

Submitted by: Kim Grogan, Manager of Financial Services / Treasurer

Report No: 2025-107

Council Meeting Date: Regular Council - 15 Oct 2025

Subject: Method of the Calculation of the Annual Tax Rate

File Location: C11-Reports to Council

RECOMMENDATION:

That Council receive Report 2025-107, Method of the Calculation of the Annual Tax Rate, for information.

BACKGROUND & COMMENTS:

The process of establishing annual tax rates is complex. In advance of 2026 budget deliberations, this report provides information on how tax rates are established.

The following are definitions on common terms used when discussing tax rates.

"*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 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 revenues to cover Township operating costs to deliver services over the set year .

Example: The 2025 Tax Levy requirement was \$12,231,845.

As information, a 1% increase in the 2026 budgeted levy over 2025 will raise \$122,318.45 in tax dollars.

2. Calculating the WEIGHTED ASSESSMENT.

- This is the total assessment value of all properties in all classes (not including any exempt properties) translated into Residential Assessment. *Note: The 2026 assessments have not been released at the time of this report.* We can project that the 2026 assessment roll will be the same as 2025 and any changes in assessment in the roll will be considered new growth.
- Multiply the assessment value within each tax class by the TAX RATIO to convert the assessment to "like residential assessment". The tax ratios are set by the County of Oxford annually; this occurs in March/April. Each tax class carries a ratio in relation to the residential tax class. 2025 Tax Ratios are as follows:

<u>Tax Class</u>	<u>Tax Ratio</u>
Residential	1.000
Multi-Residential	2.000
New Multi-Residential	1.000
Farmlands	0.2177
Managed Forest	0.2500
Commercial	1.9018
Industrial	2.6300
Large Industrial	2.6300
Aggregate Extraction	2.140048
Pipelines	1.2593

- Eligible tax classes (vacant and excess land) are multiplied by tax rate reductions as prescribed under the Assessment Act (70% for Commercial, 65% for Industrial).

3. The RESIDENTIAL TAX RATE is calculated by taking the TAX LEVY in #1 above and dividing it by the calculated WEIGHTED ASSESSMENT in #2. Tax rates for each tax class are calculated by taking the residential tax rate and multiplying it by the tax ratio for the specific class and applying any tax rate reduction to eligible classes.

The Table below outlines the calculation of the residential tax rate for 2025 as an example:

<u>Factors</u>	<u>2025 TAX RATE</u>
2025 Tax Levy Requirement	\$12,213,845
/Weight Assessment	\$1,856,688,019
2025 Residential Tax Rate Calculation	0.00658799

There are many factors that impact the annual tax levy and that drive tax levy increases, including but not limited to:

service delivery expansion as the result of growth, policy change, service level changes, inflation (both the Consumer Price Index and the Building Construction Price Index), service delivery partner funding changes (i.e. Policing), supply chain constraints, provincial policy changes, tariffs, insurance trends for the industry, and asset management regulations.

The tax levy increase does not translate into an equal tax rate increase as assessment growth is a factor. In a year where assessment growth is zero, the tax rate increase will equal the tax levy increase. In a year where the municipality is experiencing assessment growth, the tax rate increase will be less than the tax levy increase as the tax levy is divided amongst increased total weighted assessment.

For Council's information, the table below provides historical tax levy increases, Zorra municipal residential tax rate increases, overall residential tax rate changes (Zorra, County and Provincial (Education)), CPI and Non-Residential Building Construction Price Index changes for the past 8 years. Note: this information was previously provided in Report 2025-098 and/or further provided during September 17, 2025 Council meeting discussions.

Year	Tax Levy Increase as a %	Zorra's Tax Rate Increase/ (Decrease) as a %	Overall Tax Rate Increase/ (Decrease) as a %	Consumer Price Index as a %	Non-Residential Building Construction Price Index as a %
2025	5.26%	3.61%	4.38%	1.90%	0.80%
2024	12.26%	8.13%	9.57%	2.00%	3.00%
2023	8.15%	6.72%	4.54%	4.00%	7.30%
2022	7.21%	5.33%	3.35%	7.00%	15.30%
2021	2.35%	0.00%	(0.22%)	4.10%	11.80%
2020	5.62%	(0.80%)	(0.61%)	0.10%	2.70%
2019	6.51%	(1.60%)	(1.42%)	1.90%	3.30%
2018	5.57%	2.00%	1.88%	2.80%	5.40%

Recognizing that tax rates amongst jurisdictions will vary based on services provided, service levels and delivery methods, revenue sources, fee strategies, policies and many other factors, 2025 tax rates are detailed below for information:

Single Family Residential Assessment \$275,000	2025 Lower Tier Rate	2025 County Rate	2025 Education Rate	2025 Total Tax Rate	Total Tax Bill
South Perth	0.00522809	0.0035966	0.00153	0.0103547	\$ 2,847.53
Thames Centre	0.00483978	0.0046228	0.00153	0.0109926	\$ 3,022.96
Blandford-Blenheim	0.00531741	0.0052307	0.00153	0.0120781	\$ 3,321.47
South-West Oxford	0.00585094	0.0052307	0.00153	0.0126116	\$ 3,468.19
East-Zorra-Tavistock	0.00589194	0.0052307	0.00153	0.0126526	\$ 3,479.47
Norwich	0.00655186	0.0052307	0.00153	0.0133125	\$ 3,660.95
Zorra	0.00658799	0.0052307	0.00153	0.0133487	\$ 3,670.88
North Perth	0.00896762	0.0035966	0.00153	0.0140942	\$ 3,875.90
St. Marys	0.01412411	0	0.00153	0.0156541	\$ 4,304.88
Tillsonburg	0.0090902	0.0052307	0.00153	0.0158509	\$ 4,358.99
Ingersoll	0.00970556	0.0052307	0.00153	0.0164662	\$ 4,528.21
City of London	0.01523394	0	0.00153	0.0167639	\$ 4,610.08
Woodstock	0.01193574	0.0047431	0.00153	0.0182089	\$ 5,007.44

FINANCIAL IMPLICATIONS:

There are no financial implications with this report. 2026 tax rates will be determined after the 2026 Budget is passed, the County of Oxford has set the 2026 tax ratios and the 2026 assessment roll is provided by MPAC.

STRATEGIC PRIORITY:

The content in this report supports the strategic priority outlined below, with more information available in Council's 2023-2026 Strategic Plan.

A Fiscally Sustainable Community:

- Renew and reinvest in our infrastructure.
- Adopt policies to promote and support the agricultural sector.
- Attract, retain, and expand business investments to diversify the tax base and increase local employment.
- Attract and retain a municipal workforce driven to provide customer service excellence and innovative service delivery.

Governance & Corporate Excellence:

- Identify and commit to opportunities for Zorra to provide an enhanced customer service experience. Learn from past mistakes and improve.
- Ensure organization and financial alignment to achieve Strategic Priorities and meet the needs of our growing community.

The Corporation of the Township of Zorra

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- Be accountable to the public through open and responsive government.
- Ensure Zorra is organizationally resilient, ready to adapt, and succeed in a changing environment.

Approved By:

Diane Larder, Chief Administrative Officer

Karen Martin, Director of Corporate and Protective Services

Status:

Approved - 08 Oct 2025

Approved - 09 Oct 2025