

Manitoulin –Sudbury Social Services Administration Board

Constraints on Local Assessment Growth

November 2009

General

During the Phase 2 information gathering for the Board's Strategic Plan, several municipalities expressed their frustration with trying to fund services from a static or declining assessment base. Although this was not a focus of the planning process, it is an important issue because the inability of individual municipalities to increase or maintain their assessment base does impact on their ability to fund the Board's existing services

As a result the following recommendation was included in the Strategic Plan

217- Recommendation: That the CAO develop or secure existing reports on these issues (constraints on assessments) for presentation at a future Board meeting for educational purposes.

The following assessment issues are not a direct concern for the Board. However, it is important that all Board members be aware of the financial constraints under which member municipalities operate. This is particularly important because some constraints only impact on a few of the municipal members. The purpose of this report is not to identify solutions to these constraints but simply to provide information so that all Board members are aware of them. Solutions are best arrived at by individual municipalities and their organizations. However, the Board also needs to be able to communicate to the province the issues which impact on the ability of municipalities to fund provincial initiatives.

Provincial Context

Across Ontario, municipal governments have adopted various strategies to deal with deteriorating municipal infrastructure, their own cost pressures and the costs of the programs downloaded through the Local Services Realignment (LSR) process. One of those strategies has been to promote local development to increase the local assessment base. This has been successful in several jurisdictions and has allowed for cost increases related to LSR and other cost pressures to be offset by assessment increases.

The province has introduced several initiatives which meet provincial goals but may be being achieved at the expense of the local ratepayer. The provincial goals in the areas

of conservation of the environment, support of agriculture, support of forestry and highway public safety can have negative impacts on the local tax base. Those limits also reduce the ability to fund a local share of provincially mandated programs administered by this Board.

Assessment Growth Constraints

The central concern expressed in the Strategic Plan consultations was that in some municipal jurisdictions assessment could not increase significantly or could decline due to constraints placed on development by the other levels of government. The constraints on development were quite different in various parts of this jurisdiction.

The constraints identified were as follows:

Crown Lands

There are huge swaths of crown land in Northern Ontario. Some municipalities are totally surrounded by crown lands and as a result any development must occur within the existing municipal boundaries. Accessing crown land for development is possible but it is a long and difficult process which has not generally been successful in the North.

Ontario Parks and Living Legacy Lands

Park lands and other land set aside by the province or federal governments under various environmental schemes puts considerable land off limits to development. Although there is some funding to offset the impact of these initiatives, the consensus of the municipalities most severely impacted is that the lost assessment exceeds any offsetting funding. This situation has in some case been exacerbated by park management decisions which hurt existing businesses within the adjacent municipalities.

Nature Conservancy Land Transfers

Individuals may transfer title to nature conservancy organizations which effectively removes these lands from the municipal tax base. Not only is the land removed from taxation, the transfer prevents any development of a business or residential nature which would increase the tax base. In some communities, there is growing animosity towards the conservancy community as land is locked out of development to the detriment of the local residents.

Highway Access Restrictions

Presently, only a few municipalities have encountered restrictions on development because it depended on highway access which was denied. However, since most

communities have major highways running through them, this may over time become an increasing restraint on community growth. This concern may impact on many more jurisdictions as the limited access highway system develops in Northern Ontario

Managed Forest Tax Incentive Program

Property owners who apply for and qualify for this program pay property taxes at a reduced rate (25%). This may benefit the individual owners but does shift the remaining tax burden on other residents and businesses.

Farm Property Class Tax Rate Program

Property owners who apply for and qualify for this program pay property taxes at a reduced rate (25%). Although the program does an important public good, by making farming more sustainable, the provision shifts the property tax burden to others. In some municipalities in this jurisdiction, the lack of urban rate payers means the tax burden is in fact returned to the farmers.

Land Claims Disputes

Any dispute which impacts on clear title to land restricts development of that land. Because there are significant First Nations communities adjacent to the incorporated municipalities there are several instances of this in the jurisdiction.