

2023 TAX LEVY AND TAX POLICY SENSITIVITY ANALYSIS

Prepared For:
THE CITY OF ELLIOT LAKE

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Analysis contained in this report is based on the use of tax rates for general local municipal purposes only. Education tax rates have not been included except where explicitly noted.

Discussion and Explanation

Municipal Tax Equity (MTE) Consultants has prepared the property tax models set out in this report as part of supporting the City of Elliot Lake to consider its tax policy and tax levy options for 2023. While alternate tax policy factors have been applied in the generation of this modelling, the following parameters and base data are common to all calculations.

1. All calculations are performed using the assessment roll as originally returned for 2023 taxation;
2. 2023 Start Ratios have been relied upon for the calculation of notional and all *Status Quo* models;
3. A 2023 Revenue Limit of \$12,143,012 has been used to calculate the municipality's 2023 notional levy for general purposes;
 - A 2023 Revenue Limit of \$983,253 has been used to calculate the municipality's 2023 notional levy for the Urban Service Area;
4. Municipal tax calculations, have been calculated based on taxable assessment and revenue only and exclude any Grantable (PIL) assessment and revenue as per the municipality's historic protocols; and
5. Education amounts are not included in any tax summaries unless explicitly noted.

2023 Levy Requirements

2023 target levies have been used in these models and are based on a total taxable revenue requirement of \$13,931,968 broken down as follows:

- \$150,000 is raised by the Central Commercial Special Area Levy (CCA).
- \$12,748,320 by the General Levy; and
- \$1,033,648 by the Urban Service Area (USA) Levy

Tax Model Descriptions

Two separate models have been prepared based on raising the City's revenue targets noted above.

Scenario 1 is based on a status quo policy model, with no changes to tax ratios or class structure.

Scenario 2 is based on reducing the tax ratio for the multi-residential class to 1.770090.

Central Commercial Area SAR: Summary results for the CCA are included at the end of this report.

Scenario 1 raises the City's 2023 revenue requirement with no changes to tax policy.

Tables 1-A and 1-B document the starting, status quo ratios used in this model as well as difference between the City's notional (revenue neutral) tax rates and the model rates. The difference between these two sets of rates represents the 2023 levy increase.

Table 1-A
General Levy Tax Rate Sensitivity

Realty Tax Class	Start Ratios	Notional	Model	Levy Change
Residential	1.000000	0.01888521	0.01982660	4.98%
Managed Forest	0.250000	0.00472130	0.00495665	4.98%
Multi-Residential	1.863000	0.03518315	0.03693696	4.98%
Commercial	1.475000	0.02785568	0.02924424	4.98%
Industrial	1.475000	0.02785568	0.02924424	4.98%
Landfill	1.000000	0.01888521	0.01982660	4.98%
Pipeline	0.700000	0.01321965	0.01387862	4.98%

Table 1-B
Urban Service Area Tax Rate Sensitivity

Realty Tax Class	Start Ratios	Notional	Model	Levy Change
Residential	1.000000	0.00175236	0.00184217	5.13%
Multi-Residential	1.863000	0.00326465	0.00343196	5.12%
Commercial	1.475000	0.00258473	0.00271720	5.13%
Industrial	1.475000	0.00258473	0.00271720	5.13%
Pipeline	0.700000	0.00122665	0.00128952	5.13%

Scenario 1 raises the City's 2023 revenue requirement with no changes to tax policy.

Tables 2-A and 2-B document the notional, revenue neutral levies by class as well as the total levy amounts to raise the City's 2023 levy requirement. The difference shown represents the 2023 levy increase.

Table 2-A
2023 General Levy and Levy Change: Status Quo Tax Policy

Realty Tax Class	General Levy		Levy Change	
	<i>Notional</i>	<i>Model</i>	\$	%
<i>Taxable</i>				
Residential	\$8,632,940	\$9,063,275	\$430,335	4.98%
Managed Forest	\$139	\$146	\$7	5.04%
Multi-Residential	\$1,791,950	\$1,881,275	\$89,325	4.98%
Commercial	\$1,583,720	\$1,662,665	\$78,945	4.98%
Industrial	\$76,097	\$79,891	\$3,794	4.99%
Pipeline	\$58,166	\$61,066	\$2,900	4.99%
Sub-Total Taxable	\$12,143,012	\$12,748,318	\$605,306	4.98%
<i>Payment in Lieu</i>				
Residential	\$5,766	\$6,053	\$287	4.98%
Commercial	\$251,559	\$264,099	\$12,540	4.98%
Industrial	\$6,485	\$6,808	\$323	4.98%
Landfill	\$104	\$109	\$5	4.81%
Sub-Total PIL	\$263,914	\$277,069	\$13,155	4.98%
Total (Taxable + PIL)	\$12,406,926	\$13,025,387	\$618,461	4.98%

Scenario 1 raises the City's 2023 revenue requirement with no changes to tax policy.

Table 2-B
2023 Urban Service Area Levy and Levy Change: Status Quo Tax Policy

Realty Tax Class	Urban Service Area		Levy Change	
	<i>Notional</i>	<i>Model</i>	\$	%
<i>Taxable</i>				
Residential	\$669,544	\$703,859	\$34,315	5.13%
Multi-Residential	\$166,275	\$174,797	\$8,522	5.13%
Commercial	\$136,518	\$143,515	\$6,997	5.13%
Industrial	\$5,519	\$5,802	\$283	5.13%
Pipeline	\$5,397	\$5,674	\$277	5.13%
Sub-Total Taxable	\$983,253	\$1,033,647	\$50,394	5.13%
<i>Payment in Lieu</i>				
Residential	\$50	\$52	\$2	4.00%
Commercial	\$13,260	\$13,939	\$679	5.12%
Industrial	\$469	\$493	\$24	5.12%
Sub-Total PIL	\$13,779	\$14,484	\$705	5.12%
Total (Taxable + PIL)	\$997,032	\$1,048,131	\$51,099	5.13%

Scenario 1 raises the City's 2023 revenue requirement with no changes to tax policy.

Table 2-C shows the total municipal levy change by class, excluding the Central Commercial Area SAR.

Table 2-C
Municipal (General + USA) Levy and Levy Change: Status Quo Tax Policy

Realty Tax Class	General + USA		Levy Change	
	<i>Notional</i>	<i>Model</i>	\$	%
<i>Taxable</i>				
Residential	\$9,302,484	\$9,767,134	\$464,650	4.99%
Managed Forest	\$139	\$146	\$7	5.04%
Multi-Residential	\$1,958,225	\$2,056,072	\$97,847	5.00%
Commercial	\$1,720,238	\$1,806,180	\$85,942	5.00%
Industrial	\$81,616	\$85,693	\$4,077	5.00%
Pipeline	\$63,563	\$66,740	\$3,177	5.00%
Sub-Total Taxable	\$13,126,265	\$13,781,965	\$655,700	5.00%
<i>Payment in Lieu</i>				
Residential	\$5,816	\$6,105	\$289	4.97%
Commercial	\$264,819	\$278,038	\$13,219	4.99%
Industrial	\$6,954	\$7,301	\$347	4.99%
Landfill	\$104	\$109	\$5	4.81%
Sub-Total PIL	\$277,693	\$291,553	\$13,860	4.99%
Total (Taxable + PIL)	\$13,403,958	\$14,073,518	\$669,560	5.00%

Scenario 1 raises the City's 2023 revenue requirement with no changes to tax policy.

Table 3 documents the distribution of the City's 2023 levy requirement by levy, class and geographic zone when status quo policies are applied. This table is based on taxable assessment and revenue only (no PIL) and the amounts include the 2023 levy increase.

Table 3
2023 Levy Model by Zone and Class

Zone / Class	2023 Levy Model		
	General	USA	Total
Urban Zone			
Residential	\$7,575,372	\$703,859	\$8,279,231
Multi-Residential	\$1,881,275	\$174,797	\$2,056,072
Commercial	\$1,544,599	\$143,515	\$1,688,114
Industrial	\$62,440	\$5,802	\$68,242
Pipeline	\$61,066	\$5,674	\$66,740
Urban Sub-Total	\$11,124,752	\$1,033,647	\$12,158,399
Urban Share	87.26%	100.00%	88.22%
Rural Zone			
Residential	\$1,487,903		\$1,487,903
Managed Forest	\$146		\$146
Commercial	\$118,066		\$118,066
Industrial	\$17,451		\$17,451
Rural Sub-Total	\$1,623,566	\$0	\$1,623,566
Rural Share	12.74%	0.00%	11.78%
Total	\$12,748,318	\$1,033,647	\$13,781,965
Levy Split	92.50%	7.50%	100.00%

Share of
Municipal Tax
Carried by
Urban Zone
Taxpayers

Share of
Municipal Tax
Carried by
Rural Zone
Taxpayers

Share of
Municipal Tax
Raised by
General Levy

Share of
Municipal Tax
Raised by
USA Levy

Scenario 2 is based on reducing the multi-residential ratio to 1.770090 to move closer to the residential ratio of 1.0.

Tables 4-A and 4-B document the changes made to tax ratios as well as the impact on tax rates in comparison to Scenario 1.

Table 4-A
General Levy Tax Rate Sensitivity

Realty Tax Class	Ratios and Discounts			Tax Rates with Levy Change		
	<i>Status Quo</i>	<i>Scenario 2</i>	<i>Difference</i>	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Difference</i>
Residential	1.000000	1.000000	0.00%	0.01982660	0.01997360	0.74%
Managed Forest	0.250000	0.250000	0.00%	0.00495665	0.00499340	0.74%
Multi-Residential	1.863000	1.770090	-4.99%	0.03693696	0.03535507	-4.28%
Commercial	1.475000	1.475000	0.00%	0.02924424	0.02946106	0.74%
Industrial	1.475000	1.475000	0.00%	0.02924424	0.02946106	0.74%
Landfill	1.000000	1.000000	0.00%	0.01982660	0.01997360	0.74%
Pipeline	0.700000	0.700000	0.00%	0.01387862	0.01398152	0.74%

Table 4-B
Urban Service Area Tax Rate Sensitivity

Realty Tax Class	Ratios and Discounts			Tax Rates with Levy Change		
	<i>Status Quo</i>	<i>Scenario 2</i>	<i>Difference</i>	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Difference</i>
Residential	1.000000	1.000000	0.00%	0.00184217	0.00185784	0.85%
Multi-Residential	1.863000	1.770090	-4.99%	0.00343196	0.00328854	-4.18%
Commercial	1.475000	1.475000	0.00%	0.00271720	0.00274031	0.85%
Industrial	1.475000	1.475000	0.00%	0.00271720	0.00274031	0.85%
Pipeline	0.700000	0.700000	0.00%	0.00128952	0.00130049	0.85%

Levy Change Included in Scenario 1 and Scenario 2 Tax Rates

It is important to note that the difference in the tax rate between Scenario 1 and Scenario 2 as shown in these tables is a direct result of the tax policy changes being modelled. Both sets of tax rates include a levy change of 4.98% for the general levy and 5.13% for the USA levy.

Scenario 2 is based on reducing the multi-residential ratio to 1.770090 to move closer to the residential ratio of 1.0.

Tables 5-A, 5-B and 5-C document the difference in balance of taxation between Scenario 1 and Scenario 2. As noted in regard to the tax rate impacts, the differences shown in these tables are the direct impact of the policy changes being modelled.

Table 5-A
2023 General Levy Sensitivity

Realty Tax Class	General Levy		Difference	
	Scenario 1	Scenario 2	\$	%
<i>Taxable</i>				
Residential	\$9,063,275	\$9,130,473	\$67,198	0.74%
Managed Forest	\$146	\$147	\$1	0.68%
Multi-Residential	\$1,881,275	\$1,800,707	-\$80,568	-4.28%
Commercial	\$1,662,665	\$1,674,993	\$12,328	0.74%
Industrial	\$79,891	\$80,483	\$592	0.74%
Pipeline	\$61,066	\$61,519	\$453	0.74%
Sub-Total Taxable	\$12,748,318	\$12,748,322	\$4	0.00%
<i>Payment in Lieu</i>				
Residential	\$6,053	\$6,098	\$45	0.74%
Commercial	\$264,099	\$266,057	\$1,958	0.74%
Industrial	\$6,808	\$6,859	\$51	0.75%
Landfill	\$109	\$110	\$1	0.92%
Sub-Total PIL	\$277,069	\$279,124	\$2,055	0.74%
Total (Taxable + PIL)	\$13,025,387	\$13,027,446	\$2,059	0.02%

Due to the fact that the City calculates its tax rates based on taxable assessment and revenue only, PIL amounts are completely dependent variables of that calculation. In this instance, the balanced taxable only calculation does result in an increase in PIL revenue on the general levy and a marginal increase on the USA levy.

Scenario 2 is based on reducing the multi-residential ratio to 1.770090 to move closer to the residential ratio of 1.0.

Table 5-B
2022 Urban Service Area Levy Sensitivity

Realty Tax Class	Urban Service Area		Difference	
	<i>Scenario 1</i>	<i>Scenario 2</i>	\$	%
<i>Taxable</i>				
Residential	\$703,859	\$709,846	\$5,987	0.85%
Multi-Residential	\$174,797	\$167,492	-\$7,305	-4.18%
Commercial	\$143,515	\$144,736	\$1,221	0.85%
Industrial	\$5,802	\$5,851	\$49	0.84%
Pipeline	\$5,674	\$5,722	\$48	0.85%
Sub-Total Taxable	\$1,033,647	\$1,033,647	\$0	0.00%
<i>Payment in Lieu</i>				
Residential	\$52	\$53	\$1	1.92%
Commercial	\$13,939	\$14,058	\$119	0.85%
Industrial	\$493	\$497	\$4	0.81%
Sub-Total PIL	\$14,484	\$14,608	\$124	0.86%
Total (Taxable + PIL)	\$1,048,131	\$1,048,255	\$124	0.01%

Scenario 2 is based on reducing the multi-residential ratio to 1.770090 to move closer to the residential ratio of 1.0.

Table 5-C
Municipal (General + USA) Levy Sensitivity

Realty Tax Class	General + USA		Difference	
	Scenario 1	Scenario2	\$	%
<i>Taxable</i>				
Residential	\$9,767,134	\$9,840,319	\$73,185	0.75%
Managed Forest	\$146	\$147	\$1	0.68%
Multi-Residential	\$2,056,072	\$1,968,199	-\$87,873	-4.27%
Commercial	\$1,806,180	\$1,819,729	\$13,549	0.75%
Industrial	\$85,693	\$86,334	\$641	0.75%
Pipeline	\$66,740	\$67,241	\$501	0.75%
Sub-Total Taxable	\$13,781,965	\$13,781,969	\$4	0.00%
<i>Payment in Lieu</i>				
Residential	\$6,105	\$6,151	\$46	0.75%
Commercial	\$278,038	\$280,115	\$2,077	0.75%
Industrial	\$7,301	\$7,356	\$55	0.75%
Landfill	\$109	\$110	\$1	0.92%
Sub-Total PIL	\$291,553	\$293,732	\$2,179	0.75%
Total (Taxable + PIL)	\$14,073,518	\$14,075,701	\$2,183	0.02%

Table 6 documents the difference in distribution of the City's levy by class and zone under a status quo policy approach (Scenario 1) and Scenario 2. As can be seen, the tax policy change being contemplated has a marginal impact on the geographic distribution of the tax burden.

Table 6
2023 Levy Sensitivity by Zone and Class

Zone / Class	2023 Levy General + USA		Difference	
	Scenario 1	Scenario 2	\$	%
Urban Zone				
Residential	\$8,279,231	\$8,341,384	\$62,153	0.75%
Multi-Residential	\$2,056,072	\$1,968,199	-\$87,873	-4.27%
Commercial	\$1,688,114	\$1,700,787	\$12,673	0.75%
Industrial	\$68,242	\$68,753	\$511	0.75%
Pipeline	\$66,740	\$67,241	\$501	0.75%
Urban Sub-Total	\$12,158,399	\$12,146,364	-\$12,035	-0.10%
Urban Share	88.22%	88.13%		
Rural Zone				
Residential	\$1,487,903	\$1,498,935	\$11,032	0.74%
Managed Forest	\$146	\$147	\$1	0.68%
Commercial	\$118,066	\$118,942	\$876	0.74%
Industrial	\$17,451	\$17,581	\$130	0.74%
Rural Sub-Total	\$1,623,566	\$1,635,605	\$12,039	0.74%
Rural Share	11.78%	11.87%		
Total	\$13,781,965	\$13,781,969	\$4	0.00%

Change in
Share of
Municipal Tax
Carried by
Urban Zone

Change in
Share of
Municipal Tax
Carried by
Rural Zone

Table 7 documents the year-over-year tax change for the urban/rural zones as well and the typical residential property types in each zone.

Urban Zone taxes are comprised of the City's general municipal levy and the Urban Service Area levy. Only the general levy applies in the rural zone.

Table 7
Year-Over-Year Tax Change Comparison – Scenario 1 vs. Scenario 2
(Municipal Levies Only)

Zone / Class	2022 Year End	Net Year-Over-Year Tax Change			
		Scenario 1		Scenario 2	
<i>Urban Zone</i>					
Residential	\$7,885,228	\$394,003	5.00%	\$456,156	5.78%
Multi-Residential	\$1,958,225	\$97,847	5.00%	\$9,974	0.51%
Commercial	\$1,607,777	\$80,337	5.00%	\$93,010	5.79%
Industrial	\$64,993	\$3,249	5.00%	\$3,760	5.79%
Pipeline	\$63,563	\$3,177	5.00%	\$3,678	5.79%
Urban Sub-Total	\$11,579,786	\$578,613	5.00%	\$566,578	4.89%
<i>Rural Zone</i>					
Residential	\$1,417,256	\$70,647	4.98%	\$81,679	5.76%
Managed Forest	\$139	\$7	5.04%	\$8	5.76%
Commercial	\$112,461	\$5,605	4.98%	\$6,481	5.76%
Industrial	\$16,623	\$828	4.98%	\$958	5.76%
Rural Sub-Total	\$1,546,479	\$77,087	4.98%	\$89,126	5.76%
Total	\$13,126,265	\$655,700	5.00%	\$655,704	5.00%
<i>Typical Residential</i>					
<i>Urban Zone</i>					
Single Detached Residential	\$2,156	\$107	4.96%	\$124	5.75%
Townhouse/Semi Detached	\$1,441	\$72	5.00%	\$84	5.83%
Condominium	\$1,054	\$53	5.03%	\$61	5.79%
<i>Rural Zone</i>					
Waterfront Residential	\$4,659	\$232	4.98%	\$268	5.75%

Central Commercial Area SAR

Table 8 provides the assessment, tax rates, and levy amounts for the Central Commercial Area. The roll ranges for this SAR are set out in Table 9 for reference and confirmation.

Table 8
Central Commercial Area – Special Municipal Levy Summary

Realty Tax Class	2023 CVA	Rate	Levy
<i>Taxable</i>			
Residential	2,575,336	0.00656874	\$16,917
Commercial	13,735,664	0.00968889	\$133,083
Sub-Total Taxable	16,311,000		\$150,000
<i>Payment In Lieu</i>			
Commercial	1,467,000	0.00968889	\$14,214
Sub-Total PIL	1,467,000		\$14,214
Total (Tax + PIL)	17,778,000		\$164,214

Table 9
Central Commercial Area - Special Area Roll Range

From	To
57-41-000-005-001-00	57-41-000-005-004-00
57-41-000-005-006-00	57-41-000-005-009-00
57-41-000-005-009-03	57-41-000-005-009-04
57-41-000-005-010-00	57-41-000-005-014-01
57-41-000-005-016-00	57-41-000-005-018-00
57-41-000-005-019-00	57-41-000-005-019-00
57-41-000-005-020-00	57-41-000-005-038-00
57-41-000-005-048-00	57-41-000-005-048-00
57-41-000-005-049-00	57-41-000-005-057-00
57-41-000-005-059-00	57-41-000-005-060-00
57-41-000-005-061-00	57-41-000-005-063-00
57-41-000-005-065-00	57-41-000-005-065-00
57-41-000-005-068-00	57-41-000-005-068-00
57-41-000-005-073-00	57-41-000-005-096-00
57-41-000-005-106-03	57-41-000-005-106-03