

WINDSOR-ESSEX REGIONAL Chamber of Commerce

CITY OF WINDSOR TAX POLICIES

ISSUE:

The industrial and commercial tax burden for businesses operating in the City of Windsor is far above the average for Ontario. In 2010 the City of Windsor adopted Council Resolution CR170/2010 as part of its tax policy, acknowledging the disparity in residential vs. non-residential tax allocation. The resolution was not fully implemented.

BACKGROUND:

- Council Resolution CR170/2010, adopted as part of 2010 tax policy (quoted above) acknowledged the disparity in residential vs. non-residential tax allocation. It was referenced in Office of the City Treasurer - Finance Report (#15133 AF2011) to City Council, dated April 14, 2010.

The resolution stated “that administration (Finance Department) work in concert with various non-residential sector groups to develop a 3 to 5 year plan to reduce multi-residential, commercial, shopping center and industrial taxes to address the city’s competitive challenges and the need to create private sector jobs, with models to come forward for the 2011 budget year.”

- The comparative tax burden by assessment class reported by BMA Management Consulting Inc. for Ontario municipalities with populations over 100,000.00 is attached.
- In 2011, City of Windsor residential tax payers paid approximately 57% of the total taxes, although the total residential assessment is approximately 72% of total assessment. (See page 8 of City of Windsor Report for 2011 Returned Assessment Values) Is it beneficial to do a study of best practices for North America, in comparable municipalities to Windsor in terms of size and residential vs. non-residential assessment?
- Essentially non-residential rate payers are subsidizing residential rate payers, other than senior executive residential tax payers, whose burden is 7.4% over the provincial average

- The tax burden of the large industrial assessment class is 39.5% over the provincial average. Large industrial is defined as industrial property with greater than 125,000 square feet.
- Intuitively, a reduction in the tax burden of non-residential classes will result in increased taxes for residential tax payers, which is politically very sensitive.
- The total tax burden for the City of Windsor is determined based on the level of services provided by the City of Windsor, which may or may not have to be reduced in the foreseeable future.
- Given the sensitivity of the issue, the City of Windsor should consult with all residential and non-residential sector groups in an attempt to develop a policy that is fair to all rate payers. The Chamber should be a party to the discussions, on behalf of its membership, which consists of all non-residential property owners.
- The Chamber speaks for all businesses, and must acknowledge that some non-residential tax burdens far exceed the provincial average, while others are near the average (commercial office building), or are below the provincial average (commercial hotel).
- There may be political reasons why the commercial *hotels* allocation is less than the provincial average while commercial *motels* are 17.1% over the provincial average.
- The Finance Department of the City of Windsor has indicated its willingness to discuss these issues with the Finance and Taxation Committee, and it is also presumed to be beneficial for the Committee to approach those City Councilors who express a willingness to discuss these issues.

ACTION PLAN:

- The Chamber will make a formal approach to the City of Windsor to participate in any City initiatives concerning Council Resolution No. CR170/2010, which was adopted as part of the City of Windsor's 2010 Tax Policies.
- Specifically, to the extent that a 3 to 5 year plan has not yet been established, that the Chamber act as a representative of "non-residential sector groups" in the development of the 3 to 5 year plan.

RECOMMENDATIONS:

The Windsor-Essex Regional Chamber of Commerce recommends the following:

1. The City of Windsor should incorporate into its annual budget deliberation process the issue of assessment class tax ratios so that the impact on all residential and non-residential tax payers is reviewed by City Council before finalizing its annual budget.
2. The City of Windsor to adopt a policy and plan with annual targets so that the allocation of tax burden among non-residential tax classes be adjusted according to best practices and allocations in comparable North American municipalities.