



Meeting Date: December 20, 2023

Submitted by: Melissa Kopal, Manager of Finance, Tiffany Farrell, Director of Corporate Services

Report No: CPS-59-2023

Subject: Farm Forestry Exemption

Recommendation:

THAT Report CPS-59-2023, the Farm Forestry Exemption be received for information.

Purpose:

The purpose of this report is to provide Council with updated information relating the change to legislation in 2023.

Background:

The Farm Forest Exemption (FFE) is a tax exemption designed to protect wooded areas. Farmers with a farm property or farm property holdings with wooded areas not used directly in the farm operation may qualify for the FFE.

Previously, the tax exemption applied to one acre of forested land for every 10 acres of farmland and could not exceed 20 acres in any one municipality. Effective January 1, 2023, the acreage maximum increased from 20 to 30 acres to keep pace with the growth of farm sizes.

The changes were enacted with the Bill 43 amendment to section 3(1)19 of the Assessment Act to allow the Minister of Finance to prescribe a higher number of acres. O. Reg 230/22 was filed to increase the acreage maximum per farm property owner in a municipality from 20 to 30 acres.

Analysis:

In July 2023, staff processed 181 adjustments from Municipal Property Assessment Corporation (MPAC). Ninety percent of the adjustments were credits that were applied to the residents' final tax billing. Ten percent of the adjustments were balances owing. The balances owing was either from MPAC correcting assessments on affected properties or a change in allocation of exemption between multiple properties.

Staff included an insert explaining the adjustment and referred any further questions regarding assessment values to MPAC.

Financial Implications:

The amount of taxes written-off due to change in legislation in 2023 is \$5,939.07. The municipal portion of this amount is \$3,118.55, the County will assume \$2,081.84, and school board will assume \$738.68. These reductions will be indefinitely or until legislation changes.

In 2024, the Assessment Roll will be reflective of the new legislation and assessment values will be reported as an Exempt (E) property class. The assessment increase amounts to \$6,364,200.

Also in 2024, MPAC is reporting the old legalisation (first 20 acres of farmland) as an E property class. The assessment increase amounts to \$25,274,100.

In total, the E property class on the Assessment Roll in 2024 is \$31,638,300 for FFE.

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government

Staff have prepared this report in order to provide this information to Council and the public to be open and transparent, therefore it responds to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

Attachments:

N/A