



Memo

To: Warden Milne and Members of Grey County Council
From: Mary Lou Spicer, Director of Finance
Date: June 8, 2023
Subject: By-Law 5153-23 To Establish Tax Policy and to Levy Taxes for Upper Tier Purposes for the Year 2023

The purpose of this memo is to provide a further response to questions asked during the May 11, 2023, session of County Council regarding the Tax Policy By-law.

For the question on farmland awaiting development, is the reduction of 75% from the farm rate or the residential rate?

As per Schedule A of the by-law, the tax ratio is 1.0000000 with a tax discount that moves the ratio to 0.2500000; the discount is from the residential ratio.

For the question regarding if a property has been rezoned for development, would it be put into what it's going to be developed for ahead of time instead of having it sit as non-farmland?

The rates for Farmland Awaiting Development (in the residential, commercial, industrial or multi-residential property tax classes) apply to properties for which plans of subdivision (not zoning) have been applied, but no building permits have been issued. The property must be actively farmed, regardless of which class the property is in, it is taxed at the percentage of the residential rate.

Scenario 1 – Property is still being farmed:

- It has been zoned for development but no plan of subdivision, it remains in farmland class.
- It has been zoned for development, and there is a plan of subdivision – the municipality should inform MPAC of the plan, and it should be reclassified as Farmland Awaiting Development. In addition to the change in code, the value of the property may be altered as Farmland Awaiting Development properties are valued on the class-specific land table, not the farm land table.

Scenario 2 – Property has no farm activity:

- If a property is zoned for development and is no longer being farmed, MPAC should be informed that there is no farm activity, the property should be

reclassified as fully taxable in the class that aligns with the zoning (i.e., residential, commercial, industrial, or multi-residential property tax classes). Without farm activity, it would be at the full class rate, not the discounted Farmland Awaiting Development rate.

- If there is also a plan of subdivision, MPAC should also be informed of this, as it may have additional impacts on the updated property value.

Relevant Consultation: The County's tax consultant, Municipal Tax Equity (MTE), has been consulted in the preparation of this memo.

Mary Lou Spicer