

CORRECTION RE NEWS BRIEF #101

NEWS BRIEF #101, dated May, 1966, incorrectly interpreted questionnaires returned from Hamilton and Vancouver. The corrected figures in the Table should read:

	MILL RATES			EFFECTIVE ANNUAL TAX PER \$10,000 OF SALE VALUE			TAX/RENT INDEX
	Non- Resid.	Apartment	Home	Non- Resid.	Apartment	Home	
Hamilton	78.4	71.3	71.3	\$368	\$335	\$250	8.18
Vancouver	49.3	49.3	49.3	232	227	227	3.49

million. This represents 21.6% of the \$2.51 billion total City assessment. Even one year increases are impressive (see Table II). Of the \$96.5 million assessment increase in 1966 over 1965, \$36.8 million (38.1%) was exempt and \$59.7 million (61.9%) was taxable. Taxable assessment increased by 3.1% while exempt assessment rose by 7.3%.

Exempt properties (other than the partial exemptions mentioned above) can be divided into three categories, depending upon the reasoning behind the granting of tax exemption:

TABLE I

<u>CATEGORY</u>	<u>AMOUNT OF EXEMPTION IN TORONTO CITY</u>	<u>%</u>
(1) Municipal and Related Agencies	\$196,319,503	36.4%
(2) Other Levels of Government and Related Agencies	150,559,698	27.8
(3) Institutional, Non-Profit, Service and Related	193,970,385	35.9
TOTALS	\$540,849,586	100.1%

It is generally agreed that to tax Category (1) properties would be senseless since, in effect, the municipality would be taxing itself. Category (2) properties, belonging to senior levels of government and to other governmental agencies, will make in lieu of tax payments amounting to an estimated \$8,405,000 in 1966. Thus it is Category (3) which is getting increased public attention (see Table II for breakdowns). Instead of receiving direct grants based upon need and worth, properties in this Category receive indirect subsidies through exemptions based upon the value of realty they hold.

Assuming that the value of Category (3) exemptions is equal to what would otherwise be taxable values, by applying the 1966 residential mill rate (less in lieu of payments), we arrive at the following 1966 tax loss involved:

$$\$193,970,385 \times 79.95 \text{ mills} = \$15,507,909 - \$26,000 = \underline{\$15,481,909 \text{ TAX LOSS.}}$$

NEWS BRIEF



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June 1966. #102

PROPERTY TAX EXEMPTIONS--EROSION OF THE TAX BASE

Considerable attention is being directed to the continuing increase in tax exempt property and the additional burden thus placed on non-exempt properties. The magnitude of this problem can be appreciated by examining the situation in the City of Toronto.

Exclusive of \$41.6 million in partial exemptions granted to low-value dwellings (down from \$71.1 million in 1956), 1966 exemptions were \$540.9 million. This represents 21.6% of the \$2.51 billion total City assessment. Even one year increases are impressive (see Table II). Of the \$96.5 million assessment increase in 1966 over 1965, \$36.8 million (38.1%) was exempt and \$59.7 million (61.9%) was taxable. Taxable assessment increased by 3.1% while exempt assessment rose by 7.3%.

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TABLE II

CITY OF TORONTO TAX EXEMPT PROPERTIES--THE RECORD OF GROWTH IN ONE YEAR

Category and Classification	No. of Properties		Increase (Decrease)	Exemptions		Increase (Decrease)
	1965	1966		1965	1966	
(1) City Properties and Parklands	833	859	26	\$74,282,729	\$84,624,396	\$10,341,667
(1) Bd. of Ed. & Separate Schools	187	183	(4)	78,292,207	80,372,926	2,080,719
(3) Universities ^(a)	171	201	30	61,703,697	63,884,496	2,180,799
(3) Hospitals	43	44	1	52,418,539	57,570,684	5,152,145
(3) Religious Institutions	578	585	7	45,927,153	50,227,097	4,299,944
(2) Crown Properties--Ontario ^(b)	87	103	16	35,560,700	41,873,703	6,313,003
(2) Metro Properties and Parklands	487	435	(52)	30,114,137	32,310,514	2,196,377
(1) Toronto Harbour Commissioners	158	159	1	29,823,614	28,160,369	(1,663,245)
(2) Crown Properties--Canada ^(c)	42	45	3	24,496,705	24,698,899	202,194
(2) Canadian National Exhibition Grounds	10	7	(3)	17,073,550	17,943,100	869,550
(2) T.T.C. Subway Substructures	131	253	122	14,082,064	16,257,019	2,174,955
(2) Ontario Hydro ^(d)	53	66	13	7,206,042	7,264,718	58,676
(3) Burial Grounds	9	11	2	5,529,977	6,384,066	854,089
(3) Independent Educ'l. Institutions	28	29	1	4,746,587	4,766,137	19,550
(2) Provincial Agencies ^(b)	21	22	1	4,677,937	4,663,447	(14,490)
(3) Service and Welfare Agencies	59	61	2	3,823,440	4,286,978	463,538
(2) Provincial Institutions	23	17	(6)	3,284,290	3,366,901	82,611
(3) Recreational Agencies	21	18	(3)	3,251,519	3,262,645	11,126
(1) Toronto Library Bd.	18	19	1	2,438,214	3,161,812	723,598
(3) Cultural Institutions	6	7	1	2,741,155	3,053,615	312,460
(2) Federal Agencies ^(c)	4	4	-	1,513,575	1,518,650	5,075
(2) Foreign Governments	4	6	2	600,770	641,070	40,300
(3) Sundry Non-Profit Organizations	18	15	(3)	480,568	534,667	54,099
(2) Other Municipalities	8	8	-	21,677	21,677	-
TOTALS	2,999	3,157	158	\$504,090,846	\$540,849,586	\$36,758,740

(a) In lieu of tax payments estimated to total \$ 26,000 in 1966
 (b) In lieu of tax payments estimated to total 2,625,000 in 1966
 (c) In lieu of tax payments estimated to total 2,180,000 in 1966
 (d) In lieu of tax payments estimated to total 3,600,000 in 1966
\$8,431,000