2020 NON-RESIDENTIAL PROPERTY TAX RELIEF OPTION DETAILS

OPTION 1: Original PTP Criteria
(With 0 per cent, 5 per cent or 10 per cent tax increase caps)

Description:

Using the same criteria and process as the 2017, 2018 and 2019 PTP this option proposes to phase in 2020 municipal non-residential property tax increases by capping them for eligible properties at 0 per cent, 5 per cent, or 10 per cent of the prior year's municipal portion of the tax bill (total without PTP credit applied). As stated, this program would be administered in the same manner as past years' PTP programs.

Pros:

- Same process of calculation as previous year's PTP
- Could benefit small properties if they are subject to a large increase due to reassessment
- Customers are familiar with this program
- Same eligibility criteria as previous PTP
- Customers are familiar with this program
- No application required

Cons:

- The reassessment cycle indicates that properties that experienced the most significant tax decreases over the last four years would be substantial beneficiaries of the program (Approx. 50 per cent of the budgeted PTP amount)
- Does not reach Council's intended target of properties experiencing large tax increases due to the tax burden shift
- No guarantees that tax relief will be passed along to tenants
- The PTP creates the effect of different tax rates for each tax payer who receives the credit. The funds do not reduce the tax rate ratio between non-residential and residential
- Complaint process introduces complexity into administration
- Continued expectation of future tax mitigation programs
- Potential legal risks are addressed in confidential Attachment 8

Option 1 Program Estimates:

Option	% Cap on 2019 Non-Residential Municipal Property Tax Increase	2020 Non-Residential Taxable Population*	Number of Qualified PTP Properties	Program Cost
1a	0.00%	14,176	1,255	$12,999,641
1b	5.00%	14,176	589	$8,559,995
1c	10.00%	14,176	350	$5,841,986

*As of 2019 December 20

OPTION 2: Modified PTP Calculation
Using Actual After-PTP Taxes (PTP Applied)

Description:

This option also proposes to phase in 2020 municipal non-residential property tax increases by capping them for eligible properties at 5 per cent, or 10 per cent of the prior year's municipal portion of the tax bill. However, the program is modified by using the 2019 actual municipal property tax amount (after PTP credits were applied) to ascertain the year-over-year change in taxes. By modifying PTP in this fashion, the program will also assist in offsetting the "bow wave" effect of past year's PTPs.

Pros:

- Will benefit a large number and range of properties
- Will assist in offsetting the "bow wave" effect of past years' PTPs and provide the intended transitional phasing effect to lessen the impact of year-over-year municipal tax increases
- Provides tax relief to non-residential property owners facing the greatest municipal tax increases
- Provides the intended transitional phasing effect to lessen the impact of year-over-year municipal tax increases
- Same eligibility criteria as previous PTP
- Customers are familiar with this program
- No application required

Cons:

- Will still perpetuate a "bow wave" effect for future years
- Unlike previous PTP's, also requires the finalization of previous years PTP credits as opposed to just the finalization of previous years assessments to calculate the 2020 credit, both of which could be delayed due to outstanding court appeals
- The PTP creates the effect of different tax rates for each tax payer who receives the credit. The funds do not reduce the tax rate ratio between non-residential and residential
- No guarantees that tax relief is passed along to tenants
- Continued expectation of future tax mitigation programs
- Potential legal risks are addressed in confidential Attachment 8

Option 2 Program Estimates:

Option	% Cap on 2019 Non-Residential Municipal Property Tax Increase	2020 NR Taxable Population*	Estimated Number of Qualified PTP Properties	Estimated Program Cost
2a	5.00%	14,176	7,138	$45,981,859
2b	10.00%	14,176	5,071	$30,027,656

*As of 2019 December 20

OPTION 3: Grant Program – Based on a Percent of PTP Credit Paid in 2019

Description:

This option would involve administering a grant program in 2020 where property owners would be eligible to receive an amount equivalent to a specified percentage of the PTP credit they received in 2019

Pros:

- Would benefit any property that received PTP in 2019

Cons:

- Would only apply to properties that qualified for PTP in 2019
- High administrative costs
- No guarantees that grants would be passed along to tenants
- Potential legal risks are addressed in confidential Attachment 8

Option 3 Program Estimates:

2019 Program Cost	Amount	Number of Qualified PTP Properties	Estimated Program Cost
2019 Approved PTP Budget	$130,900,000		At Council's Discretion
Current 2019 PTP Payout*	$116,648,306	11,655 (Credit Received)	

*As of 2019 December 20

OPTION 4: Business Tax Revival in Order to Provide a Business Tax Credit

Description:

This option involves reinstating business tax as a “reverse” tax for the purposes of compensating business owners directly. Due to the complexity of reinstating business tax there would be no possible way to administer this option within 2020. This is largely due to degraded business data, the timeline and costs required to upgrade that data and systems involved and the various Administrative groups involved. Report PFC2019-0559 brought forward by Administration on 2019 June 4 details the degradation of Business data as well as the potential associated costs to Administration.

Pros:

- Benefit will go directly to businesses

Cons:

- Cannot be implemented in 2020
- High related costs for Administration
- Substantial amount of resources and time required to re-establish the business roll
- Additional capital/operating expenses for Assessment, Finance, and other business units involved

OPTION 5: Non-Residential Municipal Property Tax Rebate

Description:

This option proposes a use of one-time funds to offset the non-residential municipal property tax through a municipal property tax rebate applicable to all non-residential properties based on their assessment value.

Pros:

- Benefit will go to all non-residential property owners regardless of increase/decrease in taxes
- Simple and transparent process
- Low administrative costs

Cons:

- Would provide less benefit to properties experiencing higher increases in their municipal taxes
- Would provide a rebate to properties experiencing a tax decrease

OPTION 6: Compassionate Business Grant by Way of Application

Description:

This option would create a program that businesses would apply for in order to receive a grant. A similar program was analyzed and brought forward to Council on 2019 May 27 through report PFC2019-0590 Small Business Resiliency Grant Program.

Pros:

- Benefit will go directly to businesses that apply and meet the eligibility criteria

Cons:

- High related costs and resources for administration
- Would not be implemented immediately
- Previous grant program (PFC2019-0590 Small Business Resiliency Grant Program) was voted down by Council on 2019 May 27