

**The Corporation of the City of Kawartha Lakes**  
**Agenda**  
**Agricultural Development Advisory Committee Meeting**

**ADAC2019-06**  
**Thursday, December 12, 2019**  
**9:00 A.M.**  
**Economic Development Boardroom**  
**Economic Development**  
**180 Kent Street West, Lindsay, Ontario**

**Members:**

**Councillor Andrew Veale**  
**Robert Bonis**  
**Paul Brown**  
**Phil Callaghan**  
**Michelle Murphy-Ward**  
**Rebecca Parker**  
**Matthew Pecoskie**  
**Adam Shea**  
**Tim Webster**  
**Shawn Westland**

Accessible formats and communication supports are available upon request. The City of Kawartha Lakes is committed to accessibility for persons with disabilities. Please contact [AgendaItems@kawarthalakes.ca](mailto:AgendaItems@kawarthalakes.ca) if you have an accessible accommodation request.

1.	<b>Call to Order</b>	
2.	<b>Administrative Business</b>	
2.1	Adoption of Agenda	
2.2	Declaration of Pecuniary Interest	
2.3	Adoption of Minutes - October 10, 2019	4 - 7
3.	<b>Deputations/Presentations</b>	
3.1	Tracking material onto roads from agricultural fields  Attendance and discussion with Dave Lembke and Bruce Kitching, Public Works Department.	
3.2	Farm Tax Ratio Review  Referral from October 22, 2019 Council Meeting:  CR2019-575  Moved ByCouncillor Ashmore  Seconded ByDeputy Mayor Elmslie  <b>That</b> Report CORP2019-026, <b>Farm Tax Ratio Review</b> , be received and referred to the Agricultural Development Advisory Committee to provide comment. Carried	8 - 15
4.	<b>Correspondence</b>	
4.1	From Kawartha Lakes Haliburton Federation of Agriculture re: Farm Tax Ratio Review	16 - 16
5.	<b>New or Other Business</b>	
6.	<b>Update from Economic Development Division</b>	
6.1	Skills Advance Ontario	
6.2	Agricultural Soil and Water Conference - December 13	

- 6.3 Agriculture and Food Action Plan - Implementation Workplan
- 6.4 2020 International Plowing Match and Rural Expo
- 6.5 Healthy Farmers, Healthy Farms: Supporting the backbone of rural communities - January 22, 2020
- 7. **News and Updates from Members**
- 8. **Next Meeting - February 13, 2020**
- 9. **Adjournment**

# **The Corporation of the City of Kawartha Lakes**

## **Minutes**

### **Agricultural Development Advisory Committee Meeting**

**ADAC2019-05**  
**Thursday, October 10, 2019**  
**9:00 A.M.**  
**Weldon Room**  
**City Hall**  
**26 Francis Street, Lindsay, Ontario K9V 5R8**

**Members:**  
**Councillor Andrew Veale**  
**Phil Callaghan**  
**Michelle Murphy-Ward**  
**Rebecca Parker**  
**Matthew Pecoskie**  
**Shawn Westland**

**Accessible formats and communication supports are available upon request. The City of Kawartha Lakes is committed to accessibility for persons with disabilities. Please contact [AgendaItems@kawarthalakes.ca](mailto:AgendaItems@kawarthalakes.ca) if you have an accessible accommodation request.**

**1. Call to Order**

Chair R. Parker called the meeting to order at 9:05 am.

**2. Administrative Business**

**2.1 Adoption of Agenda**

**Moved By** Councillor Veale  
**Seconded By** P. Callaghan

**That** the agenda be adopted as circulated.

**Carried**

2.2 Declaration of Pecuniary Interest

There were no declarations of pecuniary interest disclosed.

2.3 Adoption of Minutes - August 8, 2019 meeting

**Moved By** M. Pecoskie

**Seconded By** S. Westland

**That** the minutes of the Agricultural Development Advisory Committee meeting held on August 8, 2019, be adopted as circulated.

**Carried**

**3. Deputations/Presentations**

3.1 Agriculture and Food Action Plan Draft, Wilton Group

The Wilton Group participated in a presentation to the committee by conference call, with a PowerPoint presentation to review updates since the previous draft Agriculture and Food Action Plan of June 2019. The committee was able to ask questions and provide input on the action plan items and their priority. The committee passed the following motion to recommend Council endorsement of the plan.

**Moved By** M. Murphy-Ward

**Seconded By** M. Pecoskie

That the Agricultural Development Advisory Committee recommends that Council endorse the Kawartha Lakes Agriculture and Food Action Plan 2020-2024.

**Carried**

**4. Correspondence**

**5. New or Other Business**

**6. Update from Economic Development Division**

6.1 Skills Advance Ontario Project

The Agriculture Development Officer provided a verbal update on the development of a Skills Advance Ontario application for jobseeker and incumbent employee training in the agriculture and manufacturing sectors. Employers are being sought who may have entry level positions to hire in the coming year, who would benefit from pre-employment job-specific training to better prepare candidates for the skills needed for the job. Additionally, incumbent training would be available to up-skill existing employees to build a stronger workforce across these sectors.

## 6.2 VIP Agricultural Tour

The VIP Agricultural Tour was held on Friday, September 6th in partnership with the Kawartha Lakes Haliburton Federation of Agriculture. Tour sites included Mariposa Woolen Mill, Willowtree Farm and Two Blokes Cider. Lunch was held at the Cidery, and approximately 60 people attended from across the corporation, related agencies, and agricultural representatives.

## 6.3 International Plowing Match 2019 & 2020

As the Lindsay Exhibition Grounds has been selected by the Ontario Plowmen's Association as the site for the Tented City for the 2020 International Plowing Match, the Economic Development Division staff attended and participated with a booth at the 2019 event in Verner with a tourism attraction focus. Staff members Rebecca Mustard, Laurie McCarthy, Jennifer Johnston and Kelly Maloney, as well as Mayor Letham and Councillors O'Reilly and Ashmore attended. The OPA have held one community information in July, and have plans for a second information on October 24 in order to attract volunteers.

## 6.4 Kawartha Farmfest

Kawartha Farmfest was held on Saturday, October 5th, with nine farms participating, plus four farmers' markets and four other rural attractions. As the weather was perfect attendance was high. New and renewed efforts on marketing and tracking attendance included greater advanced promotion with program confirmed and finalized in early August, additional social media, printed bookmarks, an event passport with stamps to collect and a draw for a prize basket, re-designed webpages within the City site, advanced sales through EventBrite and reward coupons provided by Kawartha Dairy. This work was primarily led by Summer Student, Caroline Bull with assistance by Communications, Advertising and Marketing division and oversight by the Agriculture Development Officer.

## 7. News and Updates from Members

Members noted the following updates in the agriculture sector:

- the drought is affecting the bean crop harvest volumes;
- sheep prices have seen a crash recently with large volumes being shipped from western Canada;
- there appears to be large volumes of truck traffic on Colborne Street West related to moving soil into the new retail development at hwy 35, which may affect the hard-top pavement.

-there are plans moving forward for a business expansion for a local trucking company

**8. Next Meeting - December 12, 2019**

The next meeting will be Thursday, December 12, 2019 at 9:00 a.m. in the Economic Development Boardroom.

**9. Adjournment**

The meeting was adjourned by the Chair at 10:25 am.

# **The Corporation of the City of Kawartha Lakes**

## **Committee of the Whole Report**

**Report Number CORP2019-026**

---

**Meeting Date:**       **October 8, 2019**

**Title:**               Farm Tax Ratio Review

**Description:**       Follow-up to April 23<sup>rd</sup>, 2019, CR2019-293, directing staff to examine the impacts of adjusting the Farm tax ratio and the impacts of different incremental reductions of Farm tax ratios.

**Ward Number:**       **All**

**Author and Title:**   Linda Liotti, Manager, Revenue and Taxation

---

### **Recommendation(s):**

**That** Report CORP2019-026, Farm Tax Ratio Review be received.

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_



## **Background:**

At the Council Meeting of April 23, 2019, Council adopted the following resolution:

CR2019-293

That staff be directed to examine the impacts of adjusting the Farm tax ratio and the impacts of different incremental reductions of Farm tax ratios with a report to Council by end of Q3 2019.

This report will provide the outcome of the examination requested.

## **Rationale:**

In 1998 the Province of Ontario introduced a series of tax reforms which caused significant changes to the assessment of property and taxation in Ontario.

This reform brought the entire Province on a common assessment base year. Along with the introduction of the new “current value assessment”, a host of other factors affecting the tax treatment of all properties across the province were introduced. Included in the reforms were changes to the tax treatment of Farm Property.

Prior to 1998, the Provincial Government’s Farm Tax Rebate Program required that qualifying farmers submit an application to receive a reimbursement of 75% of the farm property taxes paid. The purpose of the rebate was to “help to ensure a viable agricultural industry across Ontario by preserving and maintaining land in active agricultural production”.

As part of the realignment of services in 1998, the Farm Tax Rebate Program was eliminated by the Province. To help offset any financial difficulties that eligible farm property owners may experience, the Provincial Government introduced the Farm Tax Class and the tax ratio of 25%.

With the implementation of the Farm tax ratio, the cost of providing the rebate at the municipal level represented by a tax ratio of 25% was distributed amongst primarily the residential class in rural and small urban centres where farmland is most prevalent. It was understood that large urban centres with little or no farmland were no longer participating in the program to mitigate the property tax relief previously provided to farmers.

## Kawartha Lakes Tax Ratios

	Lower Limit	Upper Limit	Kawartha Lakes
Property Class Range			
Residential	1.00		1.00000
Multi-Residential	1.00	1.10	1.95682
New Multi-Residential	1.00	1.10	1.00000
Commercial / Office / Shopping Centre	0.60	1.10	1.37931
Industrial / Large Industrial	0.60	1.10	1.34645
Pipeline	0.60	0.70	2.00131
Farm	up to 0.25		0.25
Managed Forests	0.25		0.25

The chart above indicates the 25% ratio is the maximum that can be applied to the Farm tax class, within the prescribed range of fairness; however, the ratio may be lowered at the municipality's discretion.

As per the noted Council Resolution, staff has examined the impact of incremental reductions in the Farm tax ratio with the findings summarized in the chart below.

<b>Farm Tax Ratio - Impact of Incremental Reduction</b>			
<b>Residential Increase</b>			
<b>Farmland Tax Ratio</b>	<b>Increase of tax \$ to Residential Tax Class</b>	<b>Impact to Taxes</b> based Average Residential Home value <sup>1</sup>	
		<b>% increase (rounded)</b>	<b>\$ increase (rounded)</b>
0.25	Not applicable - Current State		
0.24	\$80,545	0.1%	\$1.74
0.23	\$161,239	0.2%	\$3.51
0.22	\$242,082	0.3%	\$5.25
0.21	\$323,075	0.4%	\$7.02
0.20	\$404,218	0.5%	\$8.79
<b>Farmland Decrease</b>			
<b>Farmland Tax Ratio</b>	<b>Decrease of tax \$ to FarmTax Class</b>	<b>Impact to Taxes</b> based on \$268,000 farmland assessed value <sup>2</sup>	
		<b>% decrease (rounded)</b>	<b>\$ decrease (rounded)</b>
0.25	Not applicable - Current State		
0.24	\$80,545	0.02%	\$0.44
0.23	\$161,239	0.05%	\$0.88
0.22	\$242,082	0.07%	\$1.31
0.21	\$323,075	0.09%	\$1.76
0.20	\$404,218	0.12%	\$2.20
<sup>1</sup> The average house was valued at \$268,000 in the 2019 tax year, paying approximately \$2,728.68 in Municipal Taxes <sup>2</sup> Using \$268,000 farmland assessed value in the 2019 tax year for comparative purposes <b>DATA IS BASED ON 2019 ASSESSMENT ROLL</b>			

The below chart highlights how a farm property, with a current assessed value of \$268,000 taxed at the farm full taxable rate, would be impacted for a tax perspective based on the incremental reduction of the farm tax ratio:

<b>Farm Tax Ratio</b>	<b>Taxes Levied</b>
0.25	\$ 682.17
0.24	\$ 681.73
0.23	\$ 681.29
0.22	\$ 680.86
0.21	\$ 680.41
0.20	\$ 679.97

Council must carefully contemplate a number of factors when reviewing and considering changing the Farm Tax Ratio for the municipality.

The property tax system in Ontario is based on the assessed market value of the property in question, not the ability to pay or services consumed. The underlying

principle of the assessment-based system is that the amount of property taxation paid is indicative of the assessed values of properties relative to all others.

In the 2016 Assessment Update, for 2017 to 2020 taxation years, waterfront properties saw significant increases in valuations, similar to farm properties. Municipalities did not have tax policy tools available to compensate waterfront property owners for bearing a greater proportion of the municipal tax levy. This group of property owners did not receive tax relief because the assessments reflected defensible market values.

Ideally, tax ratios are examined in an assessment update year such that the impact of market increases within each of the property classes can be taken in consideration.

Further, as the farm tax ratio is already within the appropriate range of fairness, it is a tax policy best practice to review the tax ratios that fall outside of the prescribed ranges of fairness and take fiscal steps, where possible, to move these closer or within the prescribed range. This direction is supported by the legislative changes introduced in the *Continued Protection for Property Taxpayers Act, 2000 (Bill 140)*, whereby, Municipalities could set their tax ratios so as to maintain the transition ratios, move them toward the range of fairness or vary tax ratios within ranges of fairness.

As indicated in the charts above, a reduction in the Farm Tax Ratio would result in a shift of the property tax burden to the residential property tax class, which comprises approximately 87 per cent of the tax revenue within the Municipality. Shifting this additional tax burden to the residential property class could disproportionately impact low-income earners and people living on fixed incomes. Many of these people may already face financial challenges due to increases in household expenses such as increasing in electricity, water and sewer charges.

To date, within the Eastern Ontario Wardens Caucus (EOWC), there have been two counties that have lowered the Farm tax ratio:

- County of Prince Edward - 0.2319
- County of Lennox and Addington - 0.23

It is important to note that in 2016, the Eastern Ontario County Treasurers drafted a position paper (Appendix A) on farm tax ratios for municipalities in Eastern Ontario. The group unanimously recommended that the farm tax ratio not be lowered, noting that the MPAC farm property assessments are fair and equitable. The treasurers also pointed out that changes in the market have provided farm property owners with large capital gains on their properties.

## **Other Alternatives Considered:**

The 2020 taxation year represents the last tax year for the 2016 Assessment Update where current value assessments will be at their full value. Implementing a reduction of the Farm tax ratio for the said tax year would disproportionately affect the residential tax burden, which is not ideal.

Council may wish to defer consideration of the reduction of the Farm Tax Ratio impact until the 2019 Assessment Update (2021 to 2024 taxation years). In this scenario, the tax burden shifted to the residential property class would be shared proportionately over the 4 year period in the cycle. Also, there may be value to consider a review of other to tax ratios to incentivize investment that may align with the Municipality's strategic plan.

## **Financial/Operation Impacts:**

A change to Farm tax ratio will not impact the amount of taxes levied by the Municipality, however, will shift the tax burden from the Farm Tax Class to the Residential Tax Class, as all other classes are already above the Ministry of Finance prescribed ranges of fairness.

## **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

Strategic Enabler – Responsible Fiscal Resource Management

## **Consultations:**

Ontario Federation of Agriculture (OFA)

## **Attachments:**

Appendix A – Eastern Ontario County Treasurers - Farm Tax Ratio - White Paper



**Appendix A - Eastern  
Ontario County Treasurers**

**Department Head E-Mail: [jstover@kawarthalakes.ca](mailto:jstover@kawarthalakes.ca)**

**Department Head: Jennifer Stover**

## **Farm Tax Assessment**

**To: EOWC**

**From: Eastern Ontario County Treasurers**

### **Background**

Since 1998, Provincial legislation requires that municipalities only tax farm properties at a maximum of 25% of the residential rate. Under the old system farm properties were taxed at 100% and received a 75% rebate directly from the province. This meant that everyone in Ontario shared in the cost of the rebate. Government policy was to help farmers, recognizing the importance of farmland to all Ontarians.

The new system of a 25% farm ratio means only those residents of the municipality with farm properties are sharing the cost of the 75% discount. This keeps farm taxes low but no longer shares the costs with urban dwellers.

The Eastern Ontario Warden's Caucus has lobbied for many years to correct this unfair policy change in farm tax rebate administration.

### **Discussion**

The 2016 reassessment of properties by MPAC has seen farm properties increase substantially, average 76% (MPAC zone 6), in value across much of Eastern Ontario. These assessments are done based on fair market value reflecting actual farm sales to farmers. Farm land sold to developers are excluded from the comparators.

Given that farm properties have increased more than other tax classes their real taxes will be going up.

The question then becomes should the 25% farm tax ratio be lowered? The answer is simply no.

Despite some of the inaccuracies associated with a province wide assessment system the basis of MPACs farm property assessment is fair and equitable. Property owners are given the opportunity to request reconsideration and appeal their assessments. At the end of the day assessed value should reflect actual value. Market forces have led to farm property owners experiencing large capital gains on their properties.

Farmers will continue to receive a 75% discount on their taxation and any reduction in farm tax ratio would shift this burden to the other tax classes. This would be primarily residential which is 90% of the tax assessment in Eastern Ontario.

Previous reassessments (2008) saw waterfront properties bear the brunt of property value/assessment increases. No tax relief was afforded to this group as the assessment were based on defensible market values.

## **Conclusion**

While the Eastern Ontario County Treasurers' have long lobbied for fair administration of the farm tax rebate program, and recognize the importance of farms to all Ontarians, we strongly believe the farm tax ratio of 0.25 should not be changed.

December 1, 2019

Ag Advisory, City of Kawartha Lakes

Attention: Rebecca Parker, Chair

180 Kent Street West, Lindsay, ON K9V 2Y6

Dear Rebecca,

On behalf of the Kawartha Lakes Haliburton Federation of Agriculture (KLHFA) I wish to bring forward an urgent matter that impacts all farmers in Kawartha Lakes. That is the disproportionate increase in taxable farmland assessment and the increase in farmland property tax burden that has taken place and will continue to get worse without action from county council.

In 2016, the Municipal Property Assessment Corporation (MPAC) released its province wide reassessment with a four-year phase in period (2017-2020). Taxable assessment of farmland has increased by an average of 94% in Kawartha Lakes. While at the same time, the assessment of other types of property has been relatively flat. This has resulted in significant increases in the property tax burden of farmers in Kawartha Lakes. This tax burden will continue to increase if council does not vote to lower the farm tax ratio in 2020.

Kawartha Lakes Council has the authority to adjust the farm tax ratio to anywhere between 0% and 25% of the local residential tax rate. We urge council to lower the farm tax ratio in 2020 to prevent any further tax burden shifting onto local farmers.

We are hoping that we can work together and bring this to Council. We look forward to working with you on this matter.

Sincerely,



Barry Baxter, KLHFA President