2016 Budget

Tax Rate Scenarios

Taxation / Assessment Information

The significance of this chart is to illustrate the two most common methods of presenting the increase or decrease that residential taxpayers may see on their tax notices.

First is the "Municipal Tax Rate". The tax rate is calculated by dividing the Total Municipal Expenditures by the Total Municipal Assessment which is the weighted Current Value Assessment. The Tax Rate increase is the increase in the Residential rate applied to the assessment of the property. It does not directly reflect the increase or decrease in the taxes that the property owner will pay. For 2016, residents could see a 0.62% decrease in their residential tax rate.

The second method is using the increase or decrease in Total Municipal Expenditures. I have referred to this as the Tax Levy and defined it as the overall amount of money that must be raised through taxes to meet the expenditures of the Corporation. This figure also does not directly reflect the increase or decrease in the taxes that the property owner will pay. For 2016, the total expenditures of the Town will increase by 3.38%. Due to the increase in the Town's total assessment value, the impact on the taxpayer will be lessened.

	TOWN OF COLLINGWOOD		
	2015	2016	% Change
Municipal Operations	27,595,013	28,531,764	3.39%
Municipal Capital	158,000	160,000	1.27%
Total Municipal Expenditures	27,753,013	28,691,764	3.38%
Municipal Tax Rate	**0.0074985**	**0.0074482**	**-0.62%**
Assessment	3,701,163,094	3,850,217,493	
$$ Change		149,054,399	
% Change		4.03%	

The following tables provide the calculations for four (4) different **tax rate** scenarios. In all cases:

- the average assessment for residential properties is $277,903;
- the average increase in phase-in assessment is $5,412; and,
- the increase in tax dollars for a residential home owner is the **town portion only**.

The Canadian Consumer Price Index for December 31st, 2015 is 1.6% and the corresponding Provincial index is 1.7%.

Scenario 1

This option represents the current situation. There would be no changes to the budget that is presented to Council; no unmet needs would be considered; and, the tax rate would decrease 0.62% from the 2015 rate of 0.74985% to 0.74482%.

Scenario 1

Current Levy	$28,691,764	
Effect on the **Tax Rate**	**(0.62%)**	Decrease
Funds available for Unmet Needs	**$0.00**	
Effect on the average property		
2015 Actual Taxes	$2,043.26	
2016 Proposed Taxes	$2,070.93	
Total Tax Increase	**$27.67**	
This increase is comprised of		
Increase due to phase-in assessment	$40.33	
Reduction due to tax rate decrease	**($12.66)**	
	$27.67	

It may appear a little confusing to say that there is a decrease in the tax rate yet the above scenario indicates there is actually an increase in the taxes to be paid. The increase is a direct result of the phase-in assessment ($5,412 x 0.74482%).

Scenario 2

This option increases the tax rate to be equal to the 2015 tax rate. Maintaining the tax rate allows for an additional $180,000 in spending to occur. Council will have the opportunity to review departmental unmet needs and determine which items should be included in the 2016 budget.

Scenario 2

Tax Levy	$28,871,764	
Effect on the **Tax Rate**	**0.00%**	No Change
Funds available for Unmet Needs	**$180,000**	
Effect on the average property		
2015 Actual Taxes	$2,043.26	
2016 Proposed Taxes	$2,083.92	
Total Tax Increase	**$40.66**	
This increase is comprised of		
Increase due to phase -in assessment	$40.58	
Increase due to tax rate change	$0.08	
	$40.66	

This is the staff recommended alternative for the following reasons:

- The Bank of Canada revised growth estimate is 1.4% excluding any potential gains due to the fiscal stimulus expected in the Federal budget. In the Monetary Policy Report of January 20, 2016 the Bank of Canada “focused mainly on the implications of lower prices for oil and other commodities for Canada and for monetary policy. This shock is complex because it sets in motion several forces: Canada earns less income from the rest of the world, our resource sector begins to shrink, the Canadian dollar depreciates, and the non-resource sector expands”.
- A declining dollar which, while gas prices have fallen, will lead to increases in imports and particularly in the cost of fresh fruits and vegetables imported from the US;
- Specifically related to Collingwood, the lack of snow prior to Christmas resulted in less seasonal employment for those working in the ski/tourist related businesses; and,
- Our taxes, water and wastewater rates are already in the high range of municipalities in the province. This increase allows the Town to keep up with service demand while limiting the effect on those who will pay for it.

Scenario 3

This option is based on a 1% increase to the 2015 tax rate. Raising the tax rate allows for an additional $468,718 in spending to occur. Council will have the opportunity to review departmental unmet needs and determine which items should be included in the 2016 budget.

Scenario 3

Tax Levy	$29,160,482	
Effect on the Tax Rate	**1.00%**	Increase
Funds available for Unmet Needs	**$468,718**	
Effect on the average property		
2015 Actual Taxes	$2,043.26	
2016 Proposed Taxes	$2,104.76	
Total Tax Increase	**$61.50**	
This increase is comprised of		
Increase due to phase -in assessment	$40.99	
Increase due to tax rate change	$20.51	
	$61.50	

Scenario 4

Scenario 4 is based on an increase in the tax rate to reflect the increase in the Canadian Consumer Price Index of 1.6%. This increase would allow for an additional $639,718 in spending to occur. If we were to use the Provincial Consumer Price Index of 1.7%, further spending of $29,331 would result and the potential increase in taxes for the average property would be $75.96. Council will have the opportunity to review departmental unmet needs and determine which items should be included in the 2016 budget.

Scenario 4

Tax Levy	$29,331,482	
Effect on the Tax Rate	**1.60%**	Increase
Funds available for Unmet Needs	**$639,718**	
Effect on the average property		
2015 Actual Taxes	$2,043.26	
2016 Proposed Taxes	$2,117.10	
Total Tax Increase	**$73.84**	
This increase is comprised of		
Increase due to phase -in assessment	$41.23	
Increase due to tax rate change	$32.61	
	$73.84	