



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

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To: CAOs, Municipal Clerks and Treasurers

From: Carla Y. Nell
Vice President, Municipal and Stakeholder Relations

Subject: Small-scale on-farm business subclasses

I would like to take this opportunity to share some important information regarding the classification of small-scale on-farm business subclasses.

On May 3, 2018, the Minister of Finance announced new optional subclasses for both industrial and commercial property classes to promote and support local farm enterprises across Ontario. The new subclasses will provide a tax reduction for small-scale on-farm businesses.

The new regulation ([O. Reg. 361/18](#)) was made under the *Assessment Act* and published on e-Laws on May 3, 2018 and the Ontario Gazette on May 19, 2018.

Key Highlights

- a council of a single or upper-tier municipality may pass a by-law opting to have both subclasses or they may pass a by-law for the industrial subclass
- the commercial property subclass is only available if the municipality has passed a by-law for the industrial property subclass
- the subclass is optional for 2018 taxation and subsequent taxation years
- to be eligible, the commercial and/or industrial facility must be used to sell, process or manufacture something from a farm product produced on the farmland or on land used to operate the farming business
- the first \$50,000 of assessed value attributed to the commercial or industrial operation will qualify for 25% of the commercial or industrial tax rate

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- the attributed industrial/commercial operation with an assessed value equal to or greater than \$1 million, will not qualify for the subclass tax reduction
- education tax rates for the attributed commercial/industrial operation will be the lesser of the existing tax rate or 0.00272500, irrespective of municipalities opting into small-scale on-farm business subclasses ([O. Reg. 362/18](#))

MPAC reviewed the regulation introduced by the Province and it is important to know that although the new subclasses are optional for municipalities, the education tax rate reduction will apply to small-scale on-farm businesses that meet the criteria outlined in the regulation. Therefore, identifying the properties and partitioning the applicable property assessment is necessary.

We want to assure you that we are working to implement the new regulation and it will be a rigorous process requiring careful review and administration. To determine qualifying properties for the subclasses, we cannot simply look at farms that have a commercial or industrial component, as they may have other uses that are not associated with the farming operation, and therefore would not qualify. As a result, we may be required to complete extensive property inspections of potentially eligible properties to ensure we have accurate and up-to-date data on file.

MPAC is aiming to complete a full review of eligible properties by the end of 2018. Once complete, we will issue Special Amended Notices to impacted property owners.

We will continue to provide municipalities with updates on our progress. If you have any questions, please contact your Municipal and Stakeholder Relations Account Manager.

Thank you,



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