



COUNTY OF WELLINGTON

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October 2, 2020

Sent via email to all Ontario Municipal Clerks

Dear Municipal Clerks,

At its meeting held September 24, 2020, Wellington County Council approved the following recommendation from the Administration, Finance and Human Resources Committee:

WHEREAS previous assessment methodologies for aggregate resource properties valued areas that were used for aggregate resources or gravel pits at industrial land rates on a per acre basis of the total site and such properties were formally classified and taxed as industrial lands; and

WHEREAS Wellington County Council supports a fair and equitable assessment system for all aggregate resource properties; and

WHEREAS the Municipal Property Assessment Corporation determined, with the participation only of the Ontario Stone, Sand and Gravel Association, revised criteria for assessing aggregate resource properties; and

WHEREAS Wellington County Council has concerns that the revised criteria does not fairly assess the current value of the aggregate resource properties.

NOW THEREFORE BE IT RESOLVED:

(a) That Wellington County Council does not consider the revised criteria for assessment of aggregate resource properties as a fair method of valuation for these properties; and

(b) That Wellington County Council believes there is a need to review the current assessment scheme for aggregate resource properties to address the inequity of property values; and

(c) That Wellington County Council hereby calls upon the Province to work with the Municipal Property Assessment Corporation to address the assessment issue so that aggregate resource properties are assessed for their industrial value; and

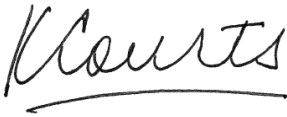
(d) That Wellington County Council direct the Clerk to provide a copy of this motion to the Ministers of Finance; Municipal Affairs and Housing; and Natural Resources and Forestry; and to AMO, ROMA, and all Ontario municipalities and local MPP(s).

Please find the Aggregate Resource Property Valuation and Advocacy report and Municipal Resolution enclosed.

Wellington County Council is requesting that all Ontario municipalities adopt the Municipal Resolution and forward to Donna Bryce, Wellington County Clerk at donnab@wellington.ca upon passing.

Should you have any questions please contact Ken DeHart, County Treasurer, at kend@wellington.ca or call 519.837.2600 ext 2920.

Sincerely,

A handwritten signature in black ink that reads "Kim Courts". The signature is written in a cursive style with a horizontal line underneath the name.

Kim Courts
Deputy Clerk



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, September 15, 2020
Subject: **Aggregate Resource Property Valuation and Advocacy Report**

Background:

Through the County's Assessment Base Management Policy and Programme approved in 2016; Wellington County has made significant efforts to maintain, protect and enhance the quality of the assessment roll. This includes reviewing the accuracy of individual assessments and ensuring the equitable distribution of the tax burden. The County remains a strong advocate for the accurate and equitable valuation and property tax treatment of all properties, including gravel pit and aggregate resource properties in the County and throughout Ontario.

The County has been actively pursuing fair and accurate assessment valuations for gravel pits through two streams:

1. Assessment appeals heard by the Assessment Review Board
2. Advocacy through the province on a permanent policy solution

Assessment Appeals

The County has filed assessment appeals on all aggregate producing properties in its three southern-most municipalities, being Puslinch, Erin and Guelph/Eramosa for the 2017 to 2020 taxation years. The purpose of these appeals is to ensure that the current value assessment of these properties is captured through the existing legislation, and to deal with how those properties are classified for taxation purposes.

The effect of the current property tax valuation structure by the Municipal Property Assessment Corporation ("MPAC") unfairly sees active gravel pits incurring less property tax than many single-family homes and small businesses as a result of unduly low and inaccurate current value assessments. It also leads to properties that are located in the same areas and are similar to gravel pits receiving vastly different property valuations, which contradicts the principle of fairness and transparency underpinning our taxation system that similar properties should be treated and taxed equally. Arbitrarily classifying gravel pits as among the lowest form of farmland (Class 5) sets an artificial cap on these producers' property assessments and keeps their property taxes well below what they should be paying. In turn, residents and businesses are subsidizing the break that gravel producers are receiving.

In terms of next steps for these appeals, a settlement conference is scheduled to take place on September 16 and hearings are scheduled for the weeks of November 16 and 23.

Advocacy for a Permanent Policy Solution

The County has been working with its colleagues through the Top Aggregate Producing Municipalities of Ontario (TAPMO) to raise awareness of the assessments and the inequitable treatment of these properties and ask the government to review how these properties are assessed and treated from a property tax policy perspective through the MPAC review that is currently taking place.

Through this work, TAPMO endorsed the attached municipal resolution to be shared with TAPMO municipalities for consideration at local Councils. The resolution formally asks the province to review how these properties are assessed in light of the inequitable treatment in comparison to other residential and business properties in the municipality. Several municipalities across the province have approved and forwarded this resolution to the province and local MPPs.

To be clear, the County believes MPAC's property valuation is incorrect even within the current legislation, however, the County is looking for further direction and possible legislative or regulatory changes that will eliminate future disputes. This kind of permanent policy change is in everyone's best interest to resolve this issue once and for all.

Staff recommend that the Administration, Finance and Human Resources Committee support the resolution and pass it along to County Council for approval. This is also an opportunity for the County to remind its member municipalities to review and give consideration to this resolution as well.

AMO Delegation Meeting

On August 18, 2020, in collaboration with the Top Aggregate Producing Municipalities of Ontario (TAPMO), County representatives met with Stan Cho, Parliamentary Assistant to the Minister of Finance, to discuss the need to improve how aggregate properties are assessed across Ontario under an equitable valuation system. The meeting was held during the Association of Municipalities of Ontario (AMO) conference. This is where municipal and provincial policymakers come together to discuss pressing issues facing both levels of government.

Wellington County and other TAPMO members presented several policy-driven solutions to Mr. Cho that would make MPAC's property tax valuations accurate and equitable. There are many possible legislative, regulatory or policy changes that can achieve a permanent solution. These include:

- Creating a separate class for aggregate producing properties (as was done for landfills in 2015);
- Directive (or regulation) from the Minister to MPAC regarding how to assess these types of properties to reflect their true market or industrial value;
- Remove the aggregate exemption from the *Assessment Act* (as was the situation prior to 2008).

This would enable municipalities to maintain stability in local taxation levels and meet the needs of their communities. Directing MPAC on how to assess these properties based on their true market value makes common sense and will result in stability and accuracy in the assessment process. The solution to remove the exemption of aggregate in the *Assessment Act* would allow MPAC to assess the full value of the property.

Summary

Aggregate sites are important job creators and an increasingly critical element of public works that help to fuel steady economic growth across Ontario, especially as part of municipalities' post-pandemic recovery. Yet, under the current MPAC valuation formula, their current value assessment is inaccurate such that these sites generate significantly less revenue for municipalities and the Province than other possible uses for the same land. This costs Ontario municipalities millions of dollars in lost tax revenue every year and negatively impacts their abilities to deliver more fulsome services and programmes to residents. The current system also generates less Education property taxes which shifts even more tax burden onto homeowners and small businesses. Municipalities are therefore eager to find a solution that is fair for all involved: the municipality, taxpayers, and aggregate producers.

COVID-19 has highlighted the urgency for a policy-driven, equitable approach. Municipalities across Ontario are fighting to continue providing a high standard of services to our families and businesses who need them now more than ever. The lost tax revenue undermines our ability to enhance those services and make key infrastructure investments at a time when our residents are suffering. The County wants to be fair to aggregate producers while recognizing that they should be part of the solution in terms of helping families and businesses get back on their feet – the very people who are carrying the burden of the current MPAC system.

Recommendation:

That the Aggregate Resource Property Valuation and Advocacy Update Report be received for information; and

That the attached resolution be supported by County Council and sent to the Ministry of Finance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ken DeHart', with a stylized flourish extending to the right.

Ken DeHart, CPA, CGA
County Treasurer

SCHEDULE A – MUNICIPAL RESOLUTION

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- (c) That Wellington County Council hereby calls upon the Province to work with the Municipal Property Assessment Corporation to address the assessment issue so that aggregate resource properties are assessed for their industrial value; and
- (d) That Wellington County Council direct the Clerk to provide a copy of this motion to the Ministers of Finance; Municipal Affairs and Housing; and Natural Resources and Forestry; and to AMO, ROMA, and all Ontario municipalities and local MPP(s).