	\$929	0.16%	\$9,934	0.67%	\$163	0.16%	\$24	0.01%
Industrial	\$116	0.16%	\$1,243	0.67%	\$82	0.16%	\$12	0.01%
Landfill	N/A		N/A		\$2	0.16%	\$0	0.00%
Pipeline	\$16	0.17%	\$167	0.67%	\$55	0.16%	\$8	0.01%
Local Total	-\$16,929	-0.51%	\$0	\$0	\$5,201	0.15%	-\$4	0.00%

RATIO SENSITIVITY: OWEN SOUND SHIFTS

- For Owen Sound, the local impacts of the County ratio change will depend greatly on whether the City also reduces its multi-residential class ratio.
- Similarly, shifts will be different if the City reduces its ratio without a corresponding County change

Model A is based on a County Change with no City Change

Model B shows a County and City Change

Model C show a City change only.

Realty Tax Class	A: County Ratio Reduction				B: County and City Reductions				C: City Ratio Reduction Only			
	County Levy Shifts		Local Levy Shifts		County Levy Shifts		Local Levy Shifts		County Levy Shifts		Local Levy Shifts	
Residential	-\$31,918	-0.57%	\$0	0.00%	\$26,531	0.47%	\$222,851	1.05%	\$58,784	1.05%	\$222,851	1.05%
Farm	-\$17	-0.56%	\$0	0.00%	\$15	0.50%	\$120	1.05%	\$32	1.06%	\$120	1.05%
Managed Forest	-\$1	-1.59%	\$0	0.00%	\$0	0.00%	\$2	0.84%	\$0	0.00%	\$2	0.84%
New Multi-Residential	-\$529	-0.57%	\$0	0.00%	\$439	0.47%	\$3,692	1.05%	\$974	1.05%	\$3,692	1.05%
Multi-Residential	-\$4,723	-0.57%	\$0	0.00%	-\$89,673	-10.82%	-\$323,859	-10.30%	-\$85,438	-10.30%	-\$323,859	-10.30%
Commercial	-\$12,383	-0.57%	\$0	0.00%	\$10,292	0.47%	\$86,455	1.05%	\$22,805	1.05%	\$86,455	1.05%
Industrial	-\$1,176	-0.57%	\$0	0.00%	\$978	0.47%	\$8,216	1.05%	\$2,167	1.05%	\$8,216	1.05%
Pipeline	-\$363	-0.57%	\$0	0.00%	\$301	0.47%	\$2,533	1.05%	\$668	1.05%	\$2,533	1.05%
Total	-\$51,110	-0.57%	\$0	0.00%	-\$51,117	-0.57%	\$10	0.00%	-\$8	0.00%	\$10	0.00%

- Because such large portion of the County's multi-residential base is in Owen Sound, and due to the unique ratio setting rules, a targeted, strategic reduction to the multi-residential class is best achieved when both tax ratios are reduced (Model B).



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MEASURING MUNICIPAL LEVY CHANGE



MEASURING LEVY CHANGE

- The annual Notional levy raises the same tax on this year’s assessment as last year’s rates raised on last year’s assessment with no change in municipal policy.
- If we change ratios, discounts or class structure, we will have to recalculate a new base levy using the altered parameters.
 - Multiple revenue neutral levies may need to be calculated for analytical purposes in order to measure the isolated impact of different policy scenarios (per above)
- Any difference between the Base Levy calculated using final parameters and the levy requirement from the Budget is treated as a municipal levy increase (or decrease)
- Levy increases are always applied after any policy adjustments are made and apply equally to all taxpayers.

MEASURING MUNICIPAL LEVY CHANGE

- The isolated tax implications of Council’s 2024 levy change decision is measured from the 2024 revenue neutral levy.
 - Under a 0% levy change, the taxpayers of Grey would pay the same tax for 2024 as they for 2023, measured at year end.

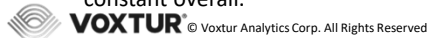
Realty Tax Class	2024 County General Levy		Levy Change	
	Status Quo Notional	Total Levy	\$	%
Residential	\$51,359,012	\$54,511,383	\$3,152,371	6.14%
Farm	\$2,529,362	\$2,684,622	\$155,260	6.14%
Managed Forest	\$184,706	\$196,042	\$11,336	6.14%
New Multi-Residential	\$25,915	\$27,505	\$1,590	6.14%
Multi-Residential	\$568,166	\$603,040	\$34,874	6.14%
Commercial	\$3,620,362	\$3,842,576	\$222,214	6.14%
Resort Condominium	\$904,724	\$960,255	\$55,531	6.14%
Industrial	\$1,283,242	\$1,362,007	\$78,765	6.14%
Landfill	\$6,422	\$6,816	\$394	6.14%
Pipeline	\$188,873	\$200,466	\$11,593	6.14%
Total (Excluding O.S.)	\$60,670,784	\$64,394,712	\$3,723,928	6.14%
Owen Sound Req.	\$8,974,601	\$9,525,457	\$550,856	6.14%
Grand Total	\$69,645,385	\$73,920,169	\$4,274,784	6.14%

MEASURING MUNICIPAL LEVY CHANGE

- If we change an input such as a tax ratio, we must restate the revenue neutral position and measure levy change from this revised base.
- We can still consider the net change over year-end, but it is important to attribute actual tax changes to the factor/decision driving it.

Realty Tax Class	2023 Year-End	Total Change Over Year-End			
		Status Quo Tax Ratios		Multi-Res. Ratio Reduction	
Residential	\$51,353,070	\$3,158,314	6.15%	\$3,246,653	6.32%
Farm	\$2,529,086	\$155,535	6.15%	\$159,899	6.32%
Managed Forest	\$184,685	\$11,357	6.15%	\$11,676	6.32%
New Multi-Residential	\$25,911	\$1,593	6.15%	\$1,638	6.32%
Multi-Residential	\$568,100	\$34,940	6.15%	-\$14,142	-2.49%
Commercial	\$3,619,947	\$222,633	6.15%	\$228,867	6.32%
Resort Condominium	\$904,619	\$55,636	6.15%	\$57,192	6.32%
Industrial	\$1,283,091	\$78,914	6.15%	\$81,120	6.32%
Landfill	\$6,422	\$395	6.15%	\$406	6.32%
Pipeline	\$188,850	\$11,615	6.15%	\$11,940	6.32%
Total County Rates	\$60,663,781	\$3,730,932	6.15%	\$3,785,249	6.24%
Owen Sound Req.	\$8,981,543	\$543,914	6.06%	\$489,667	5.45%
Grand Total	\$69,645,324	\$4,274,846	6.14%	\$4,274,916	6.14%

- While the net year-over-year now varies in magnitude among the classes, the levy increase amount remains constant overall.



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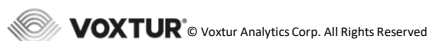
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MEASURING MUNICIPAL LEVY CHANGE

- It is essential measure levy change separate from tax change driven by other factors such as growth, reassessment or changes in tax policy.
 - This is even more imperative when considering upper-tier levy change and in periods of high growth and/or high inflation.
 - If we fail to do this, we can overstate how spending decisions will impact the taxpayer.

Local Municipality	2023 County Levy		Year-End Shift	2024 County Levy				2024 Start vs. 2023 Start	
	As Levied	Growth		Revenue Neutral	Total	Levy Change	\$	%	
Chatsworth	\$3,439,999	\$25,173	\$401	\$3,465,573	\$3,678,288	\$212,715	6.14%	\$238,289	6.93%
Georgian Bluffs	\$7,143,218	\$86,585	\$835	\$7,230,638	\$7,674,449	\$443,811	6.14%	\$531,231	7.44%
Grey Highlands	\$7,823,300	\$158,077	\$918	\$7,982,295	\$8,472,244	\$489,949	6.14%	\$648,944	8.30%
Hanover	\$3,272,193	\$63,218	\$386	\$3,335,797	\$3,540,546	\$204,749	6.14%	\$268,353	8.20%
Meaford	\$7,400,157	\$168,566	\$874	\$7,569,597	\$8,034,213	\$464,616	6.14%	\$634,056	8.57%
Owen Sound	\$8,748,883	\$232,661	-\$6,942	\$8,974,602	\$9,525,457	\$550,856	6.14%	\$776,574	8.88%
Southgate	\$4,266,588	\$196,453	\$514	\$4,463,555	\$4,737,526	\$273,971	6.14%	\$470,938	11.04%
The Blue Mountains	\$19,155,065	\$728,397	\$2,299	\$19,885,761	\$21,106,332	\$1,220,571	6.14%	\$1,951,267	10.19%
West Grey	\$6,683,313	\$53,477	\$777	\$6,737,567	\$7,151,116	\$413,549	6.14%	\$467,803	7.00%
County Wide	\$67,932,716	\$1,712,607	\$62	\$69,645,385	\$73,920,171	\$4,274,787	6.14%	\$5,987,455	8.81%

- This model uses a 2024 levy that is 8.81% greater than the original 2023 levy.
- County taxes for properties that have not changed would only increase by 6.14%, not 8.81 (or 11.04%)



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FULL CYCLE CHANGE FACTORS

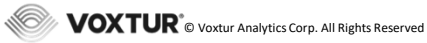
Realty Tax Class	2023 as Levied	2023 Growth	Year-End Shift	MR Ratio Change	Restated Rev. Neutral	2024 Levy Change	
Residential	\$50,211,917	\$1,141,153	\$5,942	\$83,206	\$51,442,218	\$3,157,504	6.14%
Farm	\$2,467,094	\$61,992	\$276	\$4,119	\$2,533,481	\$155,505	6.14%
Managed Forest	\$178,978	\$5,707	\$21	\$299	\$185,005	\$11,356	6.14%
New Multi-Res.	\$24,753	\$1,158	\$4	\$42	\$25,957	\$1,593	6.14%
Multi-Residential	\$565,621	\$2,479	\$66	-\$46,243	\$521,923	\$32,035	6.14%
Commercial	\$3,493,288	\$126,659	\$415	\$5,867	\$3,626,229	\$222,581	6.14%
Resort Condo.	\$904,619	\$0	\$105	\$1,466	\$906,190	\$55,621	6.14%
Industrial	\$1,154,881	\$128,210	\$151	\$2,079	\$1,285,321	\$78,892	6.14%
Landfill	\$6,422	\$0	\$0	\$10	\$6,432	\$395	6.14%
Pipeline	\$176,263	\$12,587	\$23	\$306	\$189,179	\$11,612	6.14%
Total County Rates	\$59,183,836	\$1,479,945	\$7,003	\$51,151	\$60,721,935	\$3,727,094	6.14%
Owen Sound Req.	\$8,748,883	\$232,660	-\$6,941	-\$51,110	\$8,923,492	\$547,718	6.14%
Grand Total	\$67,932,719	\$1,712,605	\$62	\$41	\$69,645,427	\$4,274,812	6.14%

Growth/New \$
 Only Shared by a Few Taxpayers

Year-End Restatement
 More Dramatic in Reassessment Yr
 No Revenue Change

Policy Change Shifts Only
 No Revenue Change

Levy Change
 Proportional and Shared Equally by All
 Always Measured Last



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QUESTIONS & ANSWERS THANK YOU

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