



FAIR AND PREDICTABLE PROPERTY TAXES New Measures Enhance Fairness and Stability

The McGuinty government is committed to an improved property tax system that is fair, predictable and sustainable.

Cutting Business Education Property Taxes

This Budget announces a plan to cut Business Education Taxes (BET) by \$540 million. Over seven years, high BET rates will be lowered to a target maximum rate of 1.60 per cent, which is well below the current average BET rate of 1.85 per cent.

This plan will reduce BET rates in 321 municipalities across the province and for more than 500,000 businesses. The Province's direct transfers to school boards are being increased to ensure that the BET cut will not affect planned increases in overall education funding.

Fair and Predictable Property Taxes

The government proposes to introduce changes to the property assessment system to enhance the fairness and predictability of assessments for property owners. These proposed changes are:

- A four-year reassessment cycle;
- A mandatory phase-in of assessment increases spread equally over four years; and
- Enhancements to the fairness and effectiveness of the assessment appeal system.

The government will consult with its municipal partners and the Municipal Property Assessment Corporation on the implementation details of these proposed measures and related programs.

Timing of Reassessments

The next reassessment is currently scheduled for the 2009 taxation year, based on property values as of January 1, 2008. To provide stability and predictability to taxpayers, the government is proposing that subsequent reassessments be conducted every four years, coupled with a mandatory phase-in program.

Mandatory Phase-In of Residential Assessment Increases

The government proposes to provide Ontario homeowners with an additional level of tax stability and predictability by spreading future assessment increases equally over a four-year period through a mandatory phase-in program, which would complement the proposed four-year assessment cycle. The program would be implemented province-wide in 2009 following the next reassessment. Assessment decreases would apply immediately.

Assessment Appeal System

To improve the fairness and effectiveness of the assessment appeal system, the government is proposing to establish a two-stage process with standardized information disclosure protocols.

Ending GTA Pooling

The government is announcing a plan to phase out Greater Toronto Area (GTA) pooling. For 2007, GTA pooling contributions will be rolled back to 2004 levels. Each subsequent year, costs will be reduced by one-sixth of the 2004 levels until the program is fully eliminated in 2013.

The government will also make provisions to ensure continued financial support for those municipalities currently receiving assistance through GTA pooling. Therefore, as GTA pooling is phased out, the Province will take responsibility for social assistance and social housing costs currently funded under the program. This will eliminate a \$200 million burden from the municipal property tax bases of contributing GTA municipalities while ensuring continued financial assistance for recipient municipalities.

Ontario Property and Sales Tax Credits for Seniors

The Province provides property tax relief for low- and moderate-income individuals and families through the refundable Ontario Property and Sales Tax Credits, delivered annually through the personal income tax system. For 2007, this program is expected to provide an estimated \$740 million in property tax relief to Ontarians who own or rent their principal residences.

The government is proposing to enhance the Ontario Property and Sales Tax Credits for seniors by increasing the senior couples' income threshold for these credits beginning in 2007, which would be determined when the federal government finalizes Old Age Security and Guaranteed Income Supplement amounts for 2007. In 2007, eligible seniors would benefit from an estimated \$97 million in property tax relief as a result of improvements since 2003.

Contact:
Scott Blodgett
Ministry of Finance
416-325-0324