

# Proposals sound but caution urged

Proposals for property tax reform in Ontario are "sound and will meet the stated objectives," a report prepared by Halton Region treasurers says.

But the five treasurers, one each from area municipalities and from the region, also urge cautious optimism because analysis of specific proposals "is difficult because of the lack of detail supplied."

The six-page report, presented to the regional administration committee last week and subject to ratification at regional council today (Wednesday), was presented to the commission during public hearings held in Brampton last week.

Region treasurers said they "feel that the shift of the tax load within the residential category will in many instances be quite dramatic, particularly in those areas where no form of reassessment has occurred in recent years."

The commission's stated objectives which were contained in the provincial budget brought down in April are:

- to establish an appropriate distribution of

tax burden among classes of real property;

- to achieve a more neutral business assessment rate; and
- to broaden the local tax base by removing exemptions.

"While the tax reform proposal makes reference to a phasing in of the tax change occurring over a number of years, ... (this will) undoubtedly be one of the major problem areas unless handled extremely carefully," the report says.

Regional treasurer Don Farmer said the full extent of the tax shift in Halton will not be realized until new assessment figures are available from the province. Those figures, he added, should be released sometime this week.

"We have made a specific comment in our brief," he said, "and we understand this request has been made in other similar circumstances and has always been favorably received by the commission, that we be permitted to file an additional brief after we receive our assessment figures and apply the recommendations to these figures."

The administration committee last week approved the draft report subject to ratification by regional council today (Wednesday).

Committee members also wish further information on the report's recommendation for exemption of property held by charitable and non-profit organizations.

"It is expected that taxing lodges, clubs, and associations could mean the municipality will receive more requests for grants and could have the effect of reducing the benefit of the tax," the report adds.

"We can foresee this creating much difficulty and extra work at budget times for local councils."

The report also questions whether the net effect of provincial reforms may be a reduction in the amount of grants available. This may adversely affect school board programs for acquisition of future school sites, which would be taxed while laying vacant.

"Although taxes paid by school boards may be allowed as a subsidizable expense, it may mean little or no increase in overall grant, particularly with the trend toward establishing ceilings on grants."

Halton Region is also concerned about the effect on tuition fees charged by private schools taxed under the proposal.

Business taxes as now levied are in many cases "difficult to collect and administer," the brief states, adding that all business properties, be taxed at 150 per cent, 100 per cent for property and 50 per cent for business taxes."

"We feel it not inequitable to the owner to be responsible and that the business tax can be included in the rental rate as is the property tax."

The provincial proposal to raise business taxes to 50 per cent could "raise the cost of essential goods through an increased tax load while reducing the tax load on such non-essential products as those produced by distilleries, for example."

The report cautions that retail business taxation under the single rate would increase to 50 per cent from 30 per cent while the rate for distilleries would decrease to 50 per cent from 140 per cent.

Halton is also concerned over proposals to tax golf clubs at 100 per cent of market value which "could force many to cease operating and to develop land, particularly when the course has become surrounded by urban development."

Halton also expresses concern over the comparison of tax revenues shown by a test in Niagara Region. The brief states: "The information given from Niagara Region is very limited and gives only the supposed increase in revenue."

The brief also labels "misleading" the provincial estimate of \$15.2 million greater than the present tax levy when proposed reforms are used.

"While theoretically correct, it does tend to be somewhat misleading as the overall sources of revenue have not increased to any extent as they are offset by reduction of provincial grants in other areas, increased school costs, and possible increases in municipal budgets for such expenditures as grants to charitable organizations."

Proposals for recovery of provincial taxes paid on farms over the past 10 years are not definitely stated in the provincial budget and several questions remain unanswered, the brief adds.

The Halton brief poses the questions: on what basis is an adjustment for possible tax recovery made at the time of sale of a farm? And, is it possible that a land holding developer could be given a "substantial free tax gift?"



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## "Lien on property inevitable," Esquensing spokesman charges

A spokesman for the South Esquensing Landowners Association charged Thursday that provincial proposals for property tax reform on farmland "looks like a lien on property is inevitable."

Rodney Pinkney, speaking for the 70-member organization, told the commission on property tax reform last week that between the federal government allowing food imports and the provincial government "trying to extract our lands from us... farmers are caught in a double bind."

He charged the provincial government with striding toward socialism in its proposal to make farmers liable for back taxes over a 10 year period, plus any accrued interest, if the land is sold for purposes other than agriculture.

Several farmer groups appeared before the commission during its sittings in Brampton and without exception criticized the commission for holding hearings during the busiest time of the year.

A commission spokesman said the appearance of all rural interest groups made the hearings the most lively of any of the previous 12 sittings.

Mr. Pinkney said it is "political licence" to call what comes from liens on property a "tax reform."

"To place a permanent major lien on Ontario farmlands is a major step to socialism," he said.

reviewed tax structure and the subsequent effect on rights of ownership.

Tom Foster questioned also the concept of taking market value as a tax basis for land. He said there is no relationship between the value of land for agriculture and market value.

HFA is meeting with the commission in Kitchener, Oct. 1, where it will file a formal brief. The HFA is also meeting with its parent organization, the Ontario Federation of Agriculture, on the questions raised by tax reform.

Commission chairman Willis Blair stressed that the 50 per cent rebate paid for farm taxation will remain, but there will be no elimination of the land speculation tax.

DIFFERING ASSESSMENT

He said that consideration will be given to assessment of houses on lots differing from countryside to town. Farm homes do not have amenities like water and sewer that town homes do," he said.

Out buildings and barns will be defined as farm, Mr. Blair said.

Mr. McQuaid said the method of assessing market value on a farm's worth is "inadequate."

"The anticipated economic return would depend on the individual's capabilities, management, attention to farming, the intensification of the farming operation, the financial support the prevailing interest rates and even the extent of the repayments," he said.

"It would also be related to the amount of productive land and the market conditions," he added.

STROKE OF PEN

He warned that should the proposal for back taxation be applied to sale of farmland then it becomes "a mere stroke of the pen to eliminate the 10 year recapture period or to provide that the recapture (of back taxes) takes place upon a sale even to another farmer instead of the cessation of farming."

As Ontario farms are at a "significant competitive disadvantage in relation to

imported foodstuffs," Mr. McQuaid said, "farms cannot afford to be taxed on the basis of values which are irrelevant to farming use."

His association objects to the suggestion that in valuing farm residences one deems an artificial land severance to have been accomplished when in fact it does not exist.

"By such a device the actual value of the total property would be significantly exaggerated where a farm is located in the shadow of urban development," Mr. McQuaid said.

"Having regard to the strict provincial policy on respect to indiscriminate land severances, the farm and the farmers would be severely penalized," he added.

LACK OF INFORMATION

Mr. Pinkney said the government is not providing enough information on taxation to the public and urged caution of "people bearing gifts" the impression given by the proposals being debated by the commission.

Mike McQuaid, a spokesman for the 200-member Mayfield Landowners Association termed the government move regressive and "could easily be the first step to locking farmers into their farms in a manner akin to the serfdom of the Middle Ages."

Halton Federation of Agriculture (HFA) representatives questioned the purpose of the

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BOOKWORMS Donna Brown and Susan Mason received outstanding honors in Owl magazine. Pictured centre is head of Georgetown Library's Summer Reading Olympics, Donna read 44 books while Susan tied with Mike Long for finishing the quota of 12 books first. Each receives a subscription to Owl magazine. Pictured right is head of Georgetown library's children's department Wendy Egerton.

## Norval farmer urges productivity taxation

Farmers should be taxed on their productivity like the rest of society rather than on the amount of land they hold, a Norval landowner and part-time farmer told the property tax reform commission Thursday.

Peter Branch also said that multiple family dwellings should be taxed on a "family unit basis."

"The second or more family escapes paying services, especially school tax," Branch said. "Each family unit should pay their fair share of taxes."

Branch questioned that applying market value to agricultural land would provide a realistic value of any particular farm's economic operation.

"I suggest that market value be removed from the recommendation and substituted by the term 'productivity value,'" Branch said. "Rather than a fixed land and buildings value tax base," the simplest and most easily administered system is to assess farm tax on the productivity of the enterprise through an income tax or business tax."

Like many other farmers, Branch, who with his wife has a 50 head cow-calf operation and 200 head of sheep and raise all their own feed on about 120 acres, is opposed to the provincial government paying any share of farm property taxes.

A provision of the property tax reform would have the farmer make payable to the government all the taxes paid up to ten years plus interest if the land is sold for use other than agricultural.

Farmers say that in ten years that would amount to the government owing the farms. It is "most unfair and unjust," Branch said. "Where else does society impose a condition which may be beyond the owner's control, and yet he has to pay?"

Branch said he was not opposed to the principle of property tax reform but to its conditions and administration.

"Farming and its production of food and fibre has reached the epitome of frustration for those engaged in actively working the land," Branch said.

Greater concern must be shown to the farmer's problems, especially taxation, "if Ontario farmers are to continue to produce an abundance of high quality cheap food, at times below a realistic cost of production."

Branch also told the commission that as long as farmers must deal with four levels of government and several hundred groups within governments, "the issue of agriculture will never be settled. Agriculture in Ontario and Canada needs one policy and one agency," he said.

The problem of a productivity tax, Branch told the commission during a question period, is that it would vary from farm to farm. In order for a farmer to pay for services, such as fire and police protection, roads and schools, there may have to be a base tax as well as a productivity tax, Branch said.

However, education tax should not be based on land although other services are, Branch said.

Education tax should be based on family units rather than dwellings, Branch said.

## Need info: board

The Halton board of education plans to prepare a brief on the government's proposed tax reform which would force school boards to pay property taxes, a board spokesman said Monday.

Superintendent of property, Bruce Lindley said they were waiting for detailed information from the ministry which they wrote away for ten days ago.

After the board has an opportunity to analyze the properties in Halton involved and its assessment, Lindley said they will compile a report to submit to the commission at their October meeting in Hamilton.

"We're still trying to find out what it all means," said Lindley. "Right now there is not enough information released to form an opinion."

The issue of making school boards pay property tax did not surprise Lindley because he said: "It has been under consideration by the province for about four years."

Halton Separate School Board Director Cliff Burns was unavailable for comment Monday and Tuesday.



## A RECORD? WELL, IT'S GOTTA BE CLOSE

GLORIA SARGENT holds what may just be a record size cauliflower grown in her Caledon garden. Mrs. Sargent received the seeds for the plant from her mother, Mrs. Antonio Zillo of Terra Cotta and grew six normal size cauliflowers in her garden in addition to the one displayed above which weighs 10 pounds, 14 ounces. It has a diameter of 14 1/2 inches and the stock of the plant is 2 1/2 inches across. This was Mrs. Sargent's first attempt at growing cauliflower and she fully expects to be eating it come the spring.

## Loss of volunteers claimed if non-profit groups taxed

An adverse effect on the quality of life in some communities would be the result of one of the Ontario government's proposed reforms of the property tax system, the commission heard last week in Brampton.

Briefs from the Boy Scouts of Canada and the Burlington Family YMCA were delivered which emphasized the difficulties organizations dependant on volunteers face in having to pay or apply annually for a grant to relieve taxes.

In Ontario about 30,000 volunteers provide annually about nine million hours of time to 100,000 Boy Scouts of Canada, said Don M. Deacon of the provincial council of Ontario Scouts.

If scouting and "all the services of the numerous agencies were to be taken over by the government, there would undoubtedly be a vast increase of costs for the same service," he said, "and it is questionable if they could be delivered with the same efficiency and effectiveness as is supplied by the dedicated volunteer at no cost to the community."

Volunteers whose efforts had to be directed to fundraising or negotiating with councils for tax relief would not likely remain long in the organization if they came originally for involvement with the youth, Deacon told the Herald outside the meeting room.

The Boy Scouts recommended the government provide for assessment of property to 30 or 35 per cent, sufficient to pay for protective or property services, that the provincial government provide grants to municipalities to cover the property services and that if any scouting and other similar agencies holding property are to be taxed, the provincial government pay the tax on these properties.

The Burlington Family YMCA director David R. Vickers told the commission that outside of an increasingly difficult annual grant to get out of council the organization had only membership and program fees and a possible grant from the United Way to meet rising costs.

Increased costs through taxation and decrease in grants means volunteers "will be gradually forced into working with only those that can afford the services rather than providing services for all the people of our community."

## Millions saved in taxes by separate, private schools

Dufferin-Peel separate school board chairman Robert Hall says the economy and education system can be best served by retaining tax exemption for private schools.

Millions of dollars annually are saved by the government and property tax payers because thousands of Ontario students are educated at private expense, Hall said.

He told the property tax reform commission that should the school boards be forced to pay property tax then grants should be made available to cover the tax.

A brief prepared by the Peel board of education said that "if school boards are to retain autonomous characteristics and accompanying responsibility, then a share of the cost must come from the local taxpayer."

"The impact on the local taxpayer is disguised if the source of our revenue is essentially derived from the province in the form of grants," the report says.

Peel education officials also noted taxation could result in reduced program content improvements.

"Given the nature of ceilings on grants and other controls, we are sceptical there will be adequate relief from the increased costs," the board believes.

Tax reforms also threaten the use of schools as community focal points for such activities as senior citizen centres, church services and wedding receptions, the brief adds.

Mr. Hall added that the distribution of taxes to school boards on any basis other than enrollment is not consistent with the 1863 Separate School Act in force at the time of Confederation.

He said the government's reforms would generate less taxes for separate school than for public school boards which "would immediately place separate school boards at an even greater tax levy disadvantage."

Mr. Hall suggested either pooling corporate assessment and sharing on the ration of



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