
Submitted by: Diane Larder, Director of Finance

Report No: 2022-202

Council Meeting Date: Regular Council - 07 Dec 2022

Subject: Calculation of the Tax Rate

File: F05-2023

RECOMMENDATION:

For Council's information.

BACKGROUND & COMMENTS:

As the Township begins discussion on the 2023 Budget, it is important to understand how the tax rate is developed once the annual budget has been passed by Council.

The 2023 Budget includes number of terms with the report that may be new to the public. The definitions as listed:

"*Tax Levy*" is the total amount of dollars that the municipality is looking to collect through taxes to cover its operations.

"*Tax Rate*" is established by the municipality and can vary depending on the type of property you own. The tax rate is used in the calculation of the taxes.

"*Weighted Assessment*" means the current value assessment as provided annually by the Municipal Property Assessment Corporation (MPAC) for taxable properties multiplied by the tax ratios established by Oxford County.

"*Tax Ratio*" determines how the burden of taxes are split between different types of properties. The ratio is based on residential, which is set at one. Commercial industrial and farm ratios are then set accordingly, which shifts the burden of property taxes.

1. The annual budget will set the *TAX LEVY* requirement that the municipality will need in revenue to cover the operating costs that the Township will incur over the set year.

Example: The 2022 Tax Levy requirement was \$9,571,319.

As information, a 1% increase in the 2023 budget represents \$95,713.

2. Calculating the Weighted Assessment.

i. This is a total of assessment value of all properties in all classes. (not including any exempt properties). *The 2023 assessments have not been released at the time of this report. What we can project is that because MPAC has not gone out to do a reassessment of properties, the 2022 roll*

assessment roll can be used for an estimated calculation. Any additional assessments shown on the 2023 roll will be considered new growth.

ii. Multiply the assessment value within the classes by the tax ratios. The tax ratios are set by Oxford County for the year; this occurs in March/April. (*The 2022 tax ratios have used in this example*).

iii. These classes are multiplied by the tax rate reductions as prescribed under the Assessment Act if it applies to that class. (*70% for Commercial, 65% for Industrial, etc.*)

3. The **TAX RATE** is calculated by taking the **TAX LEVY** in #1 above and dividing it by the calculated **WEIGHTED ASSESSMENT** in #2.

Table A outlines the calculation of the tax rate for 2022 as an example.

	2022 Tax Rate
Tax Levy Requirement	\$9,571,319
Weighted Assessment Calculated	\$1,737,079,732
2022 Tax Rate Calculation	0.00551001

Staff will provide Council will information on the proposed tax rate as part of the 2023 Budget discussions.

FINANCIAL IMPLICATIONS:

There are no financial implications with this report.

LINK TO STRATEGIC PLAN:

Goal:

We are an engaged community that values all members and actively encourages involvement, engagement, openness and transparency.

Action:

Provide openness and transparency

Approved By:

Diane Larder, Director of Finance

Status:

Approved - 30 Nov 2022

Karen Martin, Director of Corporate Services

Pending