



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

Date March 7, 2019

To: Chief Financial Officers and Treasurers

From: Carmelo Lipsi, Vice President and Chief Operating Officer

**Subject: Review Complete: Small-scale on-farm business subclasses**

---

On May 3, 2018, the Government of Ontario established two new optional subclasses for small-scale on-farm businesses to promote and support local farms across Ontario. The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the commercial and industrial tax rates that would otherwise apply ([see MPAC's memo from June 11, 2018](#)).

In response to the announcement, we conducted a province-wide review of all farms to determine which properties are eligible for the small-scale on-farm business subclasses. We recently completed our review and would like to provide you with an update.

**Results:**

- Approximately 250 properties are eligible for the new optional subclasses which impact the 2018 and 2019 tax years.
- The new subclasses will have a Realty Tax Qualifier of 7.

**Next Steps:**

- On March 15, 2019 we will mail approximately 500 Special Amended Notices to property owners for the 2018 and 2019 tax years which will also include a letter explaining the recent changes to their assessment (sample letter attached for your reference).
- On March 8, 2019 you will be able to download Special Amended Notices from Sightline via Municipal Connect.

## Key Highlights of the Regulation ([O. Reg 361/18](#))

### Tax Rates

- The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the commercial and industrial tax rates that would otherwise apply.
- The subclasses are in effect for 2018 taxation and subsequent taxation years.
- Education tax rates for the commercial/industrial operation will be the lesser of the existing tax rate or 0.00272500, irrespective of municipalities opting into the small-scale on-farm business subclasses ([O.Reg.362/18](#)).

### By-laws

- A council of a single or upper-tier municipality may pass a by-law opting to have both subclasses or they may pass a by-law for the industrial subclass

### Assessment Criteria

- To qualify, 51% of the commercial and/or industrial facility must be used to sell, process or manufacture something from a product produced on the farmland.
- The first \$50,000 of assessed value attributed to the commercial or industrial operation will qualify for the reduced commercial or industrial tax rate.
- If the commercial or industrial operation has an assessed value equal to or greater than \$1 million, it will not qualify.

If you have any concerns, please contact your local Municipal and Stakeholder Relations Regional Manager who is available to answer your questions.

Thank you,

Carmelo Lipsi,  
Vice President and Chief Operating Officer

### **Copy:**

Kathy Blake, Director, Municipal and Stakeholder Relations

Attached: Enclosed sample letter to property owner



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

March 15, 2019

Hello,

You are receiving this letter and the enclosed Special Amended Notice regarding recent changes to your property assessment.

On May 3, 2018, the Government of Ontario established two new optional subclasses for small-scale on-farm businesses to promote and support local farms across Ontario. The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the existing commercial and industrial tax rates. The reduced tax rate will apply to the first \$50,000 of eligible assessment.

In response, we conducted a province-wide review of all farm properties and determined the commercial and/or industrial portion of your farm operation qualifies for a small-scale on-farm business subclass.

To qualify, the commercial and/or industrial facility must be an extension of your farming operation. In addition, 51% of the facility must be used to sell, process or manufacture something from a product produced on your farmland. If the commercial and/or industrial operation has an assessed value equal to or greater than \$1 million, it is not eligible for the small-scale on-farm business subclasses.

It is important to note the lower tax rates for the new commercial and industrial subclasses only apply to qualifying properties in municipalities that adopt the optional subclasses and have passed the corresponding bylaw.

Qualifying properties may also receive a lower commercial or industrial education tax rate regardless of whether your municipality chooses to adopt the optional subclasses for the municipal portion of the property tax.

If you have questions about your property taxes, please contact your municipality or local taxing authority for more information.

If you have questions about your property assessment, you may contact our Customer Contact Centre, Toll Free at 1 866 296-6722 or TTY 1 877 889-6722. (Hours of operation: Monday to Friday – 8 a.m. to 5 p.m. EST) or visit [aboutmyproperty.ca](http://aboutmyproperty.ca).

Thank you,

Karen Russell, M.I.M.A.  
Director, Valuation & Customer Relations