Niagara Region

Enterprise Resource Management Services
1815 Sir Isaac Brock Way, Thorold, ON L2V 4T7
905-980-6000 Toll-free: 1-800-263-7215

# MEMORANDUM

**CSC-C 12-2019**

**Subject: 2019 Property Tax Capping Claw Back Percentage**

**Date: July 10, 2019**

**To: Corporate Services Committee**

**From: Rob Fleming, Senior Tax & Revenue Analyst**

The purpose of this memorandum is to provide members of Council with an update on the 2019 Property Tax Capping program.

Capping refers to a municipality's option to limit, or cap, the tax increases on commercial, industrial and multi-residential properties. The limit on tax decreases, in order to fund capping, is known a claw back.

A mandated capping program to limit tax increases has been in place since 1998. It was initially introduced as a three-year (10-5-5) program to mitigate reform related property tax increases for the commercial, industrial and multi-residential property classes. On the completion of this program, Bill 140 was introduced to continue the transition each year based on the previous year's annual taxes. Further capping options were introduced for 2005 and 2009 taxation years to provide local flexibility in determining tax capping protection, accelerated progress towards CVA taxation, and reduced claw back percentages.

Regional Council has adopted all available capping options permitted by the province since 2005, to the maximum. This has resulted in a significant reduction in the impact of the provincial capping program.

As a result of Council's previously adopted tax capping policies, the Region has reached a point where there are no longer any properties eligible for the capping program. This means that all properties will be taxed on their current value assessment and the previously annual claw back percentage bylaw will not be required for the 2019 taxation year.

Council has previously elected to exit the capping programs for both multi-residential and industrial property classes through previous tax policy reports and associated bylaws and will be in a position to fully exit the commercial capping program in 2020.

Respectfully submitted and signed by

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Rob Fleming, MBA
Senior Tax & Revenue Analyst