

Submission to the Ontario Provincial Land Tax Reform office
By the District of Kenora Unincorporated Areas Ratepayers Association
October 2015

The 2014 Provincial Land Tax Reform consultations resulted in a number of changes to the PLT, enacted in the 2015-2016 provincial budget

DoKURA, as a representative of residents and ratepayers in the unincorporated areas of the Kenora District was pleased to be consulted by the PLT Reform office as part of the process.

One of the concerns we raised was the two-tier residential/farm PLT rate determined by school board tax areas. DoKURA's position remains unchanged – properties inside and outside of school board areas must be treated the same when it comes to the Provincial Land Tax as this tax represents property owner contributions to provincial service costs exclusive of education.

As we noted in our 2014 presentation to the PLT Reform consultation, commercial, industrial and right-of-way classes are treated the same, so must residential properties. The two step tax increase the provincial government incorporated in its 2015-2016 budget as a measure to address the level of PLT revenue to overall service costs had the added benefit of reducing the difference in residential PLT rates related to whether the property is inside or outside school tax areas.

The rate difference is now 3:1 rather than 6:1. In the next report by the PLT Reform office we would ask that a clear statement of equal tax treatment be made, or recommended to the Ontario Cabinet, and that a clear timetable be set for achieving that goal.

A second tax measure was to raise the minimum per property tax to \$50 from \$6. While a good step, the \$50 minimum still barely covers administrative costs for the PLT system, which are approximately \$45 per property. We would suggest a further increase be considered for the near term - 2017/2018 – raising the PLT minimum to \$100, to ensure all property owners contribute a reasonable amount towards to service costs.

As the 2015/2016 tax rate changes will increase PLT revenues by \$10 million, exclusive of assessment increases, DoKURA is of the opinion sufficient revenues will be collected as of 2016 to contribute a reasonable and fair amount towards overall costs.

Previously \$11 million, or 17% of costs, was raised towards \$65 million in net provincial payments on behalf of PLT areas for Policing, Social Service Boards, Local Roads Boards, Local Service Boards, Long Term Care, Public Health, MNR fire fighting and MOE and land planning services.

The new rates, coupled with assessment increases averaging five per cent in 2015 and 2016, will raise the PLT revenue level to approximately \$25 million, or 37% of costs.

When taken in context with separate property tax levies for roads, fire service and LSB services, this in line with the provincial average of 40% of revenues from taxation towards similar expenditures by municipalities. We feel no further total PLT revenue tax measures are warranted, however changes in tax rates between or within classes of the PLT system may still be warranted.

Assessment impacts

The Kenora District represents 25 per cent of the PLT properties across Northern Ontario; it also has the highest average assessments due to a large percentage of waterfront properties and their high market values. As a result, the Kenora District contributes more to the PLT revenue stream than any other district. In addition to its large number of properties, average assessments up to four or five times the provincial average mean this district's property owners, as a whole, contribute over 50 per cent of PLT revenues while accounting for only 25 per cent of the cost based on property numbers. We would ask the Ministry of Finance PLT Reform office to consider how this assessment penalty our district pays could be mitigated. Possibly through differing rates based on average district or regional assessment averages, or a tax bill credit of some sort.

Roads

DoKURA is generally pleased with the support the government gives Local Roads Boards, both financial and administratively, of which there are over three dozen in the southern part of the district. However many local roads in this area, especially in the Northern part of the district are maintained by registered non-profit road associations and in some cases adhoc neighbourhood groups or individuals. They receive no government support for maintaining these roads, which are in reality part of the province's public roads system.

We would ask the Reform office to discuss this issue with groups in other districts who must face similar situations and consider how this issue could be addressed.

We would suggest a change to regulations to allow the Ministry of Transportation to fund these less formal types of roads and provide with them with staff support.

The MoT has a funding program for what are called "50/50" and "Specials" and provides 1:1 funding for these and for about 100 other formal road associations – some were created under the Statute Labour Act and have never changed to LRBs others are funded by special agreement.

A review of the criteria for this type of funding to allow more roads groups to qualify and improved communication with such groups to make them aware of the funding program would be another step the PLT Reform process could assist with.

The Ministry of Natural Resources, under Ontario regulation 256-09, provides Payments in Lieu of Taxes for Unoccupied Crown Land lots that front on Local Roads Boards.

These payments, which range from a few hundred dollars to over \$100,000, total just over \$1 million annually and are an important source of funding for the Local Roads Boards that qualify for them.

As part of the PLT Reform, exploring ways to expand this support to include road associations would be another way to assist these groups with road costs.

We would also ask the Reform office to assist DoKURA in lobbying on the behalf of less formal roads groups with the Federal Government, the province and the Association of Municipalities of Ontario to include them in the federal Gas Tax Rebate program as Local Roads Boards are.

Service Boards

There are seven Local Service Boards in the Kenora District. These provide an excellent way for unincorporated township level groups to deliver a variety of basic local level services – fire protection is a common service to all seven. However the district has no Local Services Boards north of the CNR mainline. We would ask the PLT Reform office to recommend to the Ministry of Northern Development and Mines it explore ways it could be made easier for small local communities in PLT areas to create Local Services Boards.

In some parts of the District there are concerns over a need for development controls. The Northern Services Board Act, which governs Local Services Boards, also provides for Area Services Boards. Provisions for creating such boards were enacted nearly two decades ago. None have ever been created as most of the services envisioned for them were supplanted by the creation of DSSABs in 1998. Unincorporated area residents and area municipalities in this District have formally endorsed an Area Services Board for this region in the past, as its mandate could include development controls.

The PLT Reform process should re-visit the issue of Area Services Boards for regions that could make use of the broader mandate they provide.

Election Terms

Currently Local Roads and Service Boards are restricted to one-year terms of office for board members. DoKURA would endorse legislative changes to increase that to four years, matching terms of office for DSSABs, municipal councils and school boards. While those elections are held in October, most LSB and LRB elections in this district are held at annual public meetings in the summer months to allow seasonal residents to participate. If LRB and LSB terms of office are increased to four years, we would recommend the legislative changes be flexible enough to allow the current election timing and process to continue for those boards that wish to.

As an alternative, if October elections are required to conform to provisions of the Municipal Elections Act, sufficient funding and administrative support needs to be given the boards to conduct vote-by-mail, telephone or Internet balloting so seasonal residents can more easily participate.

Policing costs

Policing is an essential, but expensive service. Like municipalities, we have concerns over the ever increasing cost and the impact on property owners through property taxes. In PLT areas, according to Reform Office data, \$22 million was paid to the OPP in 2013 to cover local/community level policing in PLT areas. This represented one-third of the net provincial costs paid on behalf of PLT residents and therefore one-third of taxes paid. The average per household policing cost for PLT areas was \$500, well above the provincial average.

High policing costs can't be ignored as one of the factors that resulted in the 2015/2016 PLT rate increase.

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The City of Kenora often complains it pays one of the highest per household policing bills in the province, in the range of \$800 to \$900, and that three of the highest cost municipal areas are in this district — Kenora, Sioux Lookout and Red Lake.

The PLT area of the Kenora District would likely represent the fourth highest cost area. While some steps have been taken to both contain rising policing costs and spread the costs across all property owners more fairly, much more needs to be done.

We urge the PLT Reform office to recommend that efforts be made to hold future police cost increases to the rate of inflation or less, and that discussions to find ways to mitigate the impact of police costs on property owners be a high government priority.

There is also concern about the lack of detail on OPP costs in the PLT areas. We would urge the Ministry of Finance and the government to ensure the Ontario Provincial Police issue an annual public report for PLT residents detailing policing service including hours of service, costs and crime/service call statistics similar to the reports municipalities using OPP services receive.

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