



Non-Residential Assessment Subclasses Scoping Report

Implementation of Financial Taskforce Recommendation 26

2022, September 29

Recommendation

That Executive Committee recommends that Council direct Administration to continue advocacy for enabling legislation that provides expanded flexibility on non-residential subclasses.

Purpose and Scope

FTF Report Recommendation 26

Investigate how non-residential subclasses may be used to mitigate tax distribution changes, including to support targeted, temporary tax relief.

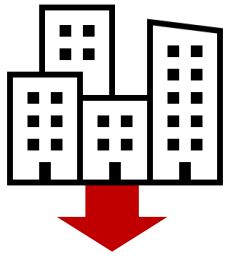
Scope

Provides a case study for what could have occurred if non-residential subclasses were used to address the dramatic drop in downtown office values

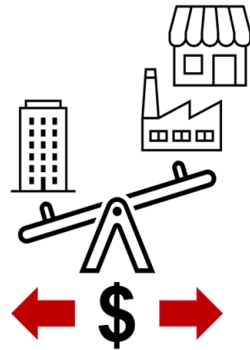
What are Subclasses?

- Subclasses provide a mechanism to set **additional tax rates** for groups of properties within an assessment class
 - Subclasses **re-distribute** municipal non-residential property taxes from one group to another; they are not meant to change the total non-residential tax collected
 - Council would need to set additional tax rates annually to decide which properties should **receive** tax relief and which properties should **subsidize** that benefit

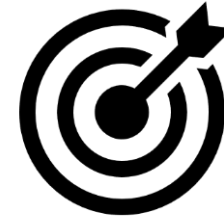
Highlights



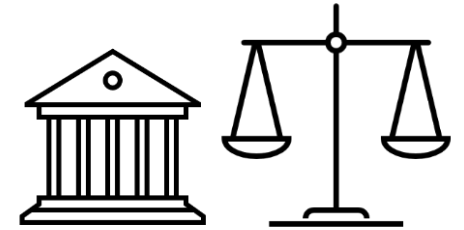
Non-res subclasses not most effective to address situations like the dramatic drop in downtown office values



Tax responsibility would be redistributed to downtown property owners & businesses with declining values and reduced ability to pay and create a “bow wave” effect



Non-res subclasses potentially useful to provide targeted tax relief or incentives



Legislative changes needed for broad non-res subclasses



Principles to evaluate property tax policy options

Horizontal & Vertical Equity



Fairness: Ability to Pay



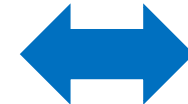
Fairness: Benefits



Neutrality



Stability & Predictability



Accountability, Simplicity & Transparency



Efficiency & Ease of Administration



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