

**ADMINISTRATION & FINANCE DIVISION
TREASURY REPORT 2021/59**

TO: Mayor Caul & Members of Council

FROM: Dawn Galusha, Treasurer

DATE: January 31, 2021

SUBJECT: Review of Large Industrial Tax Ratio and Rate

BACKGROUND

The attached report on Industrial Taxation was presented at the Economic Development Executive Committee held on Monday, May 5, 2021. At that time, it was referred to the Administration and Finance Executive Committee for further discussion and consideration with that committee's recommendation as follows:

- That the Administration & Finance Executive Committee review the current ratio and find a path in the 2022 tax year to level Industrial and Large Industrial Classes.
- The Town is encouraged to build a multi-year plan to create a competitive Industrial ratio similar to that of Dryden (2021- 1.5000000)- keep in mind that Dryden's Large Industrial ratio is 7.9646020

I have inquired to ensure that changing one ratio in OPTA is acceptable legislatively. The answer is, there are no restrictions to reducing the large industrial ratio, as long as the large industrial ratio and the average ratio for the broad industrial class do not go below the lower limit of the allowable range which is 0.6.

The concept around reducing the industrial and large industrial ratio is to attract new industry to Fort Frances. The difficulty arises because the tax burden gets shifted onto the other property classes. Leveling the Large Industrial to the Industrial ratio and rate results in an approximate net loss in Large Industrial of \$130,570, which would impact the other tax classes causing about a 1.14% increase.

At the December 13, 2021 meeting of Council, Council agreed to the recommendation to bring the analysis of the Large Industrial Tax rate and Ratio to the 2022 Operating Budget discussions. Further to this, at the January 24, 2022 meeting of Council, Council endorsed a proposed pilot tax incentive zone and that Council will proceed to meet with the Government of Ontario to negotiate this.

RECOMMENDATION

Administration recommends that we re-evaluate the ratios for industrial and large industrial properties in the Town of Fort Frances after the results of the proposed pilot project.