

OFA Commentary: February 24, 2017

OFA addressing skewed farm tax ratio with municipalities

By Peggy Brekveld, Vice President, Ontario Federation of Agriculture

Rural municipalities across the province are feeling the squeeze of funding shortfalls. Changes in provincial funding programs, boundary amalgamations and rising infrastructure costs are among the many causes of strained municipal budgets. These monetary concerns are leaving municipal councils looking around for other funding sources, and that puts a lot of pressure on the property tax system.

The 2016 Municipal Property Assessment Corporation (MPAC) notifications saw an average rise in residential values by approximately 12% and a spike in farmland values by as much as 120% in Ontario. That's a huge revenue potential for tax dollars for municipalities looking for much needed funds. However, this presents cost challenges to our farm businesses and skews the tax burden to farms. That is why the Ontario Federation of Agriculture (OFA) has been advocating for increased funding to municipalities for years and continues in earnest today, especially with the upcoming provincial budget.

One of OFA's biggest challenges right now is working with rural municipalities across Ontario to help them understand the implications of the new MPAC assessments. As property values go up, taxes rise. Ontario farmers are dealing with a significant shift in tax dollars paid on farmland compared to commercial or residential taxes.

OFA and our members across the province understand the importance of proper funding to maintain healthy communities. We all need sound roads, bridges and waterways, schools and hospitals for our rural communities and access to necessary social services. Our members and others working in Ontario's agriculture and agri-food industry make up much of the rural community population living in municipalities.

The disproportionately higher rise in farmland values means farmers will be contributing a higher proportion of taxes to their municipalities unless municipalities reduce the farmland tax ratio to less than 25% of the residential rate. The tax legislation anticipated this potential disparity and allows municipalities to make that reduction to better balance the tax burden.

OFA is reaching out to many rural municipalities across the province to help them understand the farm tax ratio and the implications of setting farm tax rates.

Ontario farmers must be competitive to stay in business. That means keeping our input costs, expenses and taxes at reasonable rates. Rural communities depend on farmers as members of the community, employers, economic contributors and neighbours. OFA understands the restrictive funding situations many municipalities are facing and will continue to work with municipal leaders to secure needed funding to avoid punitive farmland taxation.

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