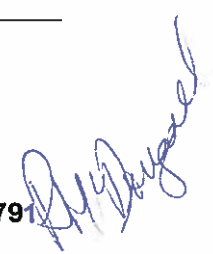


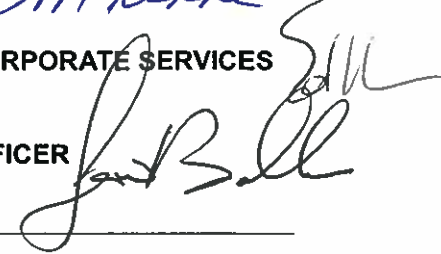

TO: GENERAL COMMITTEE

SUBJECT: DISCONTINUATION OF SPECIAL AREA PROPERTY TAX RATE

PREPARED BY AND KEY CONTACT: R. MCDOUGALL, REVENUE AND TAXATION SUPERVISOR, ext. 4791 

SUBMITTED BY: D. McKINNON, CGA, DIRECTOR OF FINANCE 

COMMISSIONER APPROVAL: E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Special Area Property Tax Rate established in accordance with the Barrie Innisfil Act in 1981 be discontinued.

PURPOSE & BACKGROUND

2. The purpose of this report is to recommend that the Special Area Rate (Rate 2) applied to annexed properties in 1981 be discontinued so that all properties within the City of Barrie pay the same level of taxes for the services received.
3. The *Barrie Innisfil Annexation Act, 1981* gave the option of providing rates of taxation for general purposes and rates and charges for special purposes in defined areas of an annexed areas that were lower than the rates generally applicable in the City to reflect the extent to which the annexed areas do not receive City services. The rates could vary among the defined areas.
4. In response, the level of service being provided to the properties annexed in 1981 were reviewed and it was recommended that a special area rate be established to recognize that these properties were not serviced by water or wastewater and were not receiving the same level of stormwater services as the rest of the City. At that time, the cost of water and wastewater service was included in the tax rate.
5. The *Barrie Innisfil Annexation Act, 1981* was repealed by *The Municipal Statute Amendment Act* in 2002.

ANALYSIS

6. The primary driver for establishing the special area rates in 1981 was the fact that these properties were not serviced by water and wastewater. However, water and wastewater services are now user fee based and no longer funded from the property tax rate. This means that if a property is not connected to either water or wastewater, they do not pay for the service therefore this is no longer a driver for providing a lower tax rate to these properties.
7. Currently the only cost reduction being applied to calculate the special area rate are those associated with stormwater services. In 2010 the special area rate reduction was

based on a cost of approximately \$533K which represents 0.33% of the net municipal expenditures.

8. Stormwater service in the City of Barrie are provided using a system of ditches or catch basins and sewers both of which require maintenance activities. The method for providing stormwater services to the affected properties is through a system of ditches. There are other properties within the City that have ditches but they are not eligible for the special area rate.
9. For 2010 the following assessments by property class which were subject to the special area rate include:

PROPERTY CLASS	ASSESSMENT RATE 2	% OF TOTAL ASSESSMENTS	# OF AFFECTED PROPERTIES
Commercial Full	22,635,958	1.65	33
Commercial Vacant Lands	7,172,482	9.27	10
Commercial Vacant Units	963,256	4.58	7
Farm	453,407	2.6	7
Industrial	2,766,198	1.49	3
Industrial Vacant Land	14,588,466	13.29	14
Industrial Vacant Units	1,196,512	19.43	2
Residential	310,612,161	3.0	818
Managed Forests	432,500	2.72	1

10. For 2010 the following rate reductions for property taxes were in effect

PROPERTY CLASS	Rate 2 Percentage % Difference
Commercial Full	(0.005220)
Commercial Vacant Lands	(0.003654)
Commercial Vacant Units	(0.003654)
Farm	(0.000911)
Industrial	(0.005523)
Industrial Vacant Land	(0.003590)
Industrial Vacant Units	(0.003590)
Residential	(0.003642)
Managed Forests	(0.000911)

11. For illustration, a residential property assessed in 2010 at \$379,750 would have received a special area rate reduction in the amount of \$13.84. A commercial property assessed in 2010 at \$685,590 would have received a special area rate reduction in the amount of \$35.81. A farm property assessed in 2010 a \$64,775 would have received a special area rate reduction in the amount of \$0.59.
12. Since only 1.8% of properties are included within the special area rate category, the impact to all the other properties is negligible. However, by discontinuing the special area rate, all properties within the City of Barrie would be taxed in a fair and equitable manner.
13. It is worth noting that the properties annexed in 2009 did not receive a special area rate because it was determined that the level of service provided to these properties was substantially the same as the rest of the City.

ENVIRONMENTAL MATTERS

14. There are no environmental matters related to the recommendation.

ALTERNATIVES

15. There is one alternatives available for consideration by General Committee:

Alternative #1 General Committee could decide not to support the proposed discontinuation of the special area rate reduction for tax rates and continue to tax the subject properties at a reduced rate.

This alternative is not recommended as the primary driver for the tax reduction in 1981 was the fact that water and wastewater services were not provided but now that water and wastewater water services are user based fees this is no longer a contributing factor. The current reduction relates to stormwater services, however, the type of stormwater service being provided to these properties is also being to properties in other parts of the City who are not eligible for the rate reduction. To continue to provide the reduction to some but not all properties would be unfair, even though the reduction is relatively small.

FINANCIAL

16. There are no direct financial implications resulting from the recommended motion as the City will still raise the same level of taxes. This issue relates to how the taxes are allocated to property owners across the City, so by discontinuing the special area rate all properties will be taxed on a consistent basis. A small percentage (1.8%) will no longer receive a discount because water and wastewater services are now 100% rate-supported services and the basis for the discount is no longer applicable.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

17. The recommendation is operational in nature and does not directly support any of Council's Strategic Priorities.