

# 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.

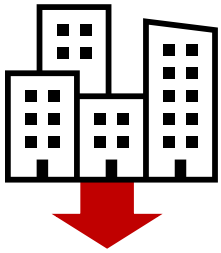
### Scope

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

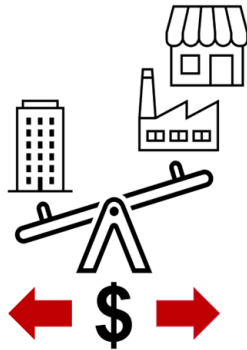
### What are Subclasses?

- 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

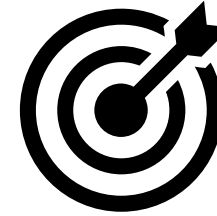
# Highlights



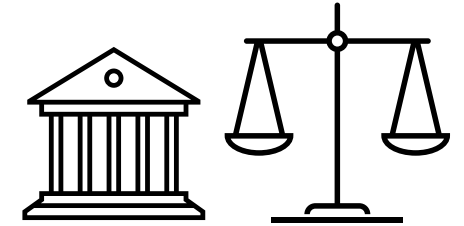
Non-res subclasses not most effective to address situations like the dramatic drop in downtown office values



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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