

A Study into what the Impacts may be from Implementing a

Small Business Tax Class

In

The City of Barrie

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DISCLAIMER

The information, views, data, and discussions in this document and related material are provided for general reference purposes only. Any regulatory and statutory references are, in many instances, not directly quoted excerpts and the reader should refer to the relevant provisions of the legislation and regulations for complete information.

The reader is cautioned that decisions should not be made in the sole consideration of or reliance on the information and discussions contained in this report. It is the responsibility of each individual in either of a decision-making or advisory capacity to acquire all relevant and pertinent information required to make an informed and appropriate decision about any matter under consideration concerning municipal finance issues.

No attempt has been made by the MTAG Paralegal Professional Corporation to establish the completeness or accuracy of the data prepared by the Municipal Property Assessment Corporation (MPAC) and the On-line Property Tax Analysis (OPTA) system, which have been relied upon for purposes of preparing this report. As a result, no warranties or guarantees are provided that the source data is free of error or misstatement.

Finally, the MTAG Paralegal is not responsible to the municipality, nor to any other party for damages arising based on incorrect data or due to the misuse of the information contained in this study, including without limitation, any related, indirect, special, or consequential damages.

PREFACE

With the Province's release of the rules and requirements associated with establishing the Optional Small Business Property Tax Class it announced last autumn, the City of Barrie, like many other Ontario municipalities, has decided that it should conduct an analysis to help it understand what the potential impacts may be from exercising this option.

The analysis in this Report is based on the directives contained in O.Reg. 331/21, which allows every municipal Tax Policy jurisdiction to decide if it should create a Small Business Property Sub-Class(es) and to set its own unique set of parameters and requirements for a property to be included in it.

This Report uses data from the City of Barrie's 2021 Tax Roll as Returned by MPAC and is intended as a starting point to promote discussion regarding the use of this new Tax Policy Tool. For purposes of this analysis, MTAG has used assessed property values exclusively as the determinant of eligibility and set a valuation of less than 500,000 for inclusion in the Sub-class. The discount modelled is 35%, the maximum allowed under O.Reg. 331/21.

This study does not attempt to determine how appropriate this inclusion criteria or the amount of discount provided may be for the City of Barrie. What it does is provide an idea as to:

- the number of properties in Barrie which may be captured if the City were to enact an optional Property Sub-class
- what cost implications could be expected from doing so.

Associated with this Report is an Excel file containing a detailed listing of the properties (including address) which were captured using this eligibility criteria. The detailed listing in this Excel file, which has been supplied to its staff, makes it easy for the City to readily identify the nature and type of business that are being captured using this eligibility criteria.

The combined financial and empirical data in this Report will also allow the City's staff to identify properties which the City may wish to see otherwise excluded, thereby making it easy to identify how to fine tune and adjust eligibility criteria to focus the benefits of creating one or more Small Business Property Sub-classes in the City of Barrie for those businesses its Council believe are most in need of receiving a tax reduction.

If after reviewing this Report, the City of Barrie believes that additional eligibility scenarios would be helpful with its consideration of this Tax policy option, MTAG can quickly adjust its analysis parameters to produce additional reports reflecting these changes.

EXECUTIVE SUMMARY

Restricting eligibility for inclusion in the proposed Property Sub-class to a CVA of 500,000 and under results in the capture of 679 properties, of which 72 are in the Broad Industrial Tax Class and 607 are in the Broad Commercial Tax Class. Increasing this ceiling to 600,000 would capture an additional 13 Industrial properties and 99 more Commercial properties. Reducing the ceiling to 400,000 would decrease the total number of captured properties by 138, leaving 57 properties from the Broad Industrial Tax Class and 484 properties from the Broad Commercial Tax Class in the Sub-class. – see **Table 1**.

Commercial Class Alone

The total amount of tax reduction provided to eligible properties within the Broad Commercial Tax Class by creating a Small Business Sub-class within it (see **Tables 2, 3 and 6**) ranges from \$828,190 to \$848,696 depending on how the 35% discount is financed and whether the Sub-class is created in both Broad Tax Classes or just the Commercial Tax Class. The average reduction in taxation provided to **individual properties** ranges from \$1,376 to \$1,410 each.

If the cost of providing a 35% reduction to a Small Business Tax Sub-class in the Broad Commercial Tax Class is recovered from all other Tax Classes and Sub-classes, the rate of taxation on all other properties increases by 0.34%. If this cost is instead recovered from only the illegible properties within the Broad Commercial Tax Class, then those ineligible properties would experience a 1.63% increase in taxation while all other properties outside the Broad Commercial Tax Class would be essentially unaffected.

Industrial Class Alone

The total amount of tax reduction provided to eligible properties within the Broad Industrial Tax Class by creating a Small Business Sub-class within it (see **Tables 4, 5 and 6**) ranges from \$103,398 to \$106,127 depending on how the 35% discount is financed and whether the Sub-class is created in both Broad Tax Classes or just the Industrial Class. The average reduction in taxation provided to **individual properties** in this Sub-class is \$1,436 - \$1,474 each.

If the cost of providing a 35% reduction to a Small Business Tax Sub-class in the Broad Industrial Class is recovered from all other Tax Classes and Sub-classes, the rate of taxation on all other properties increases by 0.04%. If this cost is instead recovered from only illegible properties within the Broad Industrial Tax Class, then those ineligible properties would experience a 1.43% increase in taxation while all other properties outside the Broad Industrial Tax Class would be essentially unaffected.

Both Commercial Class and Industrial Class

If a Small Business Sub-class is created in both the Broad Commercial Tax Class and the Broad Industrial Tax Class (see **Table 6**) with the cost of providing the 35% discount recovered from all other Tax Classes and Sub-classes, the rate of taxation on all other properties not receiving this discount would increase by 0.38%.

If instead this cost is recovered from only the illegible properties within the Broad Commercial Tax Class and the Broad Industrial Tax Class respectively, there is essentially no impact on properties outside these Broad Tax Classes, while the impact on ineligible properties within each Broad Tax Class would be the same as indicated when the Sub-class is only created in one Broad Class and the cost of the discount is recovered from only properties in each Broad Tax Class.

Context

Adding additional eligibility criteria beyond Assessed Value would change both the number of properties and the magnitude/cost of relief provided from exercising this Tax Policy Option. This is because the more criteria used, the greater the complexity and cost of administering this Tax Reduction Program will be, especially if it is determined that an *Application* instead of an *Administrative Process* is required. Similarly, changing the amount of discount provided will also impact cost. **Appendix 1** contains a copy of a recent MTAG Newsletter discussing these considerations in detail.

The City should also be aware that should it decide to pursue implementation of this Tax Policy Option, that the Province does not automatically provide a matching reduction in Education Taxes. Under O.Reg 331/21, the City must apply to the Province to request that it match the reductions in local tax, and the Province reserves the right to decline if it does not believe the terms of the City's program aligns with its own policy objectives.

Conclusion

The purpose of this report is to frame and contextualize the potential impacts from creating a Small Business Property Sub-class in the City of Barrie. As such it is intended to be a beginning point for discussions regarding whether the City believes it is appropriate and necessary that this optional Sub-class be created.

Should the City wish to have further modelling and analysis performed to fine-tune and better define the eligibility criteria it wishes to see used to determine eligibility of properties for inclusion in this Sub-class, MTAG will be pleased to assist and provide further analyses as may be requested.

If the City conclude that it is indeed appropriate and necessary to see a Small Business Property Sub-class created in Barrie, it will then need to take the necessary steps required to create a Small Business Property Tax Sub-class in the City. Should the City so desire, MTAG would also be pleased to assist with presenting its findings to Council.

Alternatively, if the City concludes that it does not want or require a Small Business Property Sub-class its own tax rates and taxing structure would remain unchanged. Again, should the City so desire, MTAG would also be pleased to assist in any further analysis or presentations as required by the City.

PART I – ANALYSIS

The following scenario's have been created to assist the City with estimating what the impact of creating the Small Business Property Class may be. These results are based on its 2021 Assessment, that the only qualification criteria is assessed value, that 2021 Tax ratios will apply to the 2022 tax year, and that the discount provided is 35%.

(NOTE: It is acknowledged that the maximum tax reduction provided by the City under current Tax Policy is 0%. Nonetheless, as O.Reg. 331/21 stipulates a maximum rate of 35%, MTAG believed it appropriate to perform this initial modelling exercise using this maximum rate.)

Table 2: This scenario applies a discount on the commercial taxable properties that are below the 500,000 threshold and the reduction will be recovered from all properties within the City of Barrie.

Table 3: This scenario applies a discount on the commercial taxable properties that are below the 500,000 threshold and the reduction will be recovered from only the commercial properties within the City of Barrie.

Table 4: This scenario applies a discount on the industrial taxable properties that are below the 500,000 threshold and the reduction will be recovered from all properties within the City of Barrie.

Table 5: This scenario applies a discount on the industrial taxable properties that are below the 500,000 threshold and the reduction will be recovered from only the industrial properties within the City of Barrie.

Table 6: This scenario applies a discount on the commercial and industrial taxable properties that are below the 500,000 threshold and the reduction will be recovered from all properties within the City of Barrie.

Table 1: Number of Properties by CVA Range (in 000's)

Class	100	200	300	400	500	600	> 600	Total
Commercial	70	142	145	127	123	99	915	1,621
Industrial	3	27	20	7	15	13	124	209
Totals	73	169	165	134	138	112	1,039	1,830

Table 2: 35% Reduction to the Commercial Properties Recovered Across All Classes

Realty Tax Class	CVA Tax		Change in Tax	
	2022 Status Quo	2022 Small Business Class	\$	%
Taxable				
Residential	\$182,178,798	\$182,792,179	\$613,382	0.34%
Farm	\$64,979	\$65,197	\$219	0.34%
Managed Forest	\$2,079	\$2,086	\$7	0.34%
Multi-Residential	\$9,269,374	\$9,300,583	\$31,209	0.34%
New Multi-Residential	\$1,714,776	\$1,720,550	\$5,774	0.34%
Commercial	\$50,822,432	\$50,993,531	\$171,099	0.34%
Commercial Threshold	\$2,440,102	\$1,591,406	-\$848,696	-34.78%
Industrial	\$7,254,237	\$7,278,657	\$24,419	0.34%
Industrial Threshold	\$303,454	\$304,476	\$1,022	0.34%
Pipeline	\$466,218	\$467,788	\$1,570	0.34%
Sub-Total Taxable	\$254,516,449	\$254,516,452	\$4	0.00%
Payment In Lieu				
Residential	\$43,852	\$44,000	\$148	0.34%
Commercial	\$1,318,834	\$1,323,274	\$4,440	0.34%
Landfill	\$38,217	\$38,346	\$129	0.34%
Industrial	\$132,304	\$132,750	\$445	0.34%
Sub-Total PIL	\$1,533,208	\$1,538,370	\$5,162	0.34%
Total Taxable and PIL	\$256,049,657	\$256,054,822	\$5,165	0.00%
Exempt	\$0	\$0	\$0	0.00%
Total	\$256,049,657	\$256,054,822	\$5,165	0.00%

Table 3: 35% Reduction to the Commercial Properties Recovered Within Commercial Class

Realty Tax Class	CVA Tax		Change in Tax	
	2022 Status Quo	2022 Small Business Class	\$	%
Taxable				
Residential	\$182,178,798	\$182,178,798	\$0	0.00%
Farm	\$64,979	\$64,979	\$0	0.00%
Managed Forest	\$2,079	\$2,079	\$0	0.00%
Multi-Residential	\$9,269,374	\$9,269,374	\$0	0.00%
New Multi-Residential	\$1,714,776	\$1,714,776	\$0	0.00%
Commercial	\$50,822,432	\$51,650,621	\$828,190	1.63%
Commercial Threshold	\$2,440,102	\$1,611,912	-\$828,190	-33.94%
Industrial	\$7,254,237	\$7,254,237	\$0	0.00%
Industrial Threshold	\$303,454	\$303,454	\$0	0.00%
Pipeline	\$466,218	\$466,218	\$0	0.00%
Sub-Total Taxable	\$254,516,449	\$254,516,449	\$0	0.00%
Payment In Lieu				
Residential	\$43,852	\$43,852	\$0	0.00%
Commercial	\$1,318,834	\$1,340,326	\$21,491	1.63%
Landfill	\$38,217	\$38,217	\$0	0.00%
Industrial	\$132,304	\$132,304	\$0	0.00%
Sub-Total PIL	\$1,533,208	\$1,554,699	\$21,491	1.40%
Total Taxable and PIL	\$256,049,657	\$256,071,148	\$21,491	0.01%
Exempt	\$0	\$0	\$0	0.00%
Total	\$256,049,657	\$256,071,148	\$21,491	0.01%

Table 4: 35% Reduction to the Industrial Properties Recovered Across All Classes

Realty Tax Class	CVA Tax		Change in Tax	
	2022 Status Quo	2022 Small Business Class	\$	%
Taxable				
Residential	\$182,178,798	\$182,254,851	\$76,053	0.04%
Farm	\$64,979	\$65,006	\$27	0.04%
Managed Forest	\$2,079	\$2,080	\$1	0.04%
Multi-Residential	\$9,269,374	\$9,273,243	\$3,870	0.04%
New Multi-Residential	\$1,714,776	\$1,715,492	\$716	0.04%
Commercial	\$50,822,432	\$50,843,624	\$21,192	0.04%
Commercial Threshold	\$2,440,102	\$2,441,119	\$1,017	0.04%
Industrial	\$7,254,237	\$7,257,262	\$3,025	0.04%
Industrial Threshold	\$303,454	\$197,327	-\$106,127	-34.97%
Pipeline	\$466,218	\$466,413	\$195	0.04%
Sub-Total Taxable	\$254,516,449	\$254,516,417	-\$31	0.00%
Payment In Lieu				
Residential	\$43,852	\$43,871	\$18	0.04%
Commercial	\$1,318,834	\$1,319,384	\$550	0.04%
Landfill	\$38,217	\$38,233	\$16	0.04%
Industrial	\$132,304	\$132,359	\$55	0.04%
Sub-Total PIL	\$1,533,208	\$1,533,847	\$639	0.04%
Total Taxable and PIL	\$256,049,657	\$256,050,265	\$608	0.00%
Exempt	\$0	\$0	\$0	0.00%
Total	\$256,049,657	\$256,050,265	\$608	0.00%

Table 5: 35% Reduction to the Industrial Properties Recovered Within Industrial Class

Realty Tax Class	CVA Tax		Change in Tax	
	2022 Status Quo	2022 Small Business Class	\$	%
Taxable				
Residential	\$182,178,798	\$182,178,798	\$0	0.00%
Farm	\$64,979	\$64,979	\$0	0.00%
Managed Forest	\$2,079	\$2,079	\$0	0.00%
Multi-Residential	\$9,269,374	\$9,269,374	\$0	0.00%
New Multi-Residential	\$1,714,776	\$1,714,776	\$0	0.00%
Commercial	\$50,822,432	\$50,822,432	\$0	0.00%
Commercial Threshold	\$2,440,102	\$2,440,102	\$0	0.00%
Industrial	\$7,254,237	\$7,357,630	\$103,393	1.43%
Industrial Threshold	\$303,454	\$200,056	-\$103,398	-34.07%
Pipeline	\$466,218	\$466,218	\$0	0.00%
Sub-Total Taxable	\$254,516,449	\$254,516,444	-\$5	0.00%
Payment In Lieu				
Residential	\$43,852	\$43,852	\$0	0.00%
Commercial	\$1,318,834	\$1,318,834	\$0	0.00%
Landfill	\$38,217	\$38,217	\$0	0.00%
Industrial	\$132,304	\$134,190	\$1,886	1.43%
Sub-Total PIL	\$1,533,208	\$1,535,094	\$1,886	0.12%
Total Taxable and PIL	\$256,049,657	\$256,051,538	\$1,881	0.00%
Exempt	\$0	\$0	\$0	0.00%
Total	\$256,049,657	\$256,051,538	\$1,881	0.00%

Table 6: 35% Reduction to Both the Commercial Industrial Properties Recovered Across All Classes

Realty Tax Class	CVA Tax		Change in Tax	
	2022 Status Quo	2022 Small Business Class	\$	%
Taxable				
Residential	\$182,178,798	\$182,868,745	\$689,948	0.38%
Farm	\$64,979	\$65,225	\$246	0.38%
Managed Forest	\$2,079	\$2,087	\$8	0.38%
Multi-Residential	\$9,269,374	\$9,304,479	\$35,105	0.38%
New Multi-Residential	\$1,714,776	\$1,721,270	\$6,494	0.38%
Commercial	\$50,822,432	\$51,014,889	\$192,457	0.38%
Commercial Threshold	\$2,440,102	\$1,592,072	-\$848,030	-34.75%
Industrial	\$7,254,237	\$7,281,709	\$27,471	0.38%
Industrial Threshold	\$303,454	\$197,992	-\$105,462	-34.75%
Pipeline	\$466,218	\$467,984	\$1,765	0.38%
Sub-Total Taxable	\$254,516,449	\$254,516,451	\$2	0.00%
Payment In Lieu				
Residential	\$43,852	\$44,019	\$166	0.38%
Commercial	\$1,318,834	\$1,323,829	\$4,994	0.38%
Landfill	\$38,217	\$38,362	\$145	0.38%
Industrial	\$132,304	\$132,805	\$501	0.38%
Sub-Total PIL	\$1,533,208	\$1,539,014	\$5,806	0.38%
Total Taxable and PIL	\$256,049,657	\$256,055,465	\$5,809	0.00%
Exempt	\$0	\$0	\$0	0.00%
Total	\$256,049,657	\$256,055,465	\$5,809	0.00%

Appendix 1: Optional Small Business Property Sub-class – Rules and Regulation Requirements

The Province has now released the rules and requirements associated with establishing the Optional Small Business Property Tax Class it announced last autumn. Some of these stipulations were expected. Some were not. Regardless, O.Reg. 331/21 now provides answers to questions municipalities have been asking since learning of this new Tax Policy Tool.

The final section of this memo provides a point-by-point list of all the rules and requirements for establishing AND administering this Optional Property Tax Class.

In this Newsletter, we will examine what the rules are, what impact they will have on municipalities and what, in our opinion, needs to be done to exercise the option of creating this Property Tax Sub-class should a municipality wish to do so.

Rules for Establishing this Property Tax Sub-class

We now know that municipalities will be responsible for administering this Sub-class in a manner similar to that which AgriCorp uses for the Farmland Property Class. MPAC's sole responsibility will be to move properties as specified by municipalities into and out from the Sub-class.

The responsibility – and authority – for the creation of the Sub-class rests with the Upper-tier in a 2-tier jurisdiction. In other words, the By-law creating this Sub-class must be enacted by the municipal council with the responsibility and authority to set Tax Policy for the jurisdiction.

What was not expected is the ability to establish more than one Small Business Property Tax Class within a jurisdiction, nor the fact that the eligibility requirements of these multiple Classes may differ from one another. What this means is:

- That in a 2-tier jurisdiction, separate Sub-classes with different rules may be established for each lower-tier municipality within the jurisdiction
- That similar to BIAs, separate Sub-classes can be established in different geographic parts of a municipality to reflect differences in circumstance, level of relief, etc.

Municipalities can also set the level of discount at anything up to 35%, create the Sub-class in either or both the Broad Commercial and Broad Industrial Property Tax Classes and even require landlords to pass on the reduction in taxation levels to tenants. As a result, municipalities have unprecedented flexibility in determining what relief should be provided and to whom, should they decide to create this Sub-class.

But while O.Reg. 331/21 provides municipalities unprecedented flexibility, the Province has set specific requirements that must be fulfilled for it to consider authorizing a matching reduction in Education Taxes. To qualify to be eligible for this matching reduction in Education Tax, municipalities must provide the following to the Minister of Finance:

- “...a municipal by-law outlining the program requirements as well as estimated total municipal tax relief to small businesses”.
- Evidence that the municipality conducted “...consultations with business stakeholders regarding the small business property subclass”.

The Ministry of Finance will then review the materials provided and advise on a “case-by-case” basis whether the Province will provide matching reductions in the Education Tax rate.

(NOTE: *These documents, whether initiating the Sub-class or making changes to its requirements MUST be submitting to the Minister of Finance no later than March 31st of the taxation year for which relief is being provided. This means that in the absence of a specific exemption – which as of yet has not been provided – no matching of municipal reductions is possible for the 2021 Taxation year*)

Administering this Optional Property Tax Sub-class

It is interesting that O.Reg. 331/21 states that municipalities have the *option* – but are not required to – use an application system for determining eligibility of properties for inclusion in the Sub-class. Further, the Regulation states that even if applications are required, that in taxation years subsequent to the initial year, that the requirement for applications can be waived. This means is that:

- Municipalities can leave the determination of what properties are to be placed into the Sub-class to specific staff members, or;
- That if applications *ARE* required, they can be deemed to only be necessary when:
 - making the initial request for inclusion in the Sub-class, or;
 - when there have been changes to the property that change its eligibility for inclusion

Again, we are seeing flexibility and discretion being given to municipalities as they can:

- Determine whether the process by which it is determined what properties are to be included in the Sub-class will be a purely administrative process (similar to that used by MPAC) in which the Treasurer will identify the properties that should be considered by the Program Administrator for inclusion in the class, or;
- That property owners will need to prepare and submit an application in order for their property to be considered for inclusion in the Sub-class

Choosing the former option put the onus on the municipality to ensure that all qualifying properties are bring captured for inclusion in the Sub-class. It does, however, also allow staff to precisely quantify the amount of relief that is being provided.

On the other hand, an application system puts the onus on the property owners to identify if they believe their properties should qualify and will likely, regardless of the amount of advertising undertaken, result in a lower number of properties being moved to the Sub-class. As a result, the “cost”

of the relief provided under an application-based system can be expected to be less and more difficult to extrapolate than a purely administrative approach. Application systems can also be expected to cost more to operate as it will be necessary to:

- Design the Application Form
- Create a distribution method (paper, electronic, etc.)
- Assign staff to process the applications received, answer questions, assist applicants, etc.

These duties would be in addition to the tasks common to the routine administration of the Sub-class that a municipality must perform whether an application system is used, or staff make the decisions internally. Examples of these common responsibilities are:

- Incorporating a review of the requirements, application of, level of discount and means of funding the Small Business Property Tax Sub-class into the jurisdictions annual Tax Policy review and setting process. Municipalities can create, eliminate, or modify their use of this optional Property Tax Sub-class annually within the parameters set by the Municipal Act, the City of Toronto Act, O.Reg. 282/98 under the Assessment Act as now amended by O.Reg. 331/21.
- Appointing Program Administrator(s). The Administrator must be an employee of the municipality. In a two-tier jurisdiction, this can be an employee of the upper-tier municipality or an employee in each of its constituent municipalities, but not both.
- The Program Administrator(s) shall annually:
 - provide MPAC with a list of the properties that are to be contained in the Small Business Property Sub-class for that taxation year
 - provide the Minister of Finance the information required to determine if the Province will provide a matching Education Tax reduction
 - post a “public registry” in an electronic format of the properties that have been identified as being part of the Sub-class
- Appointing an Arbitrator to hear complaints. O.Reg. 331/21 specifies that this person is to be a municipal employee.
- Developing a “reconsideration” process under which the Arbitrator will hear complaints regarding decisions made by the Program Administrator. This reconsideration process has specific requirements and protocols set out in O.Reg. 331/21 that are unique to the administration of this Sub-class.
- Ensuring that property owners understand that they have no right of appeal regarding the Arbitrator’s decision of their Reconsideration Request to the ARB. The decision of the Arbitrator (or municipal council if this option has been included) is final. The ARB has no jurisdiction in determining eligibility, only the municipality.

(NOTE: *O.Reg. 331/21 assigns specific responsibilities to the municipal treasurer and clerk that are separate and apart from those of the Program Administrator and Arbitrator. In our opinion this means that the Program Administrator and Arbitrator cannot be the municipalities treasurer or its clerk*)

A. Implementing the Optional Small Business Property Tax Sub-class

As can be seen from the preceding discussion, there is a lot to take into consideration in deciding to implement this new, optional Property Tax Sub-class. There is flexibility for sure, and municipalities have a free hand in establishing their criteria for inclusion. But there is a considerable amount of administrative complexity that is also involved in creating this Sub-class as well.

So how should a municipality approach this question. MTAG PPC suggests that it use the following approach:

1. Determine the number of geographic Sub-classes that it is believed should be created
2. Quantify how these geographic areas can be defined (municipality, BIA, etc.)
3. Identify what criteria should apply to each Sub-class being considered
4. Decide the amount of discount to be provided in each Sub-class
5. Determine how the discount will be absorbed (all Classes, Broad Classes, Budget reduction)
6. Model the impact and cost to the municipality of providing the proposed discount(s)
7. Meet with “business stakeholders” to receive their input regarding:
 - a. The appropriateness of the proposed inclusion criteria
 - b. Whether they agree with the municipality’s approach (application/non-application)
 - c. Whether they support the amount of relief being proposed and how it will be absorbed
 - d. Whether they support or oppose the municipality’s proposal
8. If a 2-tier jurisdiction, document the results of this consultation and circulate to the lower-tier for its review and comment
9. Document the results of the consultation with business stakeholders (and if a 2-tier jurisdiction, the lower-tier) and present a Report and Recommendation to Council
10. If supported by municipal council:
 - a. Create the Policies and specific procedure under which the Program will operate
 - b. Prepare the necessary By-law
11. Should Council approve the By-law, appoint the Program Administer and Arbitrator
12. Implement all necessary procedural processes and make all necessary filings, etc.
13. Review annually thereafter as part of the jurisdictions annual review and setting of Tax Policy

Rules and Requirements Summary

- By-law must be passed by the Upper-tier
- Can apply to all or part of a municipality
- If applicable to less than All of the municipality, can set MULTIPLE zones of applicability, which multiple/different requirements in each zone
- **By-law can also stipulate that landlords MUST pass reduction on to tenants.**
- Maximum discount is 35%
- Can apply to either/or/both Commercial & Industrial Tax Classes EXCEPT:
 - Large Industrial
 - Parking lot
 - Vacant/Excess land
- Can be funded three ways:
 - Reduction in Levy requirements
 - Across ALL Property Tax Classes
 - Within the Broad Commercial & Industrial Property Tax Classes
- Municipally Administered – MPAC’s only responsibility is to “classify” for the Roll. Municipalities set the criteria they believe is appropriate
- Can be, but does not need to be application based
- If application based, can be a “one-time” (rather than annual) application process
- Application can be made by either the Property Owner or municipal treasurer
- If “one-time” Program Administrator determines whether eligibility is maintained year to year
- Nonetheless, whether the application is annual or not, Program Administrator is required to make certain annual filing and notifications
- **Province “wants” municipalities to consult local business as to setting requirements**
- “Consultation” with “Business Stakeholders” is a requirement for the Province to consider “matching” the municipal reduction. If granted, this matching will be in the form of Education Tax Reduction – application to Minister before March 31st each year
- Public listing/Registry
- Program Administrator and Arbitrator are to be municipal staff
- Neither Program Administrator nor Arbitrator can be the municipal Clerk or Treasurer
- Administrator can be at upper or lower-tier
- O.Reg 331/21 establishes a specific protocol that replaces an appeal to the ARB regarding inclusion/exclusion in the Sub-class with an “in-house” process involving the Hearing Officer appointed by the municipality. **This means that the ARB has no authority or jurisdiction regarding eligibility decisions.** Standard turn-around time period of 90 days.