

WRAFT Report, Winter 2006, Issue 5

From the Executive Director

Our apologies for being a little late with our Winter WRAFT Report. While its late it does bring some good news, unlike the report drafted a month ago. On March 1, MPP Tim Hudak, PC Finance Critic, introduced a private members bill to the legislature, proposing to cap future assessment increases at 5% per annum until there is an arms length change of ownership. While it does not provide any relief for tax increases experienced to date, including those resulting from the 2005 assessment, it brings the system under control for the future. If the bill became law and your 2006 assessment was up 30%, for tax purposes it could only go up by 5%. This makes future tax levels more predictable. WRAFT strongly supports the PC initiative and will work hard to help move it forward. For details of the bill go to www.ontla.on.ca/documents/Bills/38_Parliament/session2/b075_e.htm

What follows is a summary of what we've been up to since we reported to members in the fall.

- We've continued to press Queen's Park to set aside the 2005 assessment and do a serious study of reform alternatives as proposed by WRAFT last April.
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- In October the Ontario Ombudsman responding to thousands of complaints from property owners announced an investigation of MPAC, focusing on "the alleged lack of transparency in the property assessment system and the integrity and efficiency of the decision making process". We have met twice with members of the investigating team, provided evidence of wide disparities in the assessment process and encouraged a broadening of the investigation. The Ombudsman's report is expected in mid March.
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- In December we met with the ten members of the PC caucus including the leader John Tory and Finance critic Tim Hudak. We had a good hearing and a useful exchange of ideas. A number of PC MPPs represent areas that have been hard hit by assessment increases. We believe this meeting helped encourage development of MPP Hudak's capping proposal.
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- We have obtained a breakdown of 2005 average increases in assessment by municipality for waterfront and non-waterfront properties. We have also learned that, on a province-wide basis, of the 8% of residential properties up over 30%, two thirds were on waterfront. To put it another way, 38% of waterfront properties were up over 30% while only 2% of all other residential properties were up over 30%. This strikes us as a rather startling statistic and clearly highlights the massive impact of the 2005 assessment on the waterfront share of property taxes. We also looked at the impact on specific lakes in the Districts of Parry Sound and Haliburton. The assessment hit smaller lakes in particular, in many cases with average increases exceeding 50%.
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- We continue to get copies of letters you have sent to your MPPs but not enough of them. **Please write to your MPP if you haven't already.** Its critical in our effort to raise understanding of the issues among the politicians and the public.

Downloading and Uploading

A large chunk of social service costs were downloaded by the previous provincial government onto municipalities a number of years ago. Those costs include public health, ambulance, social assistance, senior services, child care and social housing. The Association of Municipalities of Ontario (AMO) estimated that the cost, net of municipal subsidies, amounted to \$3.2 billion in 2003. If this \$3.2 billion was uploaded back to the province, where it belongs, this could reduce the municipal taxes province-wide by 18%.

There is growing support across the province for these social service costs to be transferred to the province and paid out of income tax revenues. WRAFT clearly backs such a move but if it occurred tomorrow and if municipal taxes were reduced accordingly, the fundamental issue of distributing taxes based on assessment still remains.

A broader alliance

A couple of things have become clear in the past few months. On the one hand the Ontario Liberal government believes the present assessment-based property tax system works and, despite promises to the contrary in the 2004 Liberal budget, they're not planning to change it because of pressure from what are considered an "elite" bunch of waterfront property owners. On the other hand it is increasingly evident that unhappiness among property owners, with the volatility of assessments and with the performance of MPAC, is becoming much more widespread, in particular since the issuance of the 2005 assessment.

Two years ago we made the decision to go from a Muskoka-based group to a province-wide coalition of waterfront associations. As we indicated at the WRAFT Annual Meeting last November, it's time to take the next step. WRAFT is now involved, along with some urban ratepayer coalitions, in building a new and broader alliance to fight for property tax reform and it will invite all interested ratepayer groups, municipalities and others to join us in our effort. We will keep members informed of progress. We have retained Jim Maclean of Tactical Advice/Strategic Communications to help get our message out and on the lobbying side

George Boddington of government relations firm Policy Concepts has donated the resources of his firm to our efforts.

Actions you can take to reduce your taxes

Challenging your assessment

If you feel you have any kind of a case, we recommend you file a Request for Reconsideration (R for R) and/or an Appeal. Go to www.wraft.com for guidance on the process. We can provide you with some encouraging statistics for the 2003 assessment in Muskoka. Three percent of residents filed an R for R and 51% of those got some reduction in assessment. Less than 1% of residents filed an appeal and one third of those were successful. In other words, the effort can be well worth while.

Getting Tax Relief

Section 365. (1) of the Ontario Municipal Act reads as follows:

365. (1) The council of a local municipality may, in any year, pass a by-law to provide for the cancellation, reduction or refund of taxes levied for local municipal and school purposes in the year by the council in respect of an eligible property of any person who makes an application in that year to the municipality for that relief and whose taxes are considered by the council to be unduly burdensome, as defined in the by-law. 2001, c.25, s.365 (1). We don't believe this section has been used frequently but if a 60% assessment increase in 2005, for example, leads to a 40% tax increase in 2006, this could for many residents be considered "unduly burdensome". Applications for relief would also help draw attention to the serious inequity being imposed by our present assessment-based property tax system. You could certainly start by enquiring of your municipality how they would treat such an application.