

Regional Councillor Report

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Date: Feb. 23, 2015

Regional Council – March 3, 2014

Regional Council unanimously endorsed the 2015 Business Plans and Property Tax Budgets at a total net property tax requirement of \$491,221,000, resulting in a property tax increase of 1% (after assessment growth of 1.1%) or about \$24.00 annually on an average residential home (current value assessment of \$350,000.000). The budget met the approved property tax guideline, while maintaining current levels of service. It addresses critical needs, priority initiatives and honours existing commitments.

Major changes include;

- 35 new positions at a cost of \$1.9 million (\$3.6 million annualized)
- Road Rehabilitation financing increase of \$3.5 million
- Construction of municipal services for roads/bridges of \$74.2 million, including \$5.4 million for bridges, \$23.1 million for road expansions, \$23.8 million for road rehabilitation, \$16.3 million for Hwy 407 related works and \$5.6 million for traffic control etc.
- Annualized costs for the Clarington Police Complex Phase 1 (\$0.4 million)
- Transit service enhancements (\$300,000), realignment of part time and overtime costs (\$2.1 million) specialized service increases to accommodate growing service demands(\$700,000) which will be partially offset by service efficiencies of \$1million and elimination of six full time operators (\$500,000 and \$7.6 million in capital including replacement buses and shelter and facility improvements.
- Annualization of operational costs (\$2.6 million) of Durham York Energy offset by decreases in landfill disposal and haulage of \$1.5 million
- \$800,000increase in annual debt servicing costs to accommodate Fairview Lodge Long Term Care facility, which is expected to be fully offset by provincial subsidy.

Debate ensued on the \$75,000included in the budget for a study of the implications and costs of amalgamating local fire services to the Regional level. An amendment to seek

input from lower tier municipalities prior to conducting such a study was endorsed by Council.

2015 Municipal Tax Ratios

Council approved that the 2015 municipal tax ratios remain unchanged from 2014. The Province was requested to update the statutory rates and institute a process for regular updates on the following tax policies for;

- Hospitals, prisons and postsecondary institutions which were last updated in 1987
- Railway/Hydro right-of-ways which were last updated in 1998
- Nuclear Generating Facilities (updated in 1968)

As a result of these rates not being updated, the tax burden has fallen to the municipal property homeowner.

Council also requested that prior to the next assessment in 2016, the province remove the special policy consideration for assessment decreases so that any assessment increases and decreases are phased in evenly over the four year cycle. The Region has also requested that regional governments be recognized in the assessment complaint process.

A report from Regional Finance staff highlighted the risk of the decreasing non-residential share of the assessment base which is placing upward pressure on the residential property tax rate. In 1998, the non-residential share of the tax burden was 21.3% whereas in 2016 it is estimated to be only 17.4%.

Assessment growth has been historically low for the last five years with the 1.1% assessment growth in 2015 being the lowest. Low overall growth foreshadows budgetary restraint. Of concern is the negative assessment growth in the industrial sector over of the last decade while commercial growth has also been constrained. The continuation of these growth trends will further erode the non-residential share of assessment and taxation bases shifting the burden to the residential property taxpayer.

About \$13.2 billion in assessment appeals involving \$155.5 million in Regional taxation is under appeal for the taxation years 2006 to 2014. Over 85% of these appeals are industrial and commercial property, Due to the higher volume of appeals from non-residential properties and their higher settlements there is substantial risk with respect to taxation losses and further erosion to the non residential assessment base.

Individual Producer Responsibility

Regional Council endorsed Ajax's motion on individual producer responsibility.