

Region backs 'revenue neutral' tax shift

By Brock Weir

Regional Councillors have backed a push from municipalities like Aurora and Whitchurch-Stouffville to make any potential shifts in the ratios of tax paid by residential property owners to commercial property owners revenue neutral to homeowners.

Coming out of last week's Committee of the Whole, Mayor Geoff Dawe, Aurora's representative at the Regional table, said he and his fellow Regional Councillors supported the 'revenue neutral' option but there was a degree of concern about what it might do to Regional business.

'For the most part, everyone was in favour,' said Mayor Dawe. 'It was [similar to] the discussion we had at Council, the feeling that we weren't looking to increase residential taxes. There was some concern expressed at Regional Council that it might affect our competitiveness in the commercial world but the advice from staff was we would still be in a pretty good position. From a staff perspective, one of the drawbacks of what we did is it requires an update every year, so a little more administrative work.'

According to Regional numbers, the average tax bill for Aurora residents is \$2,183 per year. Had they gone with a shift putting more of the tax burden on residents, this would ramp up to an annual charge of \$2,208. The revenue neutral option would peg the average tax bill at \$2,141.

Asked if there are any provisions being considered to maintain York Region's competitiveness, he said there are only two options: decrease the tax burden on businesses or put even more energy into recruiting businesses.

'One option is you take the tax ratios and the other is you work at getting more businesses in Town so you spread the load. There is a perspective out there that businesses don't tax the system out there as much as residences. A resident would be using the library, business most likely not. There was some talk about should there be recognition of that kind of factor. You have to have some consideration for the fact that businesses are the economic drivers, whether it is the 7/11 or Magna and everything in between and residents are, quite frankly, the ones using the services. At the same time you want to balance it out, so it is a challenge.'

Before Regional Council met on Thursday morning, Aurora Council had a third go-round on the issue of tax ratios, with Councillor Tom Mrakas questioning what the impacts a revenue neutral option would have on the Regional Capping Pool, which essentially grandfathered tax rates faced by business when the tax structure changed in 1998. He also questioned whether lawmakers would be looking at the tax divide once again if the lofty ' and some might argue inflated ' property values in communities like Aurora suddenly take a 'nose-dive.'

According to Town Treasurer Dan Elliott, businesses still reaping the benefits of the Regional Capping Pool are dwindling and none are expected to be within the system at the end of four years.

'What was to happen was under the status quo scenario there was a large shift from businesses onto the residential,' said Mr. Elliott. 'The revenue neutral option attempts to mitigate that back to where it was. If the non-res class was paying \$40 million in tax in total, they would continue to pay \$40 million this year and not quite a bit less.'

If property values do take that 'nose dive,' Mr. Elliott said they would be looking at those tax ratios once again.

'My belief is that the tax burden by class should not be shifting during a reassessment,' said Mr. Elliott. 'Just because your property value went up by 25 per cent and the non-res went up by 5 per cent shouldn't be a big burden shift. We adjust the rates so that overall everybody is still paying the same total amount of tax and it is just distributed within the class. Allowing it to shift between starts to create unpredictability in your tax bills and so in the event it was going the other way I would be recommending neutrality again.'