



memorandum

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COMMUNICATION	
F&A -	JAN 21/13
ITEM -	2

January 21, 2013

To: Honourable Maurizio Bevilacqua, Mayor and Members of Council

Re: **Additional Information – Item #2 Finance and Administration Committee – January 21, 2013 - Proposed 2013 Operating/Capital Budgets and 2014 to 2016 Plan**

Recommendation:

The Commissioner of Finance & City Treasurer recommends:

That staff further review applicable legislation and report back to Council on any opportunities for the Province to amend legislation relating to linear assets and revenue opportunities.

Contribution to Sustainability

Exploring opportunities for predictable and sustainable revenues will assist the City in continuing to provide high quality services to the City of Vaughan taxpayers.

Purpose:

To provide information regarding taxation revenues currently received by the City from linear assets.

Background – Analysis and Options

On January 14, 2013 the Finance and Administration Committee received a deputation from a member of the public regarding potential tax revenue opportunities from linear assets, such as pipelines, and staff indicated that information would be provided to the next Finance and Administration Committee regarding current ability for municipalities to collect tax revenue from these sources.

The Province of Ontario is the authority for determining property classes subject to taxable assessment, as set out in the Assessment Act. Municipalities in Ontario receive a statement of taxable assessment totals by property class from the Municipal Property Assessment Corporation (MPAC) each year. Municipalities then calculate property taxes by applying tax rates against the assessment totals provided by MPAC. The tax rates for municipal purposes are established by lower and upper tier municipalities. The tax rate for education purposes is provided by the Province of Ontario through regulations to the Municipal Act. In addition, the Province of Ontario provides the specific acreage rates for property classes such as Utility Right of Ways and Railway Right of Ways.

The City currently receives taxable assessment value for lands with natural gas pipelines running through the municipality, assessed value for customer connections, as well as the main pipeline (aka transmission corridor). The bulk of the value is in the corridor.

The pipeline is valued with an assessment (2012 - \$78,492,000; 2013 - \$81,753,000) and charged at a tax rate in a similar fashion as other taxable properties.

Based on 2012 assessment of \$78,492,000:

	<u>PIPELINE 2012</u>	
CITY	0.00235385	\$184,758.39
REGION	0.00416205	\$326,687.63
EDU	0.01535021	<u>\$1,204,868.68</u>
		\$1,716,314.70

Linear properties consist of the railway tracks and hydro corridors that run through a municipality. Linear rates (municipal/education) are set by the Province (Ministry of Finance) - based on a per acre rate. The rates have not changed in the last few years.

The Regional portion is calculated utilizing a formula that is stipulated in the Municipal Act. The City is permitted to keep the Education portion charged to the Hydro Corridor acreage.

The City of Vaughan has 2 linear acreages on the assessment roll, broken down as follows:

- Utility right-of-way @ 635.80 acres (2012 - 635.80)
- Railway right-of-way @ 560.56 acres (2012 - 561.24)

The resulting tax revenue is as follows:

Based on 2012 information:

<u>RAILWAY ROW</u>				
	<u>Rate</u>	Canadian National <u>312.98 acres</u>	Canadian Pacific <u>149.43 acres</u>	GO Transit <u>98.83 acres</u>
CITY	\$220.84	\$69,118.50	\$33,000.12	\$21,825.62
REGION	\$390.49	\$122,215.56	\$58,350.92	\$38,592.13
EDU	\$822.69	<u>\$257,485.52</u>	<u>\$122,934.57</u>	<u>\$0.00</u>
		\$448,819.58	\$214,285.61	\$60,417.74

<u>HYDRO ROW</u>		
	<u>Rate</u>	Ontario Hydro <u>635.80 acres</u>
CITY	\$301.29	\$191,560.18
REGION	\$532.73	\$338,709.73
EDU	\$1,208.66	<u>\$768,466.03</u>
		\$1,298,735.94

<u>GRAND TOTAL 2012</u>	
CITY	\$1,083,970.45
REGION	\$557,868.34
EDU	<u>\$380,420.09</u>
	\$2,022,258.89

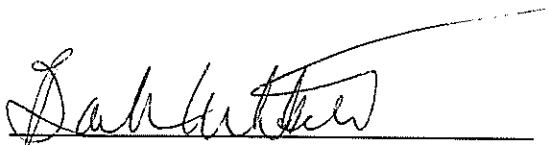
Poles and wires owned by power utility companies are exempt from taxation' as per the *Assessment Act R.S.O 1990*. Cell towers are assessable for taxation, with the exception of towers owned by Bell Canada, which are grandfathered and exempt from taxation. Telecommunication poles and wires, and toll roads (407 Highway) are exempt properties under Section 3 of the *Assessment Act*. It is worth noting that, in 2004, the City of Vaughan passed a resolution requesting the Province of Ontario to assess the 407 for property tax purposes on the basis that the 407 was a private business operating in several municipalities.

Information regarding cable distribution undertakings will require further research by staff.

Conclusion

Staff recommend that further research and analysis be undertaken to review opportunities where amendments to Provincial legislation relating to linear assets would result in predictable and sustainable revenues for municipalities.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Barbara Cribbett', is written over a horizontal line.

Barbara Cribbett, CMA

Commissioner of Finance & City Treasurer

