

MUNICIPALITY OF MORRIS-TURNBERRY

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Nancy Michie
Administrator Clerk-Treasurer

October 17, 2017

Re: Resolution concerning the Tenanted Farm Tax Class properties being changed to the Residential Tax Class

Motion: 553-2017 Moved by John Smuck Seconded by Dorothy Kelly

Whereas, MPAC conducts ongoing reviews to ensure properties are accurately assessed and corrections are made where necessary. A review of a property could be triggered from ongoing data verification, updated tenant information, sales investigations, building permits and severances which may result in changes to the valuation or classification of a property. This could include wooded acreage on a farm property;

And Whereas, MPAC recently changed the assessment classifications on properties with portions of land tenanted for farming. MPAC is responsible for assessing and classifying all properties in Ontario in accordance with the *Assessment Act* and regulations established by the Government of Ontario. All properties in Ontario are continuously reviewed as part of the MPAC valuation process to ensure accurate information is used in determining our assessed values and tax classifications;

And Whereas, MPAC has stated: Under the *Assessment Act*, all properties are classified according to their use, and Ontario Regulation 282/98 sets out how various property uses are classified. By default, farm properties are classified in the residential property class in accordance with section 3(1)2 of Ontario Regulation 282/98 of the *Assessment Act*. Farm properties that meet the eligibility requirements will have farmland and associated outbuildings placed in the farm property class and are taxed at up to 25% of the municipal residential tax rate. An application for inclusion in the Farm Property Class Tax Rate Program must be approved by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

Under the *Assessment Act*, all properties are classified according to their use. If a portion (or portions) of a farm property is used for non-farm purposes, the portion is valued and classified according to its use. This is to ensure that the appropriate value and tax class is applied to the various uses of the property;

And Whereas, MPAC has assessed non-tillable acreage that is **rented to tenants** as residential. MPAC has explained that this is a correction under the *Assessment Act*/Ontario Regulation 282/98 with properties being assessed according to their use. They explained that it was a review of the Farm Forestry Exemption Class that prompted this action;

And Whereas, Most of these non-tillage acres cannot be built upon, or generate any revenues. However, they do provide benefit to the wider community as woodlots, wetlands, streams. Therefore taxing at the higher residential ratio appears unfair;

And Whereas, many properties have resulted in a substantial increase in property taxes due to this assessment class shift, an example being, with the tax billing increase of 572%. Tax increases to this magnitude are unacceptable. This process will force retired farmers to share crop to avoid the tax increases or it will cause land rent to increase to cover the increased taxes. That will create a burden on the property owner and the tenant farmers;

And Whereas, MPAC did not advise the municipalities of these corrections or the impact that it may have on taxation write-offs going forward, as MPAC reviews appeals on these changes;

Now Therefore, The Council of the Municipality of Morris-Turnberry hereby requests that MPAC conduct a review on the effects of the tax class shift from farm land to residential;

And that MPAC act immediately on applications for reconsideration for the 2018 tax year and where possible for the 2017 year;

And that MPAC advise the municipalities prior to any future tax class shifts or mass property assessment corrections;

And that the Province of Ontario review Regulation 282/98 under the Assessment Act, in respect to the property tax classification of non-tillage acres;

And that this resolution be circulated to Premier Kathleen Wynne, Minister of Finance, MPAC and the Association of Municipalities of Ontario and all Ontario municipalities.

Disposition Carried

Thank you

Yours truly,

A handwritten signature in black ink, appearing to read 'Nancy Michie', with a stylized flourish at the end.

Nancy Michie