

DoKURA NEWS

Summer 2022

Welcome to the Summer 2022 newsletter for DoKURA (The District of Kenora Unincorporated Areas Ratepayers Association). Over the past few months the association's directors have been busy tracking several issues that impact the non-municipal areas of the region.

Welcome

Welcome to the Summer edition of the DoKURA Newsletter. In this issue, we will dive deep into taxation and affordability issues that impact our area.

We have expanded on the Provincial Land Tax issue introduced in our Spring issue, looking to mobilize support for action to protect residents from a significant tax increase. A companion story provides information on how your tax dollars are spent. Did you know that in addition to eight (8) government ministries there are 336 public agencies and boards that can either tax directly to fund services, or draw on the PLT in TWOMO (Territories Without Municipal Organization) areas.

Local services across the TWOMO areas of Northern Ontario can vary widely depending on location and population centres and the interest and willingness of residents to fund some of them.

In addition to basic, universal services – education, ambulance, roads, fire protection, police, public health and social services – some areas also support libraries, recreation halls and sports grounds, landfill sites, even local water and sewage systems.

Basic services represent some \$215 million in spending in the TWOMO, co-funded by \$84 million in property tax levies. The numbers are skewed by education funding where the TWOMO areas cover an amount equal to 33% of incurred costs. With education removed, TWOMO areas pay taxes and local levies of \$52 million towards \$122 million in basic services spending on their behalf, or 43% of costs.

A frequent claim that TWOMO property owners don't pay their 'fair share' of local service costs is inaccurate. While this may have been the case a decade ago, when PLT (Provincial Land Tax) collections represented just 15% of costs being co-funded, the level of local taxation support has now swung in the opposite direction, with some TWOMO areas paying a greater proportion of costs than their municipal property neighbours.

On a comparative basis, municipal property taxpayers contribute 48% province-wide towards municipal expenditures (\$22 billion towards \$48 billion in costs in 2020), although the level of support varies widely between municipalities with most in a broad range of 40% to 60%.

We also have an in-depth article on the high cost of policing services in the Kenora District.

SAVE THE DATE! SEPTEMBER 15

Our Annual General Meeting will be held on Thursday, September 15. We are looking at a hybrid meeting with both in-person and virtual attendance possible. We are currently working on the details, including the agenda.

Check out our website at dokura.com

The Provincial Land Tax Time Bomb

Residents outside of municipalities across Ontario's north are facing a tax bomb. Having recently emerged from a decade long overhaul of the Provincial Land Tax (PLT) system that increased local service taxation anywhere from double to ten times what they'd paid in past, the impact of a looming province-wide property re-assessment in 2024 could in some cases increase that tax load by another 50 per cent.

DoKURA (District of Kenora Unincorporated Areas Ratepayers Association) has been warning government officials of this impending massive tax hike since PLT reforms were completed in 2017 and phased-in tax increases began towards universal residential and business tax rates, and increases in the tax rate for pipeline and railroad corridors.

The Provincial Land Tax helps pay for the costs of basic local services in unincorporated areas across Northern Ontario. Known as TWOMO in government terms (Territory Without Municipal Organization), the area stretches west to east from the Manitoba to Quebec border, and north to south from the Far North boundary to the Muskoka region. The province's 10 Northern Districts include 45,000 year-round homes and recreational properties, and has 35,000 permanent and 50,000 long-term seasonal residents.

Basic services co-funded through the PLT include local policing, land ambulance, roads, fire protection, social services, public health unit services and ancillary services including waste disposal sites, fire suppression on Crown Land, Crown Land management and administration and assessment costs.

By 2012 those PLT dollars – some \$10 million a year – only covered a fraction of local service costs. The 2013-2017 reforms aimed to address that, looking to reach a level of local tax support comparable to municipalities where property tax payers fund roughly 50 per cent per cent of local costs. In 2020, municipal property taxes provided \$22.86 billion in local private property tax collections (excluding education taxes) towards \$47.58 billion in municipal costs, for the provinces 444 individual municipalities and regional governments. Following a phase in of revised PLT rates, TWOMO areas now contribute some \$40 million a year towards \$80 million in local costs paid on their behalf by the province. Separate per property local fire protection and road levies on the TWOMO tax bill provide a further \$15 million towards another \$45 million in costs. And education taxes from residential and business properties and pipelines across the TWOMO area provide \$30 million towards the \$90 million cost of public education for the TWOMO area's 4,600 school age children.

But the PLT contains a fatal flaw, the same one that created the local contribution shortfall prior to reforms – a fixed tax rate that doesn't allow for regular adjustments to account for changes in assessment or service costs.

Municipalities adjust their property tax rates annually based on available assessment and service costs. The province adjusts its education rates based on available assessment, even service boards in TWOMO areas adjust their annual levies based on revenue needs. But there is no adjustment mechanism in the PLT regulations, nor in provincial policy.

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Provincial Land Tax Collections (from Ontario Public Accounts)

2020 - \$35.6 million
2019 - \$37.2 million
2018 - \$31.5 million
2017 - \$22.6 million
2016 - \$17.5 million
2015 - \$11.8 million
2014 - \$13.5 million
2013 - \$12.0 million
2012 - \$7.2 million
2011 - \$18.5 million
2010 - \$9.2 million
2009 - \$9.7 million
2008 - \$4.5 million
2007 - \$12.3 million
2006 - \$10.3 million
2005 - \$10.6 million
2004 - \$11.2 million
2003 - \$9.7 million
2002 - \$8.6 million
2001 - \$13.6 million
2000 - \$11.5 million
1999 - \$10.3 million
1998 - \$7.2 million

Note: Public Accounts record taxes paid in the fiscal year, rather than amounts billed.

The Provincial Land Tax Time Bomb (continued from Page 2)

**Residential assessment Increases
(from MPAC data for the Kenora District)**

Assessment Cycle	Total Increase	Annual Phase-in
2016 – 2020	23%	6%
2012 – 2016	31%	7.5%
2008 – 2012	19%	5%
2005 – 2008	16%	5.5%
2002 – 2005	20%	6.5%
1999 – 2002	29%	9.6%

The impact of this will be pronounced. Due to CoVID relief measures, assessments and the residential education rates have been frozen three years past their normal scheduled updating, the PLT is a year past its finalized universal rate. Under current regulations, when updated assessments take effect in 2024, the PLT collections will jump in lock step with assessment increases. Past experience in the TWOMO areas since 2000, indicate a 20 per cent to 40 per cent value increase, the following year, 2025, a new assessment cycle begins, likely repeating the assessment increases.

In dollars, the impact will mean a PLT bill, which averages \$400 per property now across the TWOMO, will jump to \$600, possibly \$800 by 2025-2026, pushing the TWOMO local service contribution to as much as 100 per cent of costs or more.

While this issue is of particular concern in the Kenora District and in the neighbouring Rainy River and Thunder Bay Districts where many high-value waterfront properties have PLT bills in the \$1,200 to \$1,500 range, the near doubling of the tax load in a very short time frame will impact everyone.

Whether you own a remote cabin paying \$250 in PLT or a million-dollar luxury home or cottage paying \$2,500 or more, the PLT portion of your property tax bill will increase the same percentage as your new assessment in 2024.

What to do?

Since 2018, DoKURA has raised this issue on multiple occasions. We plan to pursue this issue with the current government through our local MPP. You can expect regular updates from us.

The 2024 tax year is now only 18 months away. We urge all property owners and organizations in the TWOMO area to contact their local members of provincial parliament and make them aware of this pending assessment related tax increase. Ideally the current legislation and regulations covering the Provincial Land Tax should be amended to provide for a regular review of the PLT rates in line with the provincial re-assessment cycle. At the very least there should be a public commitment that the PLT will be treated in the same way as the Provincial Education Tax, adjusting the rate in line with overall assessment changes.

Action is needed now, the clock is running down on the PLT tax bomb.

**Waterfront Values and the PLT
Residential typical/median value changes and
PLT amounts
(from MPAC data for the Kenora District)**

Tax Year	Value	PLT
2020	\$460,600	\$1,150
2016	\$395,800	\$870
2012	\$300,000	\$480
2008	\$215,000	\$365
2005	\$200,000	\$250
2003	\$150,000	\$225
2001	\$105,000	\$165

Note: The majority of residential properties in the Kenora school locality are waterfront. Typical/Median values reflect an increase use for permanent use and a shift from recreational properties from summer seasonal use to four-season use.

Nominations for DSSAB

Nominations for the four seats on the Kenora District Services Board opened on May 2 and close on August 19. Elections will be held on October 24, 2022. Detailed information is available on the KDSB website, using the link below:

<https://kdsb.on.ca/2022-territory-without-municipal-organization-elections/>

What Your Tax Dollars Buy

The property tax system for Unincorporated Areas, or TWOMO (Territory Without Municipal Organization) has changed considerably over the past two decades, including a major adjustment in the PLT (Provincial Land Tax), which along with the PET (Provincial Education Tax), represent the biggest amounts on a total tax bill.

With up to four different taxes on a Consolidated Tax Bill – PLT, PET, LSB (Local Service Board), LRB (Local Roads Board) —rural property owners can often find it confusing what their tax dollars are actually buying for them in the way of services.

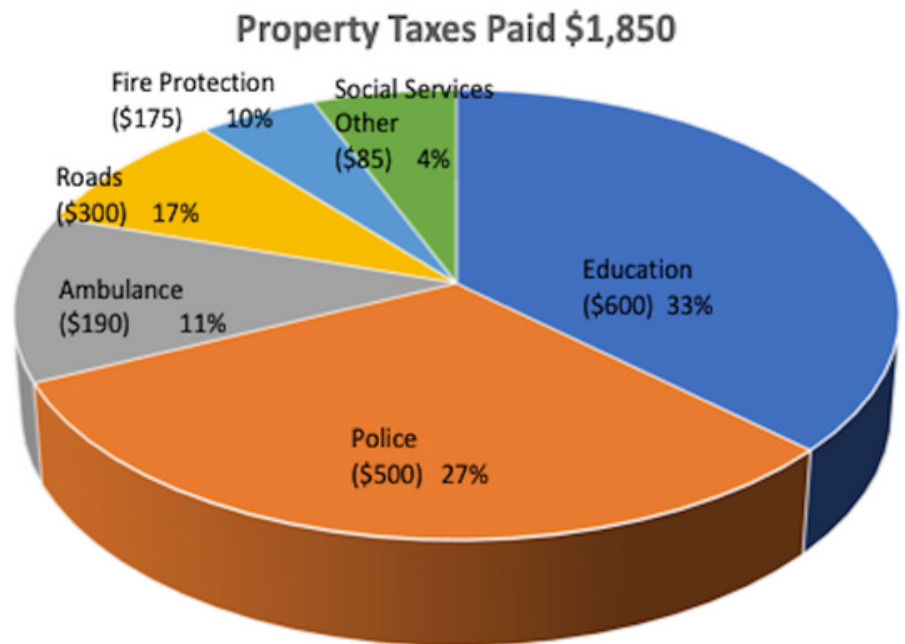
The PLT helps pay for policing, land ambulance, social housing, income support programs, child care, public health services, and a portion of fire and roads costs along with several ancillary services such as fire suppression by the Ministry of Natural Resources on private land.

The PET helps pay for public education from Junior Kindergarten through Grade 12 at area public and Catholic schools, including region-wide French language schools.

The LSB levy provides support for local fire departments in the area the levy applies to, and where it is available 911 service. In a few LSB areas it includes charges for other services.

The LRB levy provides direct support to Local Roads Board in the area it applies to. The PLT and PET are based on current value-based assessments done by the Municipal Property Assessment Corporation. LSB and LRB levies vary by service area or board, and are usually a fixed per property amount, or a fixed amount plus an assessment-based surcharge.

This chart illustrates which services are paid for through TWOMO area property taxes, and which share of a total tax bill each service is supported by. The example used is for a residential property with a tax assessment value of \$400,000. A reasonable amount for a waterfront property in this district suitable for either year-round or seasonal use.



High Policing Cost Hurts Taxpayers

Policing costs are high in the Kenora District and are rising every year, and that's bad news for all district property tax payers.

The Northwest Coalition on High Policing Costs recently raised the issue and is pressing for changes to the provincial formula for assigning OPP policing costs to municipalities. It is a very real issue. After education taxes, policing is the largest draw on property taxes in the district.

The average per property cost within the municipalities this year is \$885, this compares to a provincial average of \$355 for local OPP services provided to 329 municipalities. (Continued on page 5)

High Policing Cost Hurts Taxpayers (continued from page 4)

Following the transition of Dryden to OPP service in February of this year, the provincial force is now the sole police agency outside of First Nations police services across the entire district. The OPP provide police protection for some 30,000 households and businesses, and over 75,000 year-round and long-term seasonal residents in the Kenora District.

Six of the nine district municipalities are above that average, three of them twice or more the average.

At present the coalition consists of three of the district’s municipalities – Kenora, Sioux Lookout and Pickle Lake – others are likely to join. Initial projections for Dryden, which moved to OPP service after several years of consideration to save money long term, will have a per property cost of some \$1,381 based on projected costs.

DoKURA shares the municipal concerns. Policing costs for unincorporated areas are billed separately

on a total province-wide basis across the North, rather than to individual municipalities, but the same full-cost-recovery approach to OPP police service is taken and average per property costs across the north are in the \$500 range.

Payment for the service is made at the provincial level, but a portion comes from Provincial Land Taxes paid by all properties in unincorporated areas for basic services like police, land ambulance, local roads, social support programs, fire protection and public health levies. In the DoKURA area policing represents 27% of the \$1,850 in annual property taxes paid on a typical waterfront property. That percentage is similar to many of the municipalities with high policing costs.

Across the district as whole, the OPP annual bill is nearing \$22 million, and much of that cost is included in property tax bills. These tax dollars could be spent on other needed services and infrastructure, but at budget time councils must make hard choices on whether to increase local taxes, or defer or cancel other spending to pay their policing bills. It’s a hard choice and often they end up doing both.

The key factor in the billing model is the cost for calls-for-service. These are totaled on an hourly basis and then divided among all municipalities based on their individual service hours. A higher-than-average number of calls, or a high number of complex calls that take more officer time are both factors in the Kenora District numbers. In the Unincorporated Areas, where the actual call numbers are lower, time taken to drive to answer calls is costly, with many small pockets of population spread cross large distances.

The billing formula contains a provision for special assistance when calls-for-service hours exceed the provincial average, but only two of district’s municipalities qualify at present – Sioux Lookout and Pickle Lake. The discount has lowered Pickle Lake’s considerably, but only partially helped Sioux Lookout.

The criteria for the discount is too high, currently a municipality must have a call time/cost five times or greater than the provincial average to begin receiving even the minimum 5% discount on bills. According to an OPP municipal policing official not only are Sioux Lookout and Pickle Lake the only municipalities in the district to qualify for reduced bills, they are the only two municipalities in the entire province.

Clearly something has to be done. The Kenora District, especially the service hub municipalities of Kenora, Sioux Lookout, Dryden and Red Lake, have unique and challenging policing needs. These come at a high cost that should not be pushed to district property owners.

Municipality/Area	OPP Contract	Per Property
Kenora	\$6.8 million	\$850
Dryden	\$5.2 million	\$1,380
Sioux Lookout	\$1.7 million	\$635
Red Lake	\$1.3 million	\$560
Ear Falls	\$330,000	\$595
Ignace	\$403,000	\$505
Sioux Narrows Nestor Falls	\$438,500	\$315
Machin	\$225,000	\$315
Pickle Lake	\$70,000	\$220
Unincorporated Areas	\$6.25 million	\$555