



Farmland Assessment and Taxation

Elgin Federation of Agriculture
Taxation Committee Meeting
Aylmer, Ontario
Dec 9th, 2013



Jason Bent & Ben Le Fort
Farm Policy Research
Ontario Federation of Agriculture
519-821-8883



2012 Property Assessment

- MPAC mailed Notices of Assessments showing assessed values as of Jan 1, 2012.
- 1,551 vacant farmland sales occurring between March 2007 to December 2011 were used to determine assessed values.
- Assessment increases will be phased in over the next four years (2013,-14,-15, & 2016)



2012 Farmland Analysis

- The 1,551 vacant farmland sales used to determine assessed values were “Farmer to Farmer” sales.
- Of the 1,551 sales, 239 sales were in the Elgin/Middlesex/Oxford Assessment Region
- Excludes farm property sales:
 - with buildings;
 - of less than 20 acres; and
 - from the urban fringe (example: Halton).



2012 Farmland Analysis

- The 1,551 vacant farmland sales occurred between March 2007 to December 2011.
- Sales were “time adjusted” to the valuation date to reflect inflation in the marketplace.
- Value adjustment applied to farms over 75 acres to account for larger properties being sold for less per acre than smaller properties.

Farm Assessment – Base Rate per Acre Comparison (Prov. Average)

Productivity Class	2008 rate per Ac	2012 rate per Ac
1	\$4,051	\$7,323
2	\$3,429	\$6,665
3	\$2,639	\$5,425
4	\$1,591	\$2,546
5	\$1,105	\$2,003
6	\$ 421	\$1,008





Farm Assessment – Value Adjustment Factor (New for 2012)

Lot Size	Market Adjustment Factor
Less than 75 acres	1.000
75 ac up to 89 ac	1.000
90 ac up to 99 ac	0.984
100 ac up to 109 ac	0.974
110 ac up to 119 ac	0.955
125 ac up to 149 ac	0.940
150 ac up to 199 ac	0.927
200 ac up to 299 ac	0.916
300 ac up to 499 ac	0.883
500 ac and larger	0.842

Farm Class increase has outpaced the Residential Class increase

% Change Tax Class Growth (compared to 4 years ago)

Zone	Farm Class	Residential Class
South West	52.17%	9.34%
Central South	44.95%	11.74%
GTA	41.17%	22.57%
Central North	16.70%	7.32%
East	54.78%	22.33%
North	34.18%	21.82%

Farm Class increase has outpaced the Residential Class increase

**% Change Tax Class Growth
(compared to 4 years ago)**

	Farm Class	Residential Class	Farm increase is (X) times higher than the Res increase
Elgin	51.4%	12.18%	4.02
Wellington	52.01%	12.6%	4.1
Peel Region	74.3%	22.1%	3.4
York Region	25.5%	27.2%	0.9
Simcoe	23.6%	8.7%	2.7

Total 2012 Farm Class Tax Rates in Elgin County

Township	Farm Tax Rate (per \$1,000 of assessment)
Aylmer	4.218
Southwold	2.804
Bayham	3.536
Central Elgin	4.01
Dutton-Dunwich	3.769
Malahide	3.829
West Elgin	3.598



2012 Property Assessment

- To avoid a tax burden shift onto the Farm Class assessment base, municipalities need to set the farm class tax rate at less than 25% of residential class tax rate.

Upper/Single Tier Municipality	Farm Tax Ratio lower than 25% in 2010 year
Durham	20%
Halton Region	20%
Hamilton	20%
Ottawa	20%
Chatham-Kent	22%
North Bay	15%



Tax Burden Shifted onto Farmland if not mitigated in Elgin County (at 2012 Mono farm tax rate)

Taxation Year	Accumulated <u>additional</u> farmland tax collected due to assessment increase if tax rates do not change & ratio remains at 25%:
2013	\$ 647, 540
2014	\$ 1,295,080
2015	\$ 1,942,620
2016	\$ 2,590,157

Farm Class Tax Ratios that would avoid a tax burden shift in Elgin

Taxation Year	Farm Tax Ratio (of Residential)
2012	25%
2013	22.8%
2014	21,1%
2015	19.7%
2016	18.5%

Thank you

