

## **MAKING SENSE OF YOUR FARM PROPERTY TAX BILL**

*By: Nick Kinkel, Ontario Ministry of Agriculture, Food and Rural Affairs*

Your property tax bill is based on three things: (1) Your Property Assessment Valuation; (2) your Property Class; and (3) your municipal tax rates. Understanding these three components can help you understand your bill.

### **1. Property Assessment Valuation**

Assessment values are intended to reflect a property's value and its use. To test your assessment, ask yourself if you could have sold your property on January 1 of the given year for its assessed value.

Farmland values are based on farmer to farmer sales, as opposed to, for example, a farmer to developer sale. Farmland valuation is based on different classes of land: higher land class reflects higher value and agricultural capability (i.e. class 1 agricultural land vs. class 4).

An assessment increase does not necessarily mean your taxes will increase. The amount by which your property taxes may change will not be known until the tax rates have been set and municipal tax policy options have been determined for the taxation year.

The Municipal Property Assessment Corporation (MPAC) is responsible for classifying and assessing all properties in Ontario. If you are concerned about your assessment, you can contact MPAC at 1-866-296-6722.

### **2. Property Class**

Land and farm buildings may be eligible for the Farm Property Class. The farm residence and one acre of land surrounding is normally part of the Residential Property Class.

If your assessment notice from MPAC reads 'Farm Taxable', this means the property is eligible for the Farm Property Class and associated tax rate. 'Residential Taxable' indicates the property is eligible for the Residential Property Class and associated tax rate. Other categories include commercial, industrial, and managed forest.

For your property to be eligible for the Farm Property Class Tax Program, or 'Farm Taxable' category, you and your farm operation must meet several criteria. These include farm assessment, a minimum farm income level, a valid Farm Business Registration (FBR) number, and citizenship. According to the Farm Registration and Farm Organizations Act, a valid farm business must gross at least \$7,000 in reported income. FBR numbers are issued by Agricorp. If you or the farmer who rents, leases or uses your property requires an FBR number, contact Agricorp at 1-866-327-3678.

Prior to 2000, farm property owners made yearly application to OMAFRA's Farm Property Class Tax Program. Since then a multi-year application has been used. Although this makes it more convenient, it puts the responsibility on the property owner to report any changes to the associated FBR (i.e. change in ownership, change in renter

etc). To report changes or make a request for reconsideration contact OMAFRA's Farm Property Class Tax Rate Program at: 1-800-469-2285.

When a property is sold or transferred, or if a farmer does not renew his/her FBR number, the FBR number will no longer be valid. FBR numbers are renewed through Agricorp (1-866-327-3678). The FBR renewal fee is directed to one of the general farm organizations: the Ontario Federation of Agriculture, Christian Farmers Federation of Ontario or National Farmers Union – Ontario.

### **3. Tax Rates**

Tax rates (formerly known as mill rates) are set by municipal governments to pay for local services. Property class tax rates are set by municipally elected officials. The Farm Property Class tax rate is normally 25 per cent of the municipal residential rate. Education tax rates are set by the provincial government, which is also normally 25 per cent of the municipal residential rate. Taxes are collected by your municipal government.

Tax bills are typically mailed out twice per year. Each municipal government may have different payment/reimbursement policies when dealing with changes to assessments and property tax categories. If you have questions regarding your tax bill (not MPAC notice of assessment) contact your municipal government office. Phone numbers can be found in the blue pages of your phone book under 'Taxes'.

We hope this information helps to explain your property tax bill, as well as who you can call if you have questions about your bill.

For more information contact: Barry Sinclair, Ministry of Agriculture, Food and Rural Affairs, (519) 826-4016