

# Ontario's Business Education Tax: Analysis of Policy Options

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## INTRODUCTION

It is now seventeen years since the Ontario government began controlling property tax rates for education.<sup>1</sup> In taking over taxing power from school boards, the government inherited a wide range of legacy tax rates. On the residential side, tax rates were equalized from the outset; a uniform residential rate (0.203 percent in 2014) has applied province-wide since 1998. However, business education tax (BET) rates remain far from uniform; Appendix 1 shows BET rates set by the province for 2014.

Ontario's BET is arguably the most inequitable provincial tax in Canada.<sup>2</sup> There is no correlation between BET rates in a school board's district and revenue available to the board. A provincial funding model controls each board's revenue, which is the same whether BET rates in its district are high or low.

Inequity exists not just across local boundary lines but among businesses within the same municipality – most new construction is taxed at a lower rate than the rate on existing buildings. Businesses owning existing buildings obtain no benefit in exchange for the higher tax.

The government has not commissioned an independent review of the BET since launching it in 1998, but did appoint an advisory panel a year earlier. Chaired by Cedric Ritchie (former CEO of Scotia Bank), the panel reported in July of 1997. Their report is attached here as Appendix 2.

The panel rejected the policy later adopted by the government: i.e. tax rates varying across municipal lines. They noted that “this approach would maintain many of the competitive inequities which currently exist as a result of differing regional education tax rates.”

Instead the panel recommended a uniform education tax rate on all businesses:

“A single province-wide uniform rate applied to a broad base with few exemptions would be fair, clear and simple. This approach would be consistent with many of the

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<sup>1</sup> Ontario's provincial property taxes are now “education” taxes in name only. New Brunswick's equivalent tax is called simply the Provincial Real Property Tax – a label that would increase clarity to taxpayers if used here in Ontario.

<sup>2</sup> See Found and Tomlinson (2012); Kitchen and Slack (2012); Dachis, Found and Tomlinson (2013, 2014) for comparison of business property taxes controlled by provincial governments.

government's other reforms which are predicated on the importance of a level playing field for tax fairness and tax competitiveness."<sup>3</sup>

Another key panel recommendation was that "...the level of business education taxes should be reduced over time to be more consistent with residential property tax rates for education."

Ontario's average BET rate is still almost 6 times its residential education tax (RET) rate, a gap the government has not attempted to justify. It is relevant that the government's *municipal* property tax policy says business rates preferably should not exceed residential rates by more than a tenth (for example, if a city's residential tax rate is 1.0 percent, its business tax rate should not be over 1.1 percent).

Over the 17 year period since 1998, BET policy has periodically been aimed at narrowing the range of legacy BET rates. This has been done by targeting tax cuts to municipalities with relatively high rates. There have not been tax increases in municipalities with relatively low rates; avoiding such tax increases is defensible policy since even low-end legacy rates are higher than the residential rate – the most defensible rate for businesses in the long run.<sup>4</sup>

In effect, Ontario's BET policy trades off revenue to reduce inequity. If BET cuts continued over a long enough period, BET rates would eventually be equalized at par with the RET rate – an outcome consistent with the Ritchie panel's objectives. The general policy direction has been appropriate, but the pace has been too slow and subject to stops and starts.

The Progressive Conservative government implemented targeted BET cuts reaching \$400 million per year by the time they left office in 2003. The Liberal government

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<sup>3</sup> In a supplementary report, the Ritchie panel noted that a "two-tier" rate structure (i.e. a lower rate on the first X dollars of a property's assessment, and a higher rate above that threshold) might ease the tax burden on many small businesses. However, the panel noted as well that the tax burden on some small businesses (those renting space in larger buildings) would be increased by two-tier rates. The panel's ambivalence reflects the reality that targeting property tax relief specifically to small businesses is difficult. Two-tier business property tax rates eventually became a local option in Ontario.

<sup>4</sup> The Ritchie panel assumed that relatively low legacy rates would be increased as a consequence of implementing a uniform BET rate, and recommended phasing in tax increases and decreases. Fifteen years later, the report of the Commission on the Reform of Ontario's Public Services (Drummond report) recommended increases to relatively low BET rates to offset ongoing BET cuts at the high end. To date, the government has not been willing to implement BET increases. New construction is thus the chief source of increased BET revenue.

resumed targeted cuts in its 2007 budget, announcing that ceiling rates (i.e. maximum rates) would be lowered each year until reaching a target in 2014.

However, the 2012 budget “froze” the final two tax-cut installments, which had been scheduled for 2013 and 2014. Worth a total of \$300 million per year, these installments were to have completed the tax-cut program announced in 2007. The 2012 budget announced that cuts would resume after the provincial deficit is eliminated in 2017-18, adding that “over \$200 million” per year in cuts had already been implemented since 2007. No change to the freeze policy was announced in the 2013 and 2014 budgets.

If the \$300 million in cuts had not been frozen, elimination of the deficit would be delayed by less than a month.<sup>5</sup> It is reasonable to ask if avoiding that delay justifies freezing the degree of inequity still embedded in the BET. In this report we analyze the impact of implementing the \$300 million per year in cuts now, rather than delaying them until 2018 or later.

To this end, we modeled the distribution of \$300 million per year in BET reductions among municipalities — in a scenario with the reductions completed in 2014 as originally scheduled. The results are shown in Appendix 3. As a test, we also modeled the distribution in a scenario with 2013 completion, with results similar to those shown in Appendix 3. It is thus reasonable to expect similar results again if the reductions are completed in 2015.

Because we find that \$300 million in cuts would not lower the ceiling rate far enough to equalize the BET rate in urban Ontario, we modeled an alternative policy that lowers the ceiling further – thus setting a uniform BET rate for businesses in all large urban municipalities.<sup>6</sup> That uniform BET rate would also apply in many small towns and rural townships, while legacy rates below the uniform rate would continue applying in the remaining small towns and rural townships. The distribution of BET reductions by municipality in that scenario is shown in Appendix 4.

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<sup>5</sup> The provincial government’s 2014 Fall Economic Statement says the current \$12.5 billion deficit will be eliminated in three years (156 weeks). Thus the \$300 million / year revenue impact would delay balancing the budget by just  $156 \times (300 / 12,500) = 3.74$  weeks.

<sup>6</sup> The BET rate in Halton Region (0.92 percent in 2014) has been the lowest among large urban municipalities for at least a decade. We define large urban municipalities as single-tier municipalities with population over 25,000 and upper-tier municipalities with at least one lower-tier municipality above that population threshold.

In the long run, the ceiling BET rate should be lowered to parity with the residential education tax (RET) rate. Doing that would equalize the education tax rate on all business and residential properties in the province.

As a preliminary step before analyzing policy scenarios, we outline key features of the government's BET reduction program announced in the 2007 budget.

## THE 2007 BET REDUCTION PROGRAM

After taking office in late 2003, the Liberal government temporarily paused BET cuts that the previous government had been implementing. As we noted in the Introduction, these cuts had been targeted to municipalities with relatively high legacy BET rates. In other municipalities – those excluded from tax cuts – the previous government had adjusted BET rates on a revenue-neutral basis.

Revenue-neutral rate adjustments offset property appreciation that typically occurs between assessment revaluations. If the BET rate in a municipality were held constant, property appreciation would increase tax revenue. Revenue neutrality thus requires a rate reduction to offset property appreciation.<sup>7</sup> During the interval when BET cuts were temporarily paused (2004-2007), the Liberal government applied revenue-neutral rate adjustments in *all* municipalities.

The 2007 budget announced that targeted tax cuts would resume, beginning in 2008 and continuing through 2014. Over the 2008-14 period, ceiling tax rates were to be moved downward each year until they hit a target ceiling level in 2014. Where legacy rates were below the target, revenue neutral rate adjustments would continue.

Tax cuts in fact did reduce ceiling rates from 2008 through 2012, but the current freeze means that ceiling rates, like all other BET rates, are being adjusted on a revenue neutral basis. Municipalities at ceiling rates in 2014 are readily identifiable in Appendix 1. Any municipality with a 1.46 percent commercial rate is at the commercial ceiling. Any municipality with a 1.56 percent industrial or pipeline rate is at the industrial or pipeline ceiling.

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<sup>7</sup> Revenue neutrality within the Ontario policy context means revenue is held constant apart from revenue due to new construction, which does increase revenue.

Municipalities at the current target rate are also readily identifiable in Appendix 1 – the 2014 target rate is 1.22 percent. The target rate has been moved down over time to offset average assessment appreciation in target-group municipalities. The original target rate (applied in 2007 and 2008) was 1.60 percent.

Since the 2007 budget announcement, properties undergoing major new construction (i.e. assessed value increases by more than 50 percent) have been taxed at the target rate – except in municipalities with below-target legacy rates; in these municipalities, legacy rates apply to new construction and existing buildings alike.

As is evident in Appendix 1, a large number of municipalities (Toronto for one) are between ceiling and target levels.<sup>8</sup> Had the tax cut program not been frozen, 2013 would have been the last year with rates between ceiling and target levels – ceiling and target rates were to have converged in 2014.

The 2012 budget said that “This measure (freezing BET cuts) will avoid revenue decreases, providing fiscal savings growing to over \$300 million annually by 2014-15”. Had the BET cuts not been frozen, the 2014 ceiling rate would have been set to reduce revenue by about \$300 million – compared with revenue the government actually collected in 2014.

### **IMPACT ANALYSIS: Implementing \$300 Million / Year in BET Cuts**

We now consider what would have happened had the government completed its BET reduction program in 2014, as originally scheduled. Our simulation model solves for the 2014 target BET rate which, had it also been the ceiling rate, would have reduced total BET revenue by \$300 million. That rate turned out to be 1.18 percent. Completing the BET reduction program on time would have lowered all 2014 rates above 1.18 percent to 1.18 percent.

To estimate dollar BET reductions in each municipality, we compare a municipality’s actual 2014 BET rate with 1.18 percent, and calculate the revenue reduction needed to lower the actual rate to 1.18 percent. Relevant revenues were taken from Financial

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<sup>8</sup> From 2008 through 2012 businesses in municipalities between ceiling and target levels were recipients of relatively minor tax cuts. Apart from these cuts, BET rates for municipalities in this group were adjusted to maintain revenue neutrality.

Information Return (FIR) data. The most recent FIR data is for 2013, so 2013 revenues were used as proxies for 2014 revenues.<sup>9</sup>

Estimated total tax reductions by municipality are shown in Appendix 3.

Implementing the current program's \$300 million per year in BET cuts would achieve these outcomes:

- In each municipality, the BET rate on existing buildings would be reduced to parity with the BET rate on new construction. Both would be at the 1.18 percent ceiling rate – unless a lower legacy rate applies, in which case both would continue at that rate.
- All *Industrial* properties in large urban municipalities would face a uniform BET rate of 1.18 percent. (Industrial BET rates lower than 1.18 percent are applied only in rural counties and small towns.)
- *Commercial* properties in large urban municipalities would be divided into two groups. *Group One* would consist of properties in municipalities with legacy commercial BET rates below the 1.18 percent ceiling level: these municipalities are the GTA regional municipalities – Durham (1.15 percent), Halton (0.92 percent), Peel (1.11 percent), and York (1.06 percent). *Group Two* would consist of properties in all other large urban municipalities; in these municipalities a uniform 1.18 percent BET rate would apply.

Clearly, the 2007 program's remaining \$300 million per year in tax cuts would not have leveled the commercial playing field. Although completing the program would have been a major step in the right direction, Toronto and all other cities outside the 905 area would still have been disadvantaged relative to 905. Even within the 905, substantial ongoing variation in BET rates would have remained – for example commercial businesses in Peel would still have faced a competitive disadvantage relative to commercial businesses in Halton. In the next section we consider reducing the ceiling rate to the 0.92 percent level applied in Halton. The result would be a uniform commercial / industrial BET rate in *all* large urban municipalities.

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<sup>9</sup> Using 2013 revenue as a proxy for 2014 will be a good approximation, although the revenue impact of a year's worth of new construction will be omitted. As of the time of writing, eight municipalities have not yet filed 2013 FIRs, in which cases we substituted corresponding 2012 data.

## IMPACT ANALYSIS:

### Reducing Ceiling Rates to the “Lowest Urban” Commercial Rate

In its 2008 budget, the government summarized the BET reduction program’s objectives:

“The BET reductions are key elements in the government’s overall strategy to enhance Ontario’s investment climate. This initiative will also reduce the wide variation in BET rates across the province. The variation in rates distorts efficient business location decisions, placing many regions of the province at a disadvantage and harming the provincial economy.”

As we noted in the preceding section, the program would indeed *reduce* the wide variation in BET rates, but would fall substantially short of eliminating that variation – even among large urban municipalities where mobility of capital is likely to be greatest.

A ceiling rate at the “lowest urban” level (the 0.92 percent BET rate applied in Halton) is required to achieve a uniform BET rate in urban Ontario. While a ceiling rate at that level would still be more than four times the residential education rate – thus not correcting the current bias toward residential development – it would be a defensible milestone en route to a fully rationalized provincial property tax.

Appendix 4 shows the estimated distribution of tax reductions with a ceiling rate set at 0.92 percent. The impact on total BET revenue – a reduction of about \$953.6 million per year – is substantially larger than the \$300 million per year impact with a 1.18 percent ceiling.



## CONCLUSIONS

Despite its obvious inequity, the BET is not a major focus of controversy in the legislature or the media. Two factors likely contribute to the low profile:

- While major investors are probably familiar with the BET, most business owners are likely too busy to study its arcane features. Policy changes interrupting progress toward equity may draw scant notice.
- The Ontario government (rightly) relies on a key economic variable known as the capital METR (marginal effective tax rate) to evaluate its competitive position – but omits the BET from METR estimates. If the BET were included in METR estimates, a more accurate picture of Ontario’s competitive position – relative to other provinces – would emerge. That competitive position would probably motivate the government to step up the pace of BET reductions.<sup>10</sup>

Despite the apparent lack of political urgency, implementing the frozen BET cuts this year would be good public policy, with only a minor resulting delay in eliminating the deficit.

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<sup>10</sup> In Found and Tomlinson (2012), we outline the case for including the BET in METR estimates. Dahlby (2012) notes that “property taxes on commercial and industrial property increase the marginal effective tax rate on capital, discouraging investment in structures, and reducing the competitiveness of the business sector.” Dachis, Found and Tomlinson (2013, 2014) compare METR estimates for Canadian provinces that have provincial business property taxes (i.e. all provinces except Newfoundland and Labrador).

## REFERENCES:

- Dachis, Benjamin, A. Found and P. Tomlinson (2013). “What Gets Measured Gets Managed: The Economic Burden of Business Property Taxes”. (C.D. Howe Institute E-brief.)
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- Dahlby, Bev (2012). “Reforming the Tax Mix in Canada”. (Calgary: School of Public Policy Research Papers Vol. 5, Issue 14.)
- Found, Adam and P. Tomlinson (2012). “Hiding in Plain Sight: the Harmful Impact of Provincial Business Property Taxes”. (C. D. Howe Institute Commentary 368.)
- Kitchen, Harry and E. Slack (2012). “Property Taxes and Competitiveness in British Columbia”. Report Prepared for the BC Expert Panel on Business Tax Competitiveness.

## Appendix 1: Ontario Business Education Tax Rates - 2014

Municipality	Commercial	Industrial	Pipeline
Alberton, Township of	0.969537%	0.887820%	1.220000%
Armour, Township of	0.663464%	0.335277%	0.544473%
Armstrong, Township of	1.220000%	1.220000%	1.045115%
Assignack, Township of	0.989590%	0.694076%	
Atikokan, Township of	1.220000%	1.220000%	1.220000%
Baldwin, Township of	1.220000%	0.243922%	0.902127%
Barrie, City of	1.179150%	1.307586%	1.127812%
Belleville, City of	1.460000%	1.560000%	1.311769%
Billings, Township of	0.694415%	1.046658%	
Black River-Matheson, Township of	1.220000%	1.220000%	0.861077%
Blind River, Town of	1.220000%	1.220000%	1.220000%
Bonfield, Township of	1.107680%	1.220000%	0.698347%
Brant, County of	1.460000%	1.560000%	1.560000%
Brantford, City of	1.460000%	1.560000%	1.392479%
Brethour, Township of	0.796953%		1.220000%
Brockville, City of	1.460000%	1.560000%	1.327904%
Bruce, County of	1.140296%	1.560000%	0.973361%
Bruce Mines, Town of	1.220000%	1.220000%	0.675244%
Burk's Falls, Village of	1.142706%	1.220000%	1.019156%
Burpee and Mills, Township of	0.500409%	1.220000%	
Callander, Municipality of	1.202538%	1.220000%	0.955504%
Calvin, Township of	0.608199%	1.220000%	0.989275%
Carling, Township of	0.499129%	1.112840%	
Casey, Township of	0.713670%	1.220000%	
Central Manitoulin, Township of	0.769933%	1.029778%	
Chamberlain, Township of	0.315043%	0.522605%	1.022960%
Chapleau, Township of	1.220000%	1.220000%	
Chapple, Township of	0.620879%	1.220000%	1.220000%
Charlton and Dack, Municipality of	1.220000%	1.220000%	0.993836%
Chatham-Kent, Municipality of	1.447025%	1.560000%	1.440988%
Chisholm, Township of	0.925552%	0.453057%	
Cobalt, Town of	1.220000%		1.220000%
Cochrane, Town of	1.220000%	1.220000%	0.812502%
Cockburn Island, Township of			
Coleman, Township of	1.220000%	1.220000%	1.102689%
Conmee, Township of	1.220000%	1.220000%	
Cornwall, City of	1.460000%	1.560000%	1.560000%
Dawson, Township of	1.220000%	1.220000%	1.220000%
Dorion, Township of	1.220000%	1.220000%	1.220000%
Dryden, City of	1.220000%	1.220000%	1.220000%
Dubreuilville, Township of	1.220000%	1.220000%	
Dufferin, County of	1.046519%	1.560000%	0.871187%
Durham, Region of	1.153338%	1.560000%	1.220000%
Ear Falls, Township of	1.220000%	1.220000%	1.220000%
East Ferris, Municipality of	0.816444%	1.036673%	1.220000%
Elgin, County of	1.220000%	1.560000%	1.091540%
Elliot Lake, City of	1.220000%	1.220000%	0.873472%
Emo, Township of	1.220000%	1.220000%	1.220000%
Englehart, Town of	1.220000%	1.220000%	1.220000%
Espanola, Town of	1.220000%	1.220000%	1.220000%
Essex, County of	1.351757%	1.560000%	1.560000%

Evanturel, Township of	1.220000%	1.043892%	1.117794%
Fauquier-Strickland, Township of	1.220000%	0.566582%	0.611175%
Fort Frances, Town of	1.220000%	1.220000%	1.220000%
French River, Municipality of	1.220000%	1.220000%	
Frontenac, County of	1.460000%	1.560000%	
Gananoque, Separated Town of	1.460000%	1.560000%	1.220000%
Gauthier, Township of	0.762831%	0.727774%	
Gillies, Township of	1.220000%	1.055443%	
Gordon/Barrie Island, Municipality of	1.161021%	0.719601%	
Gore Bay, Town of	1.202389%	0.757434%	
Greenstone, Municipality of	1.220000%	1.220000%	0.314650%
Grey, County of	1.460000%	1.560000%	1.220000%
Guelph, City of	1.402212%	1.560000%	1.560000%
Haldimand, County of	1.382307%	1.560000%	1.560000%
Haliburton, County of	1.038243%	1.172450%	
Halton, Region of	0.923215%	1.520618%	1.181050%
Hamilton, City of	1.300819%	1.338918%	1.220000%
Harley, Township of	1.220000%	1.220000%	
Harris, Township of	1.220000%	0.520666%	1.103886%
Hastings, County of	0.925261%	1.207370%	1.017575%
Hearst, Town of	1.088621%	1.220000%	0.740138%
Hilliard, Township of	1.220000%	1.220000%	1.220000%
Hilton Beach, Village of	1.220000%	1.220000%	
Hilton, Township of	0.980224%	1.220000%	
Hornepayne, Township of	1.220000%	1.220000%	
Hudson, Township of	1.220000%	1.220000%	0.584731%
Huron, County of	1.045416%	1.220000%	0.434760%
Huron Shores, Municipality of	1.220000%	1.220000%	1.220000%
Ignace, Township of	1.220000%	1.220000%	0.961178%
Iroquois Falls, Town of	1.220000%	1.220000%	0.829673%
James, Township of	1.220000%	1.220000%	
Jocelyn, Township of	1.085691%	1.220000%	
Johnson, Township of	1.026048%	1.220000%	0.779895%
Joly, Township of	0.885792%	1.220000%	
Kapuskasig, Town of	1.220000%	1.220000%	0.808022%
Kawartha Lakes, City of	1.220000%	1.560000%	1.560000%
Kearney, Town of	0.567920%	0.691627%	
Kenora, City of	1.220000%	1.220000%	1.070878%
Kerns, Township of	0.604578%		0.875837%
Killarney, Municipality of	0.672273%	1.220000%	
Kingston, City of	1.460000%	1.560000%	1.427351%
Kirkland Lake, Town of	1.220000%	1.220000%	1.090856%
La Vallee, Township of	1.060399%	1.220000%	1.220000%
Laird, Township of	1.220000%	1.220000%	
Lake of The Woods, Township of	1.141017%		
Lambton, County of	1.444545%	1.560000%	1.198279%
Lanark, County of	1.355850%	1.560000%	1.560000%
Larder Lake, Township of	1.220000%	0.965114%	
Latchford, Town of	1.220000%	1.220000%	1.220000%
Leeds and Grenville, County of	1.381442%	1.560000%	1.467432%
Lennox and Addington, County of	1.460000%	1.560000%	1.220000%
London, City of	1.460000%	1.560000%	1.560000%
Macdonald, Meredith and Aberdeen, Additional, Township of	1.220000%	1.220000%	1.013638%

Machar, Township of	0.767281%	0.427382%	0.636211%
Machin, Township of	1.218389%	0.445805%	1.220000%
Magnetawan, Municipality of	0.632070%	0.755153%	
Manitouwadge, Township of	1.220000%	1.220000%	
Marathon, Town of	1.220000%	1.220000%	
Markstay-Warren, Municipality of	1.043825%	0.810048%	1.220000%
Matachewan, Township of	1.220000%	1.220000%	
Mattawa, Town of	1.220000%	1.220000%	1.126246%
Mattawan, Township of	1.220000%	1.220000%	1.220000%
Mattice-Val Cote, Township of	1.220000%	1.220000%	0.432285%
McDougall, Township of	0.618770%	1.220000%	
McGarry, Township of	1.220000%	0.443445%	
McKellar, Township of	1.211217%	1.220000%	
McMurrich/Monteith, Township of	0.928159%	0.286548%	0.149235%
Middlesex, County of	1.423762%	1.560000%	1.352453%
Moonbeam, Township of	1.220000%	1.220000%	1.094234%
Moosonee, Town of	0.631873%	1.220000%	
Morley, Township of	1.220000%	0.490803%	1.220000%
Muskoka, District of	0.648680%	0.792560%	0.426812%
Nairn and Hyman, Township of	1.220000%	1.220000%	1.220000%
Neebing, Municipality of	0.548597%	1.220000%	1.220000%
Niagara, Region of	1.220000%	1.560000%	1.220000%
Nipigon, Township of	1.220000%	1.220000%	1.220000%
Nipissing, Township of	0.882664%	0.178375%	
Norfolk, County of	1.460000%	1.560000%	1.520984%
North Bay, City of	1.220000%	1.220000%	1.073318%
Northeastern Manitoulin and the Islands, Town of	0.878705%	1.220000%	
Northumberland, County of	1.460000%	1.560000%	1.302556%
O'Connor, Township of	1.103644%	1.008810%	
Oliver and Paipoonge, Township of	1.220000%	1.220000%	1.220000%
Opasatika, Township of	0.985298%	1.220000%	0.536236%
Orillia, City of	1.356774%	1.560000%	1.560000%
Ottawa, City of	1.265647%	1.560000%	1.447334%
Owen Sound, City of	1.460000%	1.560000%	1.220000%
Oxford, County of	1.460000%	1.560000%	1.066920%
Papineau-Cameron, Township of	0.884058%	1.220000%	0.594438%
Parry Sound, Town of	0.788926%	0.633645%	1.205890%
Peel, Region of	1.107083%	1.361148%	1.371131%
Pelee, Township of	1.220000%	0.475468%	
Pembroke, City of	1.460000%	1.560000%	1.036603%
Perry, Township of	0.971752%	0.569673%	0.625156%
Perth, County of	1.220000%	1.560000%	1.492521%
Peterborough, City of	1.445734%	1.560000%	1.220000%
Peterborough, County of	1.220000%	1.560000%	1.144015%
Pickle Lake, Township of	0.626334%	0.014456%	
Plummer, Additional, Township of	1.190526%	1.220000%	0.835742%
Powassan, Municipality of	0.933295%	1.193897%	0.829553%
Prescott and Russell, County of	1.265025%	1.560000%	1.123348%
Prescott, Separate Town of	1.460000%	1.560000%	1.220000%
Prince, Township of	1.220000%	1.220000%	
Prince Edward, County of	0.740113%	1.560000%	0.517521%
Quinte West, City of	1.430093%	1.560000%	1.220000%
Rainy River, Town of	1.220000%	1.220000%	1.220000%

Red Lake, Municipality of	1.220000%	1.220000%	1.220000%
Red Rock, Township of	1.220000%	1.220000%	1.203326%
Renfrew, County of	1.444022%	1.560000%	1.192009%
Ryerson, Township of	0.665212%	0.947971%	
Sable-Spanish Rivers, Township of	1.220000%	0.268447%	
Sault Ste. Marie, City of	1.220000%	1.220000%	1.220000%
Schreiber, Township of	1.220000%	1.220000%	
Seguin, Township of	0.595386%	1.220000%	1.053833%
Shedden, Township of	1.220000%	1.220000%	
Shuniah, Township of	1.220000%	1.220000%	1.220000%
Simcoe, County of	1.220000%	1.560000%	1.426576%
Sioux Lookout, Municipality of	1.220000%	1.220000%	
Sioux Narrows-Nestors Falls, Township of	1.126866%	0.853535%	
Smiths Falls, Separated Town of	1.460000%	1.560000%	1.384622%
Smooth Rock Falls, Town of	1.220000%	1.220000%	1.007975%
South Algonquin, Township of	0.488618%	1.041592%	
South River, Village of	0.963642%	0.798117%	0.388708%
St. Charles, Municipality of	0.569916%		1.220000%
St. Joseph, Township of	0.693599%	1.220000%	
St. Marys, Separated Town of	1.220000%	1.560000%	1.399695%
St. Thomas, City of	1.460000%	1.560000%	0.920676%
Stormont, Dundas and Glengarry, County of	1.460000%	1.560000%	1.135107%
Stratford, City of	1.460000%	1.560000%	1.220000%
Strong, Township of	0.718344%	1.220000%	0.588701%
Sudbury, City of Greater	1.220000%	1.220000%	1.220000%
Sundridge, Village of	1.043761%	1.150013%	0.667841%
Tarbutt and Tarbutt, Additional, Township of	0.998492%	1.220000%	
Tehkummah, Township of	0.990707%	0.670929%	
Temagami, Municipality of	1.220000%	1.220000%	0.980417%
Temiskaming Shores, Town of	1.220000%	1.220000%	0.840713%
Terrace Bay, Township of	1.220000%	1.220000%	
The Archipelago, Township of	0.587564%	0.682686%	
The North Shore, Township of	1.220000%	1.220000%	
Thessalon, Town of	1.220000%	0.928012%	0.671942%
Thornloe, Village of	1.185413%	1.220000%	
Thunder Bay, City of	1.220000%	1.220000%	1.220000%
Timmins, City of	1.220000%	1.220000%	1.220000%
Toronto, City of	1.292138%	1.339989%	1.531874%
Val Rita-Harty, Township of	1.220000%	1.220000%	0.698687%
Waterloo, Region of	1.460000%	1.560000%	1.096124%
Wawa, Township of	1.220000%	1.220000%	
Wellington, County of	1.050375%	1.560000%	1.560000%
West Nipissing, Municipality of	1.180706%	1.220000%	1.220000%
White River, Township of	1.220000%	1.220000%	
Whitestone, Municipality of	0.568681%	0.828451%	
Windsor, City of	1.439448%	1.560000%	1.560000%
York, Region of	1.055636%	1.220000%	1.483767%

**Appendix 2: Report of the Business Education  
Tax Review Panel, 1997**

July 15, 1997

The Honourable Ernie Eves, Q.C.  
Minister of Finance  
7 Queen's Park Crescent  
Frost Building South  
7th Floor  
Toronto, ON, M7A 1Y7

Dear Mr. Eves:

We are pleased to provide the final report on the activities of the Business Education Tax Review Panel and the Panel's recommendations.

As you know, the mandate of the Panel was to consult with the business community, municipalities, school boards and other interested parties and advise the government on a fair, reasonable and sustainable means of setting education property tax rates for business properties. This advice was to be sensitive to the Province's economic objectives, take into account the economic realities of different regions, different sectors and different sizes of business and recognize that changes in tax burdens need to occur at a fair pace reflecting the ability of businesses to adjust. The Panel placed particular emphasis on the ability of Ontario businesses to compete both at home and abroad.

To accomplish these objectives, the Panel was briefed on these issues and had the benefit of a number of written submissions. The Panel also held consultations throughout Ontario with the business community, municipalities, school boards and other interested parties. One day consultation meetings were held in Ottawa, London, Sudbury, Thunder Bay and Toronto to seek local advice. A second session was held in Toronto to seek advice from associations that have a more province-wide focus and are typically based in Toronto.

Prior to providing our advice, we thought it would be worthwhile to summarize some general observations which arose during the consultation process that, while broader than our mandate, provide some context for the issues within our mandate.

The importance of creating a level playing field to support business competitiveness



and the need to constrain education costs were raised consistently. Various groups were concerned about the level of property taxes, the use of property taxes to fund education, higher education taxes on business relative to residential ratepayers and the ability of the province to constrain spiralling education costs. Whether province-wide reassessment would achieve its stated objectives was also raised.

In addition, the wide range of property tax, education and WDW reforms which the Province is implementing influenced the nature and quality of advice received. Many participants indicated that more information on the overall financial impact of these changes for business, in terms of dollars and cents, would have helped them in commenting on the appropriate rate structure for business education taxes and the need to phase in the tax rate changes over time.

We would now like to turn to the specific issues within the Panel's mandate.

#### ***What Level of Government Should Set Education Tax Rates***

The Panel has already indicated that the Province should be responsible for setting the tax rate or rates to be applied to business properties for education purposes. Many consultation participants supported this recommendation. Provincial control of this tax would provide the greatest certainty for business in terms of the level of taxation, an important element of a positive business environment. It would also be consistent with the Province's commitment to equalize access to education across Ontario.

The consultation process clearly endorsed the principle that business should contribute to the cost of education. At the same time, there was a strong sense that education property taxes on business should initially be capped at \$3.5 billion. Business groups also recommended that the level of business education taxes should be reduced over time to be more consistent with residential property tax rates for education. As indicated in our first letter, the Panel concurs with these views. Given the government's commitment to finding more cost-effective ways to deliver quality education, we believe that this is most likely to occur under a provincially-determined tax.

Provincial control would also provide opportunities for the Province to improve the environment for business competitiveness, efficiency and job creation by reducing the overall tax burden on businesses and individuals and/or through changing the mix of taxes (income, payroll, capital, property) faced by business.

#### ***Tax Rate Structure***

The general consensus that emerged during the consultations was that all businesses benefit from informed consumers and skilled workers, and as such, should contribute to the cost of education. Some concerns were expressed that property values may not be the best means of capturing the ability to pay of individual businesses. However, if

education is to be funded by property taxes, establishing a single province-wide uniform rate for all business properties was widely thought to be the fairest way of distributing this cost among Ontario businesses.

A single province-wide uniform rate applied to a broad base with few exemptions would be fair, clear and simple. This approach would be consistent with many of the government's other reforms which are predicated on the importance of a level playing field for tax fairness and tax competitiveness. As well, it would be consistent with the objective of delivering equal access to education across the province.

Limited support was received for regional rates of tax as a means of moderating the potential tax impacts by region. This approach would maintain many of the competitive inequities which currently exist as a result of differing regional education tax rates. The Panel is of the view that the property tax system should not be used as a regional economic incentive program, and thus should not reflect location. Setting different rates of tax for different business sectors or types of business activity would also be inconsistent with the rationale for eliminating the Business Occupancy Tax.

The Panel spent considerable time on the idea of a two-tier rate structure that would provide lower rates of tax for small business. One view was that the education property tax system should pay special attention to the needs of small business, as is currently the case with corporate income taxes and payroll taxes. Small businesses are important to job creation and the economy, and face certain barriers due to size. Also, some evidence of small businesses moving underground was revealed during the consultations, particularly in the North, and the tax system was seen as part of the reason.

The Canadian Federation of Independent Business (CFIB) specifically recommended a two-tier rate structure as a means of equalizing the tax burdens faced by small home-based businesses and other small businesses. Under the CFIB proposal, the province-wide uniform rate of education tax for residential property would apply to the first \$400,000 of assessed value for all business properties. The normal province-wide rate of business education tax would apply to the remainder of assessed value.

At the same time, establishing lower rates of tax on the first portion of assessed value will require a higher uniform rate of tax on the balance if the \$3.5 billion to be paid by business is to be realized. This means that businesses located in more valuable properties, possibly including small businesses located in multi-unit buildings, could pay more tax than they would under a uniform rate.

Another difficulty with the tiered approach is that interpretations of what constitutes a small business can vary by region. What is normally considered to be a small business in major urban centres could be considered to be a big business in smaller rural and northern areas. A fixed dollar threshold would provide different levels of incentive to

small business development throughout the province.

On balance, the Panel is persuaded of the fundamental importance of providing a level playing field for tax fairness and competitiveness reasons through a province-wide uniform rate.<sup>1</sup> A uniform rate would provide some recognition of the concerns expressed by smaller businesses. In any given region, small businesses typically occupy lower-valued properties because they require less space and have fewer outlets than larger businesses. Smaller businesses would therefore pay less tax, in absolute dollar terms, than larger businesses under a uniform rate, yet equity is maintained because all businesses would be contributing at the same proportional tax rate.

### ***Phase-in Measures***

It is expected that businesses in some regions may experience significant tax increases and while businesses in other regions may experience significant tax decreases under any of the education tax rate options set out above. There is a clear need to phase-in the impacts of education tax rate changes to allow businesses to adjust to any tax increases, especially since some businesses will already be facing tax increases as result of the government's other assessment and property tax reforms.

At the same time, some businesses will be relatively unaffected by education tax rate changes. The Panel is of the view that these businesses should face the full amount of their tax increases or decreases in the first year. The Panel recommends that the phase-in provisions set out below only apply to education tax rate changes in excess of 10 per cent.

There was a general consensus during the consultations that education tax rate changes should be phased-in over a period of 3-5 years, with the stages being pre-determined to provide certainty for business. Despite the need to phase-in the impacts for those experiencing tax rate increases, the business sector felt that it would be inappropriate to ask businesses that have been paying more than their fair share for some time to wait longer than 5 years for their tax reductions. This time-frame would also be reasonably consistent with the planning horizons of most business operations and the assessment update cycle.

The business sector also felt that the phase-in period should be reasonably consistent with the term of office of municipal and provincial politicians. This view recognizes that future governments have no real accountability for the actions of past governments and a long phase-in increases the possibility that the rules could be changed in mid-stream.

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<sup>1</sup>Jim Bennett of the Canadian Federation of Independent Small Business continues to support the two-tier approach advocated by the CFIB.

The Panel is of the view that the phase-in of education tax rate changes should be mandatory, subject to the 10 per cent exclusion noted above. Moreover, since the Province is to be responsible for setting education tax rates, it should also be responsible for managing the phase-in. As the tax impacts will vary by school board, the Province should establish a series of predetermined transitional education tax rates that would move each school board from its current position to the province-wide uniform rate over a period of 3-5 years.

#### *Other Issues*

The Panel received a number of concerns that fell outside its mandate. Given the importance of these concerns to consultation participants, the Panel agreed to make the Minister aware of these issues. There are also certain ancillary issues related to education tax rates on which the Panel does want to comment. Some of these issues arise from the second Fair Municipal Finance Act, Bill 149, which was introduced during the Panel's deliberations.

As indicated earlier, the Panel believes that tax base should be as broad as possible if the objectives of tax fairness and tax competitiveness are to be achieved and that the impacts should be phased-in over a reasonable period of time to allow businesses to adjust. The Panel, therefore, supports the provisions of Bill 149 to extend the municipal phase-in provisions for assessment base changes to education taxes. However, the Panel believes the exemptions from education taxes proposed for live Metro Toronto theatres and international bridges to be inconsistent with the overall direction of its recommendations and Province's other reforms. The Panel is not questioning the need for such exemptions. However, if for policy reasons such relief is considered necessary, then the provision of such relief should be by way of grants rather than through the property tax system.

During the consultation process, the Panel received requests from landlord groups requesting relief in respect of vacant units and the introduction of legislation to permit landlords to pass on property tax increases to tenants having gross leases. The Panel feels that it would be inappropriate for government to intervene in business decisions that have been made in good faith.

Bill 149 has proposed municipal tax reductions for vacant commercial and industrial properties. The Panel agrees that it would be unfair to ask landlords to absorb the higher taxes associated with the elimination of the Business Occupancy Tax that would otherwise be attributable to vacant units.

Concerns were also expressed about neighbouring municipalities and school board districts expanding into unorganized areas where the primary purpose of the expansion is to facilitate the taxation of business property, especially pipeline, railway and hydro rights of way. The Panel welcomes the provisions of Bill 149 dealing with annexation

which would prevent the shifting of taxes onto property classes which already pay unfairly high taxes. The Panel also supports the need to create a fair and consistent means of taxing right-of-way property across the province.

Businesses located in unorganized areas should also contribute to the cost of education, even if located outside the boundaries of a municipality or school board district.


Many participants also recommended that lower-tier municipalities should be required to share federal payments in lieu of tax with school boards as opposed to the current practice of retaining the education portion for its own use..

In closing, the Panel appreciates being given the opportunity to review this issue, consult with business and provide you with our views. We have attached a list of those individuals and groups that took the time to make written or verbal submissions to the Panel.

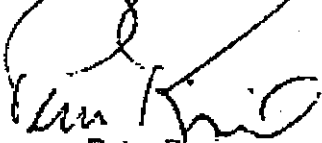
Yours truly,



Cedric E. Ritchie  
Chairman  
Former Chairman and CEO  
Bank of Nova Scotia



Michael Bowman  
Vice-Chair  
Partner  
Osler, Hoskin & Harcourt



Peter Binie  
Executive Vice-President  
Wabi Iron Steel Corporation



Tanya Wakefield  
Vice-President, Corporate Affairs  
General Motors of Canada Ltd.



Jiro Bennett  
Executive Vice-President  
Canadian Federation Of Independent Business

July 22, 1997

The Honourable Ernie Eves, Q.C.  
Minister of Finance  
7 Queen's Park Crescent East  
7th Floor, Frost Building South  
Toronto ON M7A 1Y7

Dear Mr. Eves:

The Business Education Tax Review Panel recently presented its advice to you on business education taxes. Based on that meeting, you asked for further clarification on the issues of rate structure and phase-in period.

During the consultation process, most participants expressed the view that a single province-wide uniform rate would be the fairest way of collecting education taxes from Ontario businesses. The uniform rate approach would be fair, clear and simple. It would also recognize the importance of creating a level playing field for tax fairness and tax competitiveness. Based on these considerations, the Panel recommended a province-wide uniform education rate structure for business property.

As we indicated in our report, the Panel also considered the two-tier rate concept proposed by the CFIB. Under that approach, a lower rate of tax would be provided on the first portion of assessed value. The attraction of this option is that it provides a means of recognizing the importance of small business. Small businesses are important to job creation and the economy. They also face certain barriers due to their size and often require more time to adjust to changing conditions than other businesses due to their unique capital constraints.

While the Panel ultimately recommended a province-wide uniform rate over a broad base with few exemptions, there may be some merit in considering a lower rate of tax on the first portion of assessed value to recognize the importance of small business. As the tiered approach would require a higher general rate to raise the remainder of the \$3.5 billion to be paid by business, the portion of assessment that is subject to the lower rate should be relatively narrow.

The second issue involves the phase-in period for education tax rate changes. In most instances, the business community recommended that education tax rate changes be phased-in over a period of 3-5 years, with the stages being pre-determined to provide certainty for business. In their view, this time-frame would reasonably balance the need to provide time to adjust for those facing increases with the need to reduce the tax burden for businesses that have paid more than their fair share for some time. It would also be consistent with the planning horizons of most business operations and the assessment update cycle.

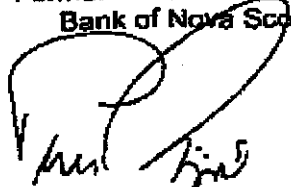
While the Panel concurs with this view, it recognizes that the government may wish to provide a somewhat longer period of adjustment for those areas experiencing the largest tax rate increases, perhaps in parallel with the phase-in period of up to 8 years established under the Fair Municipal Finance Act for those areas.

We trust that this supplementary report clarifies our advice on these two important issues

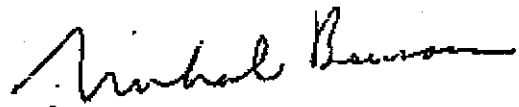
Yours truly,



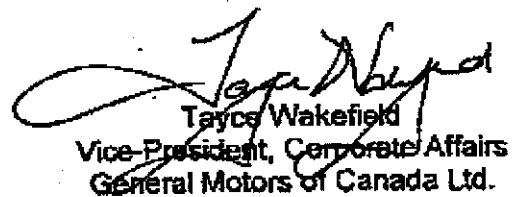
Cedric E. Ritchie  
Chairman  
Former Chairman and CEO  
Bank of Nova Scotia



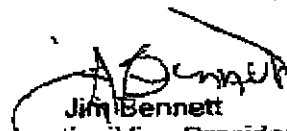
Peter Birnie  
Executive Vice-President  
Wabir Iron & Steel Corporation



Michael Bowman  
Vice-Chair  
Partner  
Osler, Hoskin & Harcourt



Tayce Wakefield  
Vice-President, Corporate Affairs  
General Motors of Canada Ltd.



Jim Bennett  
Executive Vice-President  
Canadian Federation of Independent Business

### Appendix 3: Dollar and % Tax Reductions Per Year By Single Tier, Upper Tier or District: Ceiling Rate Reduced to Implement \$300 Million/Year Tax Cut in 2014

Single Tier, Upper Tier or District	Commercial		Industrial		Pipeline		Total Business	
Algoma, District of	\$297,356	3.02%	\$64,167	3.04%	\$10,607	2.45%	\$372,130	3.00%
Barrie, City of	\$0	0.00%	\$379,827	9.54%	\$0	0.00%	\$379,827	1.20%
Belleville, City of	\$2,386,065	18.98%	\$445,150	24.18%	\$25,849	9.83%	\$2,857,064	19.47%
Brant, County of	\$679,009	18.98%	\$487,539	24.18%	\$81,142	24.18%	\$1,247,690	21.04%
Brantford, City of	\$2,822,627	18.98%	\$1,347,152	24.18%	\$44,911	15.05%	\$4,214,690	20.32%
Brockville, City of	\$775,695	18.98%	\$230,792	24.18%	\$9,800	10.92%	\$1,016,287	19.81%
Bruce, County of	\$0	0.00%	\$448,630	24.18%	\$0	0.00%	\$448,630	5.31%
Chatham-Kent, Municipality of	\$2,192,121	18.26%	\$540,835	24.18%	\$228,665	17.91%	\$2,961,620	19.08%
Cochrane, District of	\$208,780	2.78%	\$70,121	3.04%	\$5,348	0.17%	\$284,249	2.20%
Cornwall, City of	\$1,425,070	18.98%	\$203,637	24.18%	\$35,386	24.18%	\$1,664,092	19.59%
Dufferin, County of	\$0	0.00%	\$406,942	24.18%	\$0	0.00%	\$406,942	5.35%
Durham, Region of	\$0	0.00%	\$5,947,367	24.18%	\$64,935	3.05%	\$6,012,302	5.64%
Elgin, County of	\$82,406	3.05%	\$263,643	24.18%	\$0	0.00%	\$346,049	8.16%
Essex, County of	\$1,976,346	12.50%	\$1,766,665	24.18%	\$366,185	24.18%	\$4,109,196	16.68%
Frontenac, County of	\$121,345	18.98%	\$12,637	24.18%	\$0	0.00%	\$133,982	19.38%
Gananoque, Separated Town of	\$208,050	18.98%	\$17,580	24.18%	\$427	3.05%	\$226,056	19.11%
Grey, County of	\$2,248,629	18.98%	\$403,125	24.18%	\$14,054	3.05%	\$2,665,808	19.08%
Guelph, City of	\$3,445,814	15.64%	\$2,403,412	24.18%	\$100,088	24.18%	\$5,949,313	18.37%
Haldimand, County of	\$535,850	14.43%	\$930,144	24.18%	\$229,373	24.18%	\$1,695,368	19.92%
Haliburton, County of	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Halton, Region of	\$0	0.00%	\$8,179,216	22.21%	\$0	0.00%	\$8,179,216	5.83%
Hamilton, City of	\$6,292,366	9.07%	\$1,699,653	11.66%	\$91,739	3.05%	\$8,083,758	9.29%
Hastings, County of	\$0	0.00%	\$6,305	2.03%	\$0	0.00%	\$6,305	0.29%
Huron, County of	\$0	0.00%	\$47,227	3.05%	\$0	0.00%	\$47,227	0.79%
Kawartha Lakes, City of	\$185,342	3.05%	\$207,646	24.18%	\$52,876	24.18%	\$445,864	6.22%
Kenora, District of	\$153,647	2.90%	\$46,964	3.04%	\$29,137	2.02%	\$229,749	2.77%
Kingston, City of	\$5,474,273	18.98%	\$526,212	24.18%	\$109,940	17.13%	\$6,110,425	19.30%
Lambton, County of	\$3,061,301	18.12%	\$1,433,249	24.18%	\$57,354	1.29%	\$4,551,904	16.69%
Lanark, County of	\$619,689	12.76%	\$226,813	24.18%	\$110,897	24.18%	\$957,400	15.31%
Leeds and Grenville, County of	\$605,146	14.38%	\$206,595	24.18%	\$228,858	19.39%	\$1,040,600	16.67%
Lennox and Addington, County of	\$644,128	18.98%	\$486,303	24.18%	\$15,394	3.05%	\$1,145,825	19.39%
London, City of	\$11,359,039	18.98%	\$1,600,515	24.18%	\$336,576	24.18%	\$13,296,131	19.60%
Manitoulin, District of	\$4,443	0.62%	\$1,218	1.81%	\$0	0.00%	\$5,661	0.72%
Middlesex, County of	\$905,390	16.92%	\$474,481	24.18%	\$432,628	12.54%	\$1,812,498	16.84%
Muskoka, District of	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Niagara, Region of	\$2,034,123	3.05%	\$2,832,117	24.18%	\$80,318	3.05%	\$4,946,558	6.10%
Nipissing, District of	\$235,943	2.71%	\$24,536	2.87%	\$4,604	0.30%	\$265,084	2.38%
Norfolk, County of	\$1,148,619	18.98%	\$332,381	24.18%	\$157,703	22.23%	\$1,638,703	20.14%
Northumberland, County of	\$1,722,425	18.98%	\$470,823	24.18%	\$87,305	9.19%	\$2,280,553	19.05%
Orillia, City of	\$752,364	12.82%	\$175,452	24.18%	\$32,084	24.18%	\$959,899	14.27%
Ottawa, City of	\$19,244,798	6.54%	\$4,350,748	24.18%	\$656,412	18.27%	\$24,251,958	7.68%
Oxford, County of	\$2,315,902	18.98%	\$1,932,051	24.18%	\$0	0.00%	\$4,247,952	18.84%
Parry Sound, District of	\$3,642	0.14%	\$5,550	1.71%	\$294	0.06%	\$9,486	0.28%
Peel, Region of	\$0	0.00%	\$14,274,884	13.10%	\$501,776	13.73%	\$14,776,660	3.14%
Pelee, Township of	\$1,708	3.05%	\$0	0.00%	\$0	0.00%	\$1,708	3.01%
Pembroke, City of	\$423,161	18.98%	\$21,088	24.18%	\$0	0.00%	\$444,248	18.94%
Perth, County of	\$86,371	3.05%	\$336,976	24.18%	\$38,263	20.75%	\$461,610	10.46%
Peterborough, City of	\$2,480,222	18.18%	\$435,326	24.18%	\$5,342	3.05%	\$2,920,891	18.70%
Peterborough, County of	\$117,795	3.05%	\$177,330	24.18%	\$0	0.00%	\$295,125	6.14%



Prescott and Russell, County of	\$399,584	6.50%	\$220,086	24.18%	\$0	0.00%	\$619,670	8.50%
Prescott, Separate Town of	\$144,159	18.98%	\$25,620	24.18%	\$396	3.05%	\$170,176	19.37%
Prince Edward, County of	\$0	0.00%	\$71,634	24.18%	\$0	0.00%	\$71,634	4.69%
Quinte West, City of	\$1,176,862	17.29%	\$233,347	24.18%	\$11,792	3.05%	\$1,422,001	17.43%
Rainy River, District of	\$34,524	2.75%	\$22,700	3.00%	\$5,358	3.05%	\$62,582	2.86%
Renfrew, County of	\$1,853,447	18.09%	\$220,560	24.18%	\$29,882	0.77%	\$2,103,888	13.98%
Simcoe, County of	\$924,139	3.05%	\$2,045,858	24.18%	\$395,064	17.08%	\$3,365,061	8.18%
Smiths Falls, Separated Town of	\$319,992	18.98%	\$42,607	24.18%	\$4,122	14.57%	\$366,720	19.40%
St. Marys, Separated Town of	\$23,715	3.05%	\$199,719	24.18%	\$4,485	15.49%	\$227,918	13.95%
St. Thomas, City of	\$768,803	18.98%	\$367,039	24.18%	\$0	0.00%	\$1,135,842	20.11%
Stormont, Dundas and Glengarry, County of	\$808,921	18.98%	\$212,442	24.18%	\$0	0.00%	\$1,021,363	13.37%
Stratford, City of	\$883,156	18.98%	\$352,498	24.18%	\$2,851	3.05%	\$1,238,505	19.96%
Sudbury, City of Greater	\$590,836	3.05%	\$152,645	3.05%	\$17,633	3.05%	\$761,114	3.05%
Sudbury, District of	\$31,349	2.72%	\$15,178	2.96%	\$2,840	2.97%	\$49,367	2.80%
Temiskaming, District of	\$67,673	3.04%	\$12,209	2.96%	\$14,971	0.85%	\$94,854	2.15%
Thunder Bay, District of	\$449,511	3.04%	\$94,281	3.04%	\$21,641	1.25%	\$565,433	2.88%
Toronto, City of	\$94,916,893	8.46%	\$12,495,624	11.73%	\$1,053,389	22.78%	\$108,465,906	8.79%
Waterloo, Region of	\$18,169,703	18.98%	\$7,030,873	24.18%	\$0	0.00%	\$25,200,576	19.93%
Wellington, County of	\$0	0.00%	\$1,118,768	24.18%	\$130,688	24.18%	\$1,249,456	11.30%
Windsor, City of	\$5,944,451	17.83%	\$2,086,580	24.18%	\$205,704	24.18%	\$8,236,735	19.23%
York, Region of	\$0	0.00%	\$2,413,297	3.05%	\$753,607	20.28%	\$3,166,904	0.93%
<b>Province of Ontario</b>	<b>\$206,784,717</b>	<b>6.94%</b>	<b>\$86,314,588</b>	<b>15.37%</b>	<b>\$6,900,696</b>	<b>9.29%</b>	<b>\$300,000,000</b>	<b>8.30%</b>

### Appendix 4: Dollar and % Tax Reductions Per Year By Single Tier, Upper Tier or District: Ceiling Rate Reduced to 0.92 Percent (Lowest Urban Rate in 2014)

Single Tier, Upper Tier or District	Commercial		Industrial		Pipeline		Total Business	
Algoma, District of	\$2,382,404	24.19%	\$512,655	24.25%	\$86,662	20.00%	\$2,981,721	24.05%
Barrie, City of	\$5,937,190	21.71%	\$1,170,426	29.40%	\$66,968	18.14%	\$7,174,584	22.63%
Belleville, City of	\$4,621,338	36.77%	\$751,596	40.82%	\$77,906	29.62%	\$5,450,840	37.15%
Brant, County of	\$1,315,107	36.77%	\$823,167	40.82%	\$137,001	40.82%	\$2,275,275	38.37%
Brantford, City of	\$5,466,871	36.77%	\$2,274,548	40.82%	\$100,536	33.70%	\$7,841,955	37.81%
Brockville, City of	\$1,502,368	36.77%	\$389,672	40.82%	\$27,343	30.48%	\$1,919,383	37.41%
Bruce, County of	\$1,228,750	19.04%	\$757,472	40.82%	\$7,090	5.15%	\$1,993,312	23.60%
Chatham-Kent, Municipality of	\$4,346,567	36.20%	\$913,152	40.82%	\$458,656	35.93%	\$5,718,375	36.84%
Cochrane, District of	\$1,756,429	23.37%	\$560,184	24.32%	\$103,354	3.33%	\$2,419,967	18.72%
Cornwall, City of	\$2,760,079	36.77%	\$343,823	40.82%	\$59,746	40.82%	\$3,163,648	37.24%
Dufferin, County of	\$683,578	11.78%	\$687,085	40.82%	\$0	0.00%	\$1,370,663	18.03%
Durham, Region of	\$15,929,688	19.95%	\$10,041,610	40.82%	\$518,754	24.33%	\$26,490,052	24.86%
Elgin, County of	\$658,327	24.33%	\$445,138	40.82%	\$68,150	15.42%	\$1,171,615	27.64%
Essex, County of	\$5,014,278	31.70%	\$2,982,860	40.82%	\$618,271	40.82%	\$8,615,410	34.97%
Frontenac, County of	\$235,022	36.77%	\$21,336	40.82%	\$0	0.00%	\$256,358	37.07%
Gananoque, Separated Town of	\$402,951	36.77%	\$29,682	40.82%	\$3,412	24.33%	\$436,045	36.87%
Grey, County of	\$4,355,151	36.77%	\$680,642	40.82%	\$112,272	24.33%	\$5,148,065	36.84%
Guelph, City of	\$7,524,246	34.16%	\$4,057,951	40.82%	\$168,990	40.82%	\$11,751,187	36.29%
Haldimand, County of	\$1,233,371	33.21%	\$1,570,467	40.82%	\$387,276	40.82%	\$3,191,115	37.50%
Haliburton, County of	\$159,308	11.08%	\$23,310	21.26%	\$0	0.00%	\$182,618	11.80%
Halton, Region of	\$0	0.00%	\$14,466,400	39.29%	\$541,311	21.83%	\$15,007,711	10.70%
Hamilton, City of	\$20,141,063	29.03%	\$4,527,196	31.05%	\$732,885	24.33%	\$25,401,144	29.20%
Hastings, County of	\$3,679	0.22%	\$73,070	23.54%	\$17,705	9.27%	\$94,454	4.36%
Huron, County of	\$496,010	11.69%	\$377,288	24.33%	\$0	0.00%	\$873,298	14.69%
Kawartha Lakes, City of	\$1,480,662	24.33%	\$350,592	40.82%	\$89,277	40.82%	\$1,920,531	26.81%
Kenora, District of	\$1,259,617	23.78%	\$375,190	24.30%	\$284,871	19.78%	\$1,919,678	23.18%
Kingston, City of	\$10,602,587	36.77%	\$888,462	40.82%	\$226,684	35.32%	\$11,717,733	37.02%
Lambton, County of	\$6,098,503	36.09%	\$2,419,916	40.82%	\$1,022,486	22.95%	\$9,540,905	34.97%
Lanark, County of	\$1,549,705	31.91%	\$382,954	40.82%	\$187,241	40.82%	\$2,119,900	33.90%
Leeds and Grenville, County of	\$1,396,302	33.17%	\$348,818	40.82%	\$437,653	37.09%	\$2,182,773	34.96%
Lennox and Addington, County of	\$1,247,548	36.77%	\$821,080	40.82%	\$122,982	24.33%	\$2,191,610	37.08%
London, City of	\$22,000,217	36.77%	\$2,702,329	40.82%	\$568,280	40.82%	\$25,270,826	37.24%
Manitoulin, District of	\$79,702	11.04%	\$11,275	16.73%	\$0	0.00%	\$90,977	11.53%
Middlesex, County of	\$1,881,143	35.16%	\$801,120	40.82%	\$1,094,910	31.74%	\$3,777,173	35.09%
Muskoka, District of	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Niagara, Region of	\$16,250,223	24.33%	\$4,781,783	40.82%	\$641,646	24.33%	\$21,673,651	26.71%
Nipissing, District of	\$2,054,837	23.57%	\$201,361	23.59%	\$148,244	9.52%	\$2,404,443	21.60%
Norfolk, County of	\$2,224,649	36.77%	\$561,196	40.82%	\$278,794	39.30%	\$3,064,639	37.67%
Northumberland, County of	\$3,335,997	36.77%	\$794,943	40.82%	\$276,665	29.12%	\$4,407,605	36.82%
Orillia, City of	\$1,875,497	31.96%	\$296,235	40.82%	\$54,171	40.82%	\$2,225,903	33.09%
Ottawa, City of	\$79,592,593	27.06%	\$7,345,858	40.82%	\$1,300,790	36.21%	\$88,239,241	27.94%
Oxford, County of	\$4,485,444	36.77%	\$3,262,099	40.82%	\$317,297	13.47%	\$8,064,840	35.77%
Parry Sound, District of	\$87,157	3.40%	\$55,107	16.95%	\$9,383	1.96%	\$151,648	4.51%
Peel, Region of	\$59,477,635	16.61%	\$35,061,748	32.17%	\$1,193,713	32.67%	\$95,733,097	20.34%
Pelee, Township of	\$13,645	24.33%	\$0	0.00%	\$0	0.00%	\$13,645	24.02%
Pembroke, City of	\$819,579	36.77%	\$35,605	40.82%	\$3,245	10.94%	\$858,429	36.59%
Perth, County of	\$690,005	24.33%	\$568,955	40.82%	\$70,343	38.14%	\$1,329,302	30.11%
Peterborough, City of	\$4,929,790	36.14%	\$735,010	40.82%	\$42,678	24.33%	\$5,707,478	36.55%
Peterborough, County of	\$941,039	24.33%	\$299,407	40.82%	\$39,762	19.30%	\$1,280,208	26.63%
Prescott and Russell, County of	\$1,662,084	27.02%	\$371,595	40.82%	\$41,330	17.82%	\$2,075,009	28.45%

Prescott, Separate Town of	\$279,208	36.77%	\$43,257	40.82%	\$3,164	24.33%	\$325,630	37.07%
Prince Edward, County of	\$0	0.00%	\$120,947	40.82%	\$0	0.00%	\$120,947	7.91%
Quinte West, City of	\$2,412,709	35.44%	\$393,986	40.82%	\$94,202	24.33%	\$2,900,897	35.55%
Rainy River, District of	\$284,842	22.72%	\$181,342	23.99%	\$42,804	24.33%	\$508,988	23.29%
Renfrew, County of	\$3,695,984	36.07%	\$372,397	40.82%	\$876,945	22.55%	\$4,945,326	32.86%
Simcoe, County of	\$7,382,771	24.33%	\$3,454,253	40.82%	\$815,915	35.28%	\$11,652,939	28.34%
Smiths Falls, Separated Town of	\$619,761	36.77%	\$71,938	40.82%	\$9,425	33.32%	\$701,123	37.09%
St. Marys, Separated Town of	\$189,453	24.33%	\$337,207	40.82%	\$9,854	34.04%	\$536,515	32.84%
St. Thomas, City of	\$1,489,020	36.77%	\$619,714	40.82%	\$0	0.00%	\$2,108,733	37.33%
Stormont, Dundas and Glengarry, County of	\$1,566,720	36.77%	\$358,690	40.82%	\$466,557	18.67%	\$2,391,966	31.31%
Stratford, City of	\$1,710,498	36.77%	\$595,163	40.82%	\$22,779	24.33%	\$2,328,440	37.53%
Sudbury, City of Greater	\$4,720,074	24.33%	\$1,219,453	24.33%	\$140,869	24.33%	\$6,080,396	24.33%
Sudbury, District of	\$254,290	22.05%	\$121,253	23.63%	\$22,689	23.74%	\$398,232	22.60%
Temiskaming, District of	\$541,265	24.28%	\$97,996	23.75%	\$247,884	14.05%	\$887,145	20.13%
Thunder Bay, District of	\$3,591,562	24.30%	\$753,713	24.30%	\$175,046	10.12%	\$4,520,321	23.05%
Toronto, City of	\$320,410,272	28.55%	\$33,141,667	31.10%	\$1,836,993	39.73%	\$355,388,931	28.81%
Waterloo, Region of	\$35,191,128	36.77%	\$11,871,016	40.82%	\$257,593	15.77%	\$47,319,737	37.43%
Wellington, County of	\$713,178	12.11%	\$1,888,942	40.82%	\$220,656	40.82%	\$2,822,776	25.52%
Windsor, City of	\$11,959,255	35.86%	\$3,523,008	40.82%	\$347,313	40.82%	\$15,829,576	36.96%
York, Region of	\$32,221,217	12.54%	\$19,279,375	24.33%	\$1,403,829	37.78%	\$52,904,421	15.57%
<b>Province of Ontario</b>	<b>\$743,423,140</b>	<b>24.95%</b>	<b>\$190,398,687</b>	<b>33.91%</b>	<b>\$19,741,252</b>	<b>26.56%</b>	<b>\$953,563,079</b>	<b>26.38%</b>