

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.