



Submitted by: Diane Larder, Director of Finance

Report No: 2023-135

Council Meeting Date: Regular Council - 01 Nov 2023

Subject: Calculation of the Tax Rate

File: Budget-2024

RECOMMENDATION:

For Council's information.

BACKGROUND & COMMENTS:

As Council deliberates on the 2024 Budget, the decision of the revenues and expenditures is one of the factors in setting the annual tax rate. The process of establishing the tax rate is often complicated to understand and as a first step with the introduction to the annual budget discussions, the report before Council provides information on how the tax rate is established.

The following are definitions used during the annual reports and discussion relating to setting the the tax rate used to calculate the annual taxes.

"*Tax Levy*" is the total amount of dollars that the municipality is looking to collect through taxes to cover its operations.

"*Tax Rate*" is established by the municipality and can vary depending on the type of property owned. The tax rate is used in the calculation of the annual taxes.

"*Weighted Assessment*" is the current value assessment as provided annually by the Municipal Property Assessment Corporation known as MPAC for taxable properties multiplied by the tax ratios established by the County of Oxford.

"*Tax Ratio*" determines how the burden of taxes are split between different types of properties. The ratio is based on residential, which is set at one. Commercial industrial and farm ratios are then set accordingly, which shifts the burden of property taxes.

1. The annual budget will set the TAX LEVY requirement that the municipality will need in revenue to cover the operating costs that the Township will incur over the set year.

Example: The 2023 Tax Levy requirement was \$10,351,618

As information, a 1% increase in the 2024 budget represents \$103,516.

2. Calculating the WEIGHTED ASSESSMENT.

- This is a total assessment value of all properties in all classes (not including any exempt properties). *Note: The 2024 assessments have not been released at the time of this report.*

The Corporation of the Township of Zorra

P.O. Box 306, Ingersoll, Ontario N5C 3K5

Tel. (519) 485-2490 • Toll Free 1-888-699-3868 • Fax (519) 485-2520 • E-mail: admin@zorra.ca

What we can project is that the 2024 assessment roll will be the same as 2023 and any changes in assessment in the roll will be considered new growth.

- Multiply the assessment value within the classes by the TAX RATIO. The tax ratios are set by The County of Oxford annually; this occurs in March/April (the 2023 tax ratios have been used in this example).
- These classes are multiplied by the tax rate reductions as prescribed under the Assessment Act as applied (70% for Commercial, 65% for industrial, etc.)

3. The TAX RATE is calculated by taking the TAX LEVY in #1 above and dividing it by the calculated WEIGHTED ASSESSMENT in #2.

The Table outlines the calculation of the tax rate for 2023 as an example:

	2023 Tax Rate
Tax Levy Requirement	\$10,351,618
Weighted Assessment Calculated	\$1,760,349,716
2023 Tax Rate Calculation	0.00588043

FINANCIAL IMPLICATIONS:

There are no financial implications with this report.

LINK TO STRATEGIC PLAN:

Goal:

We are an engaged community that values all members and actively encourages involvement, engagement, openness and transparency.

Action:

Provide openness and transparency.

Approved By:

Diane Larder, Director of Finance
 Don MacLeod, Chief Administrative Officer
 Karen Martin, Director of Corporate Services

Status:

Approved - 23 Oct 2023
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