

Report To:	Regional Chair and Members of Regional Council
From:	Keshwer Patel, Commissioner, Finance and Regional Treasurer
Date:	October 20, 2021
Report No:	FN-29-21
Re:	2021 Tax Policy Update

RECOMMENDATION

THAT Report No. FN-29-21 re: "Tax Policy Update" be received for information.

REPORT

Executive Summary

- This report provides Council with an update on the work being done to review the Optional Small Business Subclass and the Vacant Home Tax.

OPTIONAL SMALL BUSINESS SUBCLASS

Background

As announced in the 2020 Ontario Budget, the Province of Ontario has provided municipalities with the flexibility to target property tax relief to eligible small businesses through the adoption of a new optional small business property subclass. The new small business subclass provides municipalities the option for a lower property tax rate for small businesses. As with most tax policy levers, a reduction for one property class impacts the other property classes, so careful analysis is required.

The regulations governing the Optional Small Business Subclass were released on May 7, 2021 and provide further details on implementation, requirements for municipal by-laws, administration of the subclass and potential provincial matching of municipal property tax reductions with education property tax reductions. Halton Region has the option to adopt the subclass through a Council approved municipal by-law, and would need to define the properties that would be included as small business, as well as establish the percentage of reduction that would apply to the subclass. The subclass criteria may differ among each local municipality.

Discussion

The Halton Area Treasurers are working to undertake a financial impact analysis of adopting the subclass under varying scenarios including options for funding the tax reduction through other property classes. Staff are also working with the Municipal Property Assessment Corporation (MPAC) and are using property assessment data to assist in defining “small business”. An external consultant will be retained shortly to assist the Region and local municipalities in reviewing the cost benefit and methodology for consideration of this optional subclass.

Implementation of the subclass is dependent on a number of factors, including the timing of identifying the eligible properties to MPAC to include in the year-end assessment roll. MPAC has established a deadline of October 4, 2021 for municipalities to provide to MPAC a list of properties to be classed as small business and hence potential implementation of this program in 2022 is not feasible. The Regional tax team along with the local municipal tax staff will continue to study the alternatives with the goal to provide options for the 2023 Tax Policy.

A report on the findings, including the potential implementation costs and implications, will be presented to Council in spring 2022, and will seek Council’s direction on this program.

VACANT HOMES TAX (VHT)

Background

At the regular meeting of Regional Council on June 16, 2021, Council requested staff to report back on a tax on vacant home and on the impact of corporate purchases of single family homes and the related impact on affordable housing.

Discussion

Halton Region Finance staff are working closely with the local municipal Area Treasurers to undertake a study to assess the potential impacts of a Vacant Home Tax (VHT) in Halton Region and specifically in each local municipality.

The primary objective of a VHT is to support housing affordability. The report will include a Feasibility Study and Public Benefit Review which will discuss the feasibility and effectiveness of contribution that a VHT can make in improving rental housing supply and affordability, and potential revenues for housing programs in Halton. The study will also include a preliminary cost analysis for the implementation of a VHT.

The Region has retained a consultant to undertake this review. A report to Council on the findings from this Review is expected in spring 2022.

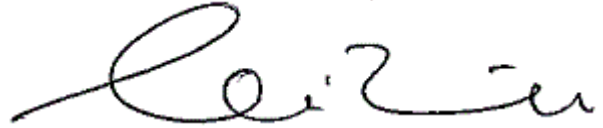
FINANCIAL/PROGRAM IMPLICATIONS

The consultant costs related to the Optional Small Business Subclass, and the Vacant Home Tax Feasibility Study and Public Benefit Review will be funded from the Finance operating budget.

Respectfully submitted,



Nash Damer
Director, Budgets and Tax Policy



Keshwer Patel
Commissioner, Finance and Regional
Treasurer

Approved by



Jane MacCaskill
Chief Administrative Officer

If you have any questions on the content of this report,
please contact:

Keshwer Patel

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Attachments: None