

Report to CAPTR and WRAFT Membership

November 2007

Election Results

The Ontario election outcome, from the point of view of property tax reform, was disappointing to say the least. Even a minority government would have given us a good shot at getting an assessment cap in place. We had hoped that the range of positions taken by the three major parties would have made property tax reform an important election issue. Unfortunately religious school funding pushed our issue and many others right off the election agenda. With a Liberal majority and their belief that they have dealt with reform by the combination of the four year phase-in and seniors grant, it is going to be a challenge to make real progress in the year ahead.

Continuing the Fight

Despite the election outcome we will continue our efforts and believe that the upcoming assessment, covering the three year period 2005 through 2007 will represent yet another opportunity to demonstrate the critical need for reform. Property owners will receive their 2008 assessments beginning next September. Given the strong real estate markets throughout many parts of Ontario over the past three years there is no question that there will again be a huge disparity in assessment hikes which will result in major tax increases for hundreds of thousands of property owners and massive shifts in tax load from one area to another. So we have our work cut out for us.

Fundraising

One piece of good news is that we have been more than successful in this summer's fundraising effort to raise \$100,000 from the WRAFT membership and our CAPTR partners. We have substantially exceeded that goal and contributions are still coming in. This means that we will be able to continue our efforts to achieve meaningful reform to the property tax system over the coming year. It also is our real show of support from our membership. We are attempting to thank each of our donors by letter but if we missed you please accept our thanks.

Progress to date

What have we achieved to date?

- Property tax reform came to the forefront with the issuance of the Ombudsman's report in the spring of 2006. We had input into that report and helped to raise concerns about the impact of assessment increases which led a few months later to an announcement by the government of a two year freeze on assessments.

Extensive discussions continued between Finance staff and WRAFT/CAPTR representatives. In the government's 2007 budget, legislation was introduced to return to a four year assessment cycle with a four year phase-in of resulting assessment increases. We calculate that the combination of the freeze and the four year phase-in will produce for waterfront property owners on average a one-time saving of 25% of their tax bill. The Seniors Grant announced by the Liberals during the election campaign is a tacit acknowledgement of the hardship caused by the current tax regime.

- Both opposition parties have been calling for significant reform, the PC party an annual 5% cap on assessment increases and the NDP a freeze on assessments until sale of the property. We have had a considerable input into establishment of these policies.
- We have established our credibility with all major political parties as well as with the senior journalists following activities at Queens Park.

Looking ahead

What are our plans for the next year? It is our intention to continue to lobby for a cap on assessment increases. In our view the four year assessment and phase-in cycle does not deal with the volatility which remains the major flaw in Ontario's assessment-based property tax regime. We see four periods over the next year and a half when there will be opportunities to raise the issue with the media, the government and the public:

- At present there is some media interest in property tax reform as one of the outstanding issues to be dealt with by the Liberal government
- a report on municipal tax is due early in 2008 and will again highlight problems with the property tax regime and in particular the downloading of social service costs onto the property tax bill.
- issuance of assessment notices next fall will raise serious concern once again about the current system's volatility and the general concern with the assessment process
- receipt of tax bills in 2009 will drive the message home again

Please watch our websites www.wraft.com and www.captr.org to keep up to date on our efforts and again thanks for your support.

Cliff Hatch
Chairman WRAFT

Bob Topp
Chairman CAPTR