

Chapter 6 Agricultural Property Tax Base

6.1 Introduction/Background

This section of the study focuses on two specific areas:

- A review of the contribution of agriculture to the local tax base; and
- A more general review of the municipal costs and servicing needs of agricultural uses in relation to other land uses.

There have been few studies in Canada that have attempted to measure the impact of agriculture on the local tax base, or the relative costs of providing local services to agricultural and non-agricultural uses. Some studies conducted in the 1990's attempted to measure the costs and revenues of certain specific types of development (e.g., estate residential development) in specific municipalities. Other studies, particularly in the United States through the American Farmland Trust, have attempted to evaluate costs and revenues of municipal activities and allocate them to specific land uses (e.g., agricultural and residential lands uses). The conclusions from these studies consistently indicate that the agricultural community more than "pays its own way" from a municipal taxation perspective.

The following sections attempt to measure the contribution of agriculture to the local tax base, through a review of assessment and local tax information.

6.2 Measuring the Contribution of Agriculture to the Local Tax Base

The agricultural community is assessed in similar fashion to all properties in Ontario. Under the present Current Value Assessment system in Ontario, a common property assessment base is provided throughout the province. While all properties are expected to be assessed on the same basis, their tax treatment may be different. The present property assessment system identifies a number of property classes, to which different tax rates may be applied, resulting in separate tax levies on the basis of the property classes.

PLANSCAPE has undertaken a review of the agricultural tax base in previous agricultural economic impact studies.¹ In these previous studies, PLANSCAPE undertook a simple comparison of farm related assessment based on the Farmland Property Class and an estimated contribution by agriculture to the Residential Farm Property Class assessment.

The purpose of the exercise was to estimate the contribution of agriculture to the total assessment and tax revenue of the municipality. The Farmlands Property Class is a separate property class for which the assessment and tax rates are applied. The Residential/Farm Property Class includes a number of separate property types, one of which is the farm dwelling, another may be vacant land.

Focusing on the Farmlands Property Class provides only one part of the contribution of agriculture to the local tax base. It only applies to farmland and farm related buildings, and then only where the agricultural operator has applied for it. The farm dwelling and associated lot area is generally included in the Residential/Farm Property Class and is not broken down separately in the municipal

¹ Greater Toronto Agricultural Economic Impact Study, Northumberland County Economics of Agriculture Study, Hastings County, Belleville, and Quinte West Economics of Agriculture Study and Prince Edward County Economics of Agriculture Study.

tax by-laws or in the assessment summaries. This component can represent an important contribution to the local tax base. In addition, other commercial/industrial activities on the farm would not be included in these Property Classes. They would show up in Commercial or Industrial Property Classes.

In earlier studies conducted by PLANSCAPE, the extent of farm assessment and taxation other than that generated by the Farmlands Property Class was estimated indirectly in the following fashion. An average assessment per household (which was the total municipal assessment divided by the number of households in the municipality) was obtained. It was assumed that each farm would represent at least one household and therefore this average household figure was then multiplied by the total number of farms in the municipality to obtain an estimate of the overall assessment that might be attributed to these farm related uses. This figure was then compared with the total assessment. The tax revenue generated by the property class was then apportioned to these uses.

This approach represented an initial, albeit limited approach to estimating the potential tax contribution from the agricultural community.

This approach was felt to underestimate the contribution of the agricultural sector to the tax base of the municipality, for a couple of reasons:

- it only accounted for the Farmland and Residential/Farm Property Classes (and not any industrial or commercial assessments that may apply to farm properties), and
- it estimated the contribution of the residential component of farms on the basis of a percentage of the number of registered farmers in the municipality, and not on the basis of the land area or the number of farming operations (a number of which may be operated by the same registered farmer).

These deficiencies were more apparent in Niagara, in part because of the more intensive farming activities and the number of farm properties that had “value added” commercial and industrial activities associated with them. Therefore, a different approach was explored for evaluating the contribution of the agricultural sector to the local tax base. Utilizing the Provincial OASYS assessment data, it was possible to generate the assessment for all agriculturally related activities in the municipality, and then to apply these figures to the broader assessment base for the municipality, and ultimately to the contribution to the tax base. This revised approach should not underestimate the agriculturally related assessment, and as such, a more accurate representation of the tax contribution of the agricultural community can be made.

It should be noted that the information developed in the balance of this section is based on the “200 series” property codes utilized by the Municipal Property Assessment Corporation. The “200 series” property codes reflect farm related property codes.

It is recognized that some agricultural processing operations that do not have an agricultural component to their property would not be classified here, and would therefore not show up in this current assessment. As an example, distillery/brewery operations, grain handling, and feed mills would normally be classified within the Industrial Property Class.

6.3 Methodology

The following methodology was utilized to determine the agriculturally related assessment for each municipality in Niagara.

The 2002 tax and assessment information was obtained from each of the local municipalities in Niagara. Each municipality provided data on its current value assessment for each property class, the associated tax rates and the taxes levied (particularly related to the local general levy).

Assessment information was obtained from the Region of Niagara.² The information obtained was for all Farm Property Codes (200 series according to the Property Data Record of the Municipal Property Assessment Corporation). The data gathered for these properties included:

- Property Code
- Assessment Roll Number
- Primary/Secondary roll identifier
- Area (in acres)
- Farm Operating Code (200 series)
- Unit Class (FL, FRU, CL, etc.)
- Realty Tax Class (RTC) – which relates to the Property Class – e.g. Farmlands Property Class, Residential Farm Property Class, Commercial Property Class
- Assessment by realty tax class and unit class.

The data was sorted by municipality to obtain the assessment for the various property classes. The total assessment for each class was recorded and then compared against the overall assessment and taxation information that was provided by each municipality.

In order to keep the data manageable, only the local general levy was analysed. It is recognized that this is only one component of the overall municipal tax structure (which includes education and regional levies, as well as site specific or area levies for parts of municipalities), but it was determined it would be representative of the overall tax situation.

6.4 Agriculturally Related Taxes for Individual Municipalities

The following provides a summary of the agriculturally related tax and assessment contributions for each of the municipalities in Niagara. This is followed by an overview of the data in relation to the entire Region.

² Thank you to Richard Miller, Planner at the Region for his assistance in obtaining this information in useable form.

Town of Fort Erie

The Assessment and Tax summary for Fort Erie is outlined on **Figure 6.1**.

The Town of Fort Erie has a relatively small agricultural industry within its boundaries. Only 417 properties were listed as having farming activities in the assessment records, accounting for 16,758 acres of land. Of these, 243 parcels had a Farmlands Property Tax component, 325 parcels had a Residential Farm Property Tax Component and 8 parcels had a Commercial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farm parcels (that were not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 1.9% of the local general tax levy, at slightly under \$178,000 (of a total levy of \$9.58 million). The agricultural sector ranks behind the Residential sector (76.7% of the total tax levy, of which 2.1% is farm related residential), occupied Commercial (at 10.7% of the total tax levy), occupied Industrial (at 5.0 % of the total tax levy) and Multi-Residential (at 2.75%).

The agricultural sector contributes more to the local tax levy than the Large Industrial Property Class.

Figure 6.1 2002 Assessment and Property Tax Information – Fort Erie

	Assessment	Tax Rate	Taxes Levied (local general levy)	% of Total Taxes
Total	\$ 1,718,047,245		\$ 9,581,992	
Residential Farm Property Class	\$ 1,471,502,050		\$ 7,351,139	76.72%
Commercial occupied Property Class	\$ 126,596,820		\$ 1,021,195	10.66%
Multi Residential Property Class	\$ 26,358,115		\$ 263,353	2.75%
Large Industrial occupied Property Class	\$ 7,410,350		\$ 134,054	1.40%
Industrial occupied Property Class	\$ 29,149,238		\$ 478,868	5.00%
Farmland Property Class	\$ 14,742,280		\$ 18,412	0.19%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 14,274,470	0.00124892	\$ 17,828	
Residential Farm Property Class	\$ 30,559,300	0.00499567	\$ 152,664	
% of total residential farm				2.1%
% of total assessment				1.6%
Commercial occupied Property Class	\$ 1,198,320	0.00606651	\$ 7,270	
% of total commercial				0.7%
Total Agricultural contribution	\$ 46,032,090		\$ 177,762	1.86%

Source: Town of Fort Erie Treasury Department; Region of Niagara OASYS data
Revised: Nov 29/02

Town of Grimsby

The Assessment and Tax summary for Grimsby is outlined on **Figure 6.2**.

The Town of Grimsby has a relatively small agricultural industry within its boundaries. Only 424 properties were listed as having farming activities in the assessment records, accounting for 10,162 acres of land. Of these, 224 parcels had a Farmlands Property Tax component, 352 parcels had a Residential Farm Property Tax Component and 6 parcels had a Commercial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farm parcels (that were not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 3.2% of the local general tax levy, at slightly over \$161,000 (of a total levy of \$5.08 million). The agricultural sector ranks behind the Residential sector (82% of the total tax levy, of which 3.2% is farm related residential), occupied Commercial (at 8.55% of the total tax levy), and occupied Industrial (at 3.6 % of the total tax levy).

The agricultural sector contributes almost as much to the local tax levy as the occupied Industrial Property Class, and significantly more than the Multiple Residential, and Shopping Centre Property Classes.

Figure 6.2 2002 Assessment and Property Tax Information – Grimsby

	<i>Assessment</i>	<i>Tax Rate</i>	<i>Taxes Levied</i> <i>(local general levy)</i>	<i>% of Total Taxes</i>
Total	\$ 1,358,437,959		\$ 5,078,035	
Residential Farm Property Class	\$ 1,192,993,271		\$ 4,165,735	82.03%
Commercial occupied Property Class	\$ 77,025,663		\$ 434,291	8.55%
Multi Residential Property Class	\$ 13,226,000		\$ 92,366	1.82%
Shopping Centre	\$ 12,546,200		\$ 70,739	1.39%
Industrial occupied Property Class	\$ 16,127,243		\$ 181,751	3.58%
Farmland Property Class	\$ 29,567,740		\$ 25,811	0.51%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 29,235,640	0.00087296	\$ 25,522	
Residential Farm Property Class	\$ 38,001,915	0.00349183	\$ 132,696	
% of total residential farm			3.2%	
% of total assessment			2.6%	
Commercial occupied Property Class	\$ 558,205	0.00563827	\$ 3,147	
% of total commercial			0.7%	
Total Agricultural contribution	\$ 67,795,760		\$ 161,365	3.18%

Source: Town of Grimsby Treasury Department; Region of Niagara OASYS data
Revised: Nov 29/02

Town of Lincoln

The Assessment and Tax summary for Lincoln is outlined on **Figure 6.3**.

The Town of Lincoln has an extensive agricultural industry within its boundaries. A total of 1,326 properties were listed as having farming activities in the assessment records, accounting for 30,138 acres of land. Of these, 984 parcels had a Farmlands Property Tax component, 1,052 parcels had a Residential Farm Property Tax component, 31 parcels had a Commercial Property Tax component and 23 parcels had an Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 13.25% of the local tax levy, at over \$787,000 (of a total levy of \$5.94 million). This sector is the second largest contributor to property taxes in the Town of Lincoln, behind Residential (76% of the total tax levy, of which 12% is farm related residential). The next largest contributor to the tax base is Commercial (at 9.1%) and Industrial (at 8.4%).

The agriculturally related commercial taxes account for 4.5% of the total commercial taxes paid in the Town.

The farm related industrial taxes account for 9% of the total industrial tax base of the Town.

Figure 6.3 2002 Assessment and Property Tax Information - Lincoln

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 1,332,509,700		\$ 5,944,866	
Residential Farm Property Class	\$ 1,032,328,917		\$ 4,511,061	75.88%
Commercial occupied Property Class	\$ 76,767,926		\$ 541,666	9.11%
Multi Residential Property Class	\$ 9,727,140		\$ 85,011	1.43%
Shopping Centre Property Class	\$ 3,490,340		\$ 24,627	0.41%
Industrial occupied Property Class	\$ 36,275,788		\$ 497,065	8.36%
Farmland Property Class	\$ 155,143,109		\$ 169,486	2.85%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 154,760,095	0.00109245	\$ 169,068	
Residential Farm Property Class	\$ 125,790,503	0.00436979	\$ 549,678	
% of total residential farm			12.2%	
% of total assessment			9.2%	
Commercial occupied Property Class	\$ 3,468,150	0.0070559	\$ 24,471	
% of total commercial			4.5%	
Industrial occupied Property Class	\$ 3,250,390	0.0137024	\$ 44,538	
% of total industrial			9.0%	
Total Agricultural contribution	\$ 287,269,138		\$ 787,755	13.25%

Source: Town of Lincoln Treasury Department; Region of Niagara OASYS data
Revised: Nov 29/02

City of Niagara Falls

The Assessment and Tax summary for Niagara Falls is outlined on **Figure 6.4**.

The City of Niagara Falls has a relatively extensive agricultural industry within its boundaries, although it's contribution to the local tax levy is limited. 550 properties were listed as having farming activities in the assessment records, accounting for 21,148 acres of land. Of these, 277 parcels had a Farmlands Property Tax component, 419 parcels had a Residential Farm Property Tax Component and 5 parcels had either a Commercial Property Tax or Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated .73% of the local tax levy, at slightly over \$214,000 (of a total levy of \$29.2 million). The agricultural sector, however, remains one of the smaller contributors to the local tax levy, well behind Residential (54% of the total tax levy), occupied Commercial (at 31.5% of the total tax levy), Multi-Residential (at 5.6%), Shopping Centre (at 1.9%) and occupied Industrial (at 2.8%). The agricultural sector contributes slightly less than the Large Industrial Property Class.

Figure 6.4 2002 Assessment and Property Tax Information – Niagara Falls

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 4,843,831,540		\$ 29,235,500	
Residential Farm Property Class	\$ 3,227,922,661		\$ 15,851,102	54.22%
Commercial occupied Property Class	\$ 1,160,978,332		\$ 9,205,617	31.49%
Multi-residential Property Class	\$ 167,336,370		\$ 1,643,450	5.62%
Shopping Centre Property Class	\$ 71,296,300		\$ 565,321	1.93%
Industrial occupied Property Class	\$ 51,929,775		\$ 812,624	2.78%
Large Industrial Property Class	\$ 15,073,443		\$ 275,495	0.94%
Farmland Property Class	\$ 18,954,435		\$ 23,269	0.08%
Agricultural Properties (series 200 property codes)				
Farmland Property Class	\$ 18,191,816	0.00122765	\$ 22,333	
Residential Farm Property Class	\$ 39,121,090	0.00491062	\$ 192,109	
% of total residential farm				1.2%
% of total assessment				0.7%
Commercial occupied Property Class	\$ 322,550	0.00792919	\$ 2,558	
% of total commercial				0.03%
Industrial occupied Property Class	\$ 132,000	0.01564851	\$ 2,066	
% of total industrial				0.3%
Total Agricultural contribution	\$ 57,312,906		\$ 214,442	0.73%

Source: City of Niagara Falls Treasury Department; Region of Niagara OASYS data
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Town of Niagara-on-the-Lake

The Assessment and Tax summary for Niagara-on-the-Lake is outlined on **Figure 6.5**.

The Town of Niagara-on-the-Lake has a significant agricultural industry within its boundaries. A total of 1,321 properties were listed as having farming activities in the assessment records, accounting for 22,564 acres of land. Of these, 866 parcels had a Farmlands Property Tax component, 1,028 parcels had a Residential Farm Property Tax component, 33 parcels had a Commercial Property Tax component and 14 parcels had an Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 12.75% of the local tax levy, at slightly over \$500,000 (of a total levy of \$3.94 million). This sector is the third largest contributor to property taxes in Niagara-on-the-Lake, behind Residential (72% of the total tax levy, of which 11.6% is farm related residential), and occupied Commercial (at 21% of the total tax levy).

The agriculturally related commercial taxes account for almost 5% of the total commercial taxes paid in the Town.

The farm related industrial taxes account for almost 48% of the total industrial tax base of the Town.

Figure 6.5 2002 Assessment and Property Tax Information – Niagara-on-the-Lake

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 1,566,230,164		\$ 3,941,115	
Residential Farm Property Class	\$ 1,181,688,014		\$ 2,844,303	72.17%
Commercial occupied Property Class	\$ 216,682,341		\$ 842,147	21.37%
Industrial occupied Property Class	\$ 14,201,506		\$ 102,694	2.61%
Farmland Property Class	\$ 134,034,975		\$ 80,655	2.05%
Agricultural Properties (series 200 property codes)				
Farmland Property Class	\$ 137,178,775	0.00060175	\$ 82,547	
Residential Farm Property Class	\$ 137,309,825	0.00240698	\$ 330,502	
% of total residential farm				11.6%
% of total assessment				8.4%
Commercial occupied Property Class	\$ 10,355,920	0.00388655	\$ 40,249	
% of total commercial				4.8%
Industrial occupied Property Class	\$ 6,793,500	0.00723123	\$ 49,125	
% of total industrial				47.8%
Total Agricultural contribution	\$ 291,638,020		\$ 502,424	12.75%

Source: Town of Niagara-on-the-Lake Treasury Department; Region of Niagara OASYS data
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Town of Pelham

The Assessment and Tax summary for the Town of Pelham is noted in **Figure 6.6**.

The Town of Pelham has a significant agricultural industry within its boundaries. A total of 768 properties were listed as having farming activities in the assessment records, accounting for 19,192 acres of land. Of these, 519 parcels had a Farmlands Property Tax component, 584 parcels had a Residential Farm Property Tax component, 13 parcels had a Commercial Property Tax component and 2 parcels had an Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 8.5% of the local tax levy, at almost \$334,000 (of a total levy of \$3.93 million). This sector is the second largest contributor to property taxes in Pelham, behind Residential (89% of the total tax levy, of which 8% is farm related residential). The agricultural sector contributes more local taxes than occupied Commercial (at 5.4% of the total tax levy), Multi-Residential (at 2.2%), and Industrial (at .7%).

The agriculturally related commercial taxes account for over 7% of the total commercial taxes paid in the Town.

Figure 6.6 2002 Assessment and Property Tax Information – Pelham

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 1,012,739,720		\$ 3,927,140	
Residential Farm Property Class	\$ 906,784,014		\$ 3,489,343	88.85%
Commercial occupied Property Class	\$ 34,047,694		\$ 211,553	5.39%
Multi Residential Property Class	\$ 11,175,220		\$ 86,005	2.19%
Industrial occupied Property Class	\$ 2,191,294		\$ 28,373	0.72%
Farmland Property Class	\$ 45,473,585		\$ 43,746	1.11%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 45,849,175	0.00096201	\$ 44,107	
Residential Farm Property Class	\$ 71,156,915	0.00384804	\$ 273,815	
% of total residential farm				7.8%
% of total assessment				7.0%
Commercial occupied Property Class	\$ 2,474,100	0.00621343	\$ 15,373	
% of total commercial				7.3%
Industrial occupied Property Class	\$ 46,600	0.01284789	\$ 599	
% of total industrial				2.1%
Total Agricultural contribution	\$ 119,480,190		\$ 333,894	8.50%

Source: Town of Pelham Treasury Department; Region of Niagara OASYS data
Revised: Nov 29/02

City of Port Colborne

The Assessment and Tax summary for Port Colborne is outlined on **Figure 6.7**.

The City of Port Colborne has a relatively extensive agricultural industry within its boundaries, although it's contribution to the local tax levy is limited. A total of 707 properties were listed as having farming activities in the assessment records, accounting for 17,364 acres of land. Of these, 523 parcels had a Farmlands Property Tax component, 345 parcels had a Residential Farm Property Tax Component and 4 parcels had a Commercial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class). A number of the vacant parcels were very small parcels with a very limited assessment.

The agricultural sector contributes an estimated 2.9% of the local tax levy, at slightly over \$199,000 (of a total levy of \$6.9 million). The agricultural sector, however, remains one of the smaller contributors to the local tax levy, well behind Residential (70% of the total tax levy), occupied Commercial (at 10.4% of the total tax levy), Multi-Residential (at 5.3%), Large Industrial (at 7.9%) and occupied Industrial (at 4.5%).

Figure 6.7 2002 Assessment and Property Tax Information – Port Colborne

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 949,146,548		\$ 6,864,827	
Residential Farm Property Class	\$ 778,792,302		\$ 4,791,862	69.80%
Commercial occupied Property Class	\$ 71,966,458		\$ 714,998	10.42%
Multi Residential Property Class	\$ 29,451,705		\$ 362,429	5.28%
Large Industrial occupied Property Class	\$ 24,987,298		\$ 542,446	7.90%
Industrial occupied Property Class	\$ 15,631,284		\$ 308,162	4.49%
Farmland Property Class	\$ 15,348,985		\$ 23,610	0.34%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 15,480,085	0.001538	\$ 23,808	
Residential Farm Property Class	\$ 28,116,760	0.006153	\$ 173,002	
% of total residential farm				3.6%
% of total assessment				2.5%
Commercial occupied Property Class	\$ 265,230	0.009935	\$ 2,635	
% of total commercial				0.4%
Total Agricultural contribution	\$ 43,862,075		\$ 199,446	2.91%

Source: City of Port Colborne Treasury Department; Region of Niagara OASYS data
Revised: Nov 29/02

City of St. Catharines

The Assessment and Tax summary for St. Catharines is outlined on **Figure 6.8**.

The City of St. Catharines has a relatively extensive agricultural industry within its boundaries, considering the extent of its urban population, although it's contribution to the local tax levy is limited. A total of 350 properties were listed as having farming activities in the assessment records, accounting for 5,338 acres of land. Of these, 255 parcels had a Farmlands Property Tax component, 258 parcels had a Residential Farm Property Tax Component and 11 parcels had either a Commercial Property Tax or Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 0.52% of the local tax levy, at slightly over \$235,000 (of a total levy of \$45.5 million). The agricultural sector, however, remains one of the smaller contributors to the local tax levy, well behind Residential (66% of the total tax levy), occupied Commercial (at 17.5% of the total tax levy), Multi-Residential (at 8.5%), Large Industrial (at 3.9%) and occupied Industrial (at 2.7%).

Figure 6.8 2002 Assessment and Property Tax Information – St. Catharines

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 6,844,243,380		\$ 45,536,875	
Residential Farm Property Class	\$ 5,366,297,211		\$ 30,186,763	66.29%
Commercial occupied Property Class	\$ 877,702,502		\$ 7,972,251	17.51%
Multi Residential Property Class	\$ 343,468,595		\$ 3,864,193	8.49%
Large Industrial occupied Property Class	\$ 88,278,305		\$ 1,758,176	3.86%
Industrial occupied Property Class	\$ 68,529,426		\$ 1,239,462	2.72%
Farmland Property Class	\$ 44,855,655		\$ 63,081	0.14%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 44,202,040	0.00140631	\$ 62,162	
Residential Farm Property Class	\$ 30,891,060	0.00562525	\$ 173,770	
% of total residential farm			0.6%	
% of total assessment			0.4%	
Commercial occupied Property Class	\$ 1,800,600	0.00908309	\$ 16,355	
% of total commercial			0.2%	
Industrial occupied Property Class	\$ 808,000	0.01808656	\$ 14,614	
% of total industrial			1.2%	
Total Agricultural contribution	\$ 75,093,100		\$ 235,932	0.52%

Source: City of St Catharines Treasury Department; Region of Niagara OASYS data
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City of Thorold

The assessment and tax summary for Thorold is outlined on **Figure 6.9**.

The City of Thorold does not have an extensive agricultural industry within its boundaries. Only 268 properties were listed as having farming activities in the assessment records, occupying 8,344 acres. Of these, 174 parcels had a Farmlands Property Tax component, 190 parcels had a Residential Farm Property Tax Component and 2 parcels had a Commercial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The total tax contribution from the agricultural sector in Thorold represents only 2% of the total general tax levy for the City, at over \$128,000 (a total levy of \$6.08 million). This makes it one of the smallest sectors, well below the Residential (at 61.5%), occupied Commercial (At 11.8%), Large Industrial (at 14.9%), occupied Industrial (at 5.1%) and Multi-Residential (at 3.4%) sectors.

Figure 6.9 2002 Assessment & Property Tax Information – Thorold

	Assessment	Tax Rate	Taxes Levied (local general levy)	% of Total Taxes
Total	\$ 976,861,345		\$ 6,076,478	
Residential Farm Property Class	\$ 753,424,099		\$ 3,734,143	61.45%
Commercial occupied Property Class	\$ 89,537,983		\$ 716,556	11.79%
Multi Residential Property Class	\$ 20,600,075		\$ 204,197	3.36%
Large Industrial occupied Property Class	\$ 53,098,609		\$ 905,261	14.90%
Industrial occupied Property Class	\$ 20,051,847		\$ 310,451	5.11%
Farmland Property Class	\$ 15,906,880		\$ 19,709	0.32%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 15,778,840	0.0012	\$ 18,935	
Residential Farm Property Class	\$ 21,353,790	0.005	\$ 106,769	
% of total residential farm				52.3%
% of total assessment				14.9%
Commercial occupied Property Class	\$ 347,200	0.008	\$ 2,778	
% of total commercial				0.4%
Total Agricultural contribution	\$ 37,479,830		\$ 128,482	2.11%

Source: City of Thorold Treasury Department; Region of Niagara OASYS data

Revised: Nov 29/02

Township of Wainfleet

The assessment and tax summary for Wainfleet is outlined on **Figure 6.10**.

The Township of Wainfleet has an extensive agricultural industry within its boundaries. A total of 924 properties were listed as having farming activities in the assessment records, accounting for 39,243 acres of land. Of these, 683 parcels had a Farmlands Property Tax component, 627 parcels had a Residential Farm Property Tax component, and 6 parcels had either a Commercial Property Tax or an Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The assessment and tax information for Wainfleet is taken from the 2001 tax by-law summary. The 2002 data was not available at the time of preparation of this report. However, these figures are not expected to vary significantly between 2001 and 2002, and the general percentages and overall conclusions would not be affected.

The agricultural sector contributes an estimated 17.2% of the local tax levy, at over \$384,000 (of a total levy of over \$2.2 million). This sector is the 2nd largest contributor to property taxes in Wainfleet, behind Residential (90% of the total tax levy, of which 15% is farm related residential).

Figure 6.10 2002 Assessment and Property Tax Information – Wainfleet

	<i>Assessment</i>	<i>Tax Rate</i>	<i>Taxes Levied</i>	<i>% of Total Taxes</i>
NOTE: Assessment & property information is from 2001				
Total	\$ 424,193,180		\$ 2,228,713	
Residential Farm Property Class	\$ 358,336,816		\$ 2,009,198	90.15%
Commercial occupied Property Class	\$ 9,391,760		\$ 85,030	3.82%
Industrial occupied Property Class	\$ 2,349,859		\$ 34,563	1.55%
Farmland Property Class	\$ 50,197,680		\$ 70,365	3.16%
Pipeline Property Class	\$ 3,187,000		\$ 23,840	1.07%
Agricultural Properties (series 200 property codes)				
Note: This information is from the 2002 OASYS data				
Farmland Property Class (F)	\$ 52,473,665	0.00140802	\$ 73,884	
Residential Farm Property Class	\$ 54,707,060	0.00563206	\$ 308,113	
% of total residential farm			15.3%	
% of total assessment			13.8%	
Commercial occupied Property Class	\$ 217,100	0.00909009	\$ 1,973	
% of total commercial			2.3%	
Industrial occupied Property Class	\$ 14,700	0.01878864	\$ 276	
% of total industrial			0.8%	
Total Agricultural contribution	\$ 107,397,825		\$ 384,247	17.24%

Source: Township of Wainfleet Treasury Department; Region of Niagara OASYS data
Revised: April 4, 2003

City of Welland

The assessment and tax summary for Welland is outlined on **Figure 6.11**.

The City of Welland does not have an extensive agricultural industry within its boundaries. Only 135 properties were listed as having farming activities in the assessment records, occupying 4,496 acres. Of these, 97 parcels had a Farmlands Property Tax component, 97 parcels had a Residential Farm Property Tax Component and 5 parcels had a Commercial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The total tax contribution from the agricultural sector in Welland represents only .48% of the total general tax levy for the City, at \$94,231 (out of \$19.7 million for the City). This makes it one of the smallest sectors, well below the residential (at 69%), commercial (at 13.4%), multi-residential (at 7.10%), large industrial (at 6.5%) and industrial (at 2.9%) sectors.

Figure 6.11 2002 Assessment and Property Tax Information – City of Welland

	Assessment	Tax Rate	Taxes Levied <i>(local general levy)</i>	% of Total Taxes
Total	\$ 2,183,855,937		\$ 19,680,680	
Residential Farm Property Class	\$ 1,783,716,954		\$ 13,561,822	68.91%
Commercial occupied Property Class	\$ 214,591,060		\$ 2,634,484	13.39%
Multi Residential Property Class	\$ 91,896,980		\$ 1,397,408	7.10%
Large Industrial occupied Property Class	\$ 45,432,117		\$ 1,279,873	6.50%
Industrial occupied Property Class	\$ 22,512,438		\$ 575,936	2.93%
Farmland Property Class	\$ 5,066,645		\$ 9,631	0.05%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 4,930,145	0.00190078	\$ 9,371	
Residential Farm Property Class	\$ 9,417,300	0.00760312	\$ 71,601	
% of total residential farm				5.1%
% of total assessment				2.7%
Commercial occupied Property Class	\$ 1,080,000	0.01227676	\$ 13,259	
% of total commercial				0.5%
Industrial occupied Property Class	\$ -			
% of total industrial				0.0%
Total Agricultural contribution	\$ 15,427,445		\$ 94,231	0.48%

Source: City of Welland Treasury Department; Region of Niagara OASYS data
Revised: Nov 29/02

Township of West Lincoln

The assessment and tax summary for West Lincoln is outlined on **Figure 6.12**.

The Township of West Lincoln has an extensive agricultural industry within its boundaries. A total of 1,828 properties were listed as having farming activities in the assessment records, accounting for 83,276 acres of land. Of these, 1,330 parcels had a Farmlands Property Tax component, 1,400 parcels had a Residential Farm Property Tax component, 15 parcels had a Commercial Property Tax component and 4 parcels had an Industrial Property Tax component. Of the Residential Farm Property Tax component, a number of parcels contained residential units, but a number were also vacant farmland (that was not classified under the Farmlands Property Class).

The agricultural sector contributes an estimated 25.5% of the local tax levy, at over \$737,000 (of a total levy of \$2.89 million). This sector is the second largest contributor to property taxes in West Lincoln, behind Residential (78% of the total tax levy, of which 26% is farm related residential). The next largest contributor to the tax base is Commercial, at slightly less than 6.5% of the levy.

The agriculturally related commercial taxes account for almost 6% of the total commercial taxes paid in the Town.

The farm related industrial taxes account for 7.7% of the total industrial tax base of the Town.

Figure 6.12 2002 Assessment and Property Tax Information – West Lincoln

	<i>Assessment</i>	<i>Tax Rate</i>	<i>Taxes Levied</i> <i>(local general levy)</i>	<i>% of Total</i> <i>Taxes</i>
Total	\$ 681,480,840		\$ 2,891,330	
Residential Farm Property Class	\$ 504,495,580		\$ 2,260,206	78.17%
Commercial occupied Property Class	\$ 25,752,718		\$ 186,297	6.44%
Industrial occupied Property Class	\$ 9,510,955		\$ 141,276	4.89%
Farmland Property Class	\$ 117,579,568		\$ 131,693	4.55%
Pipeline Property Class	\$ 17,726,900		\$ 105,953	3.66%
Agricultural Properties (series 200 property codes)				
Farmland Property Class (F)	\$ 117,779,740	0.00112003	\$ 131,917	
Residential Farm Property Class	\$ 130,260,276	0.00448013	\$ 583,583	
% of total residential farm			25.8%	
% of total assessment			20.2%	
Commercial occupied Property Class	\$ 1,529,290	0.00723406	\$ 11,063	
% of total commercial			5.9%	
Industrial occupied Property Class	\$ 732,620	0.01485404	\$ 10,882	
% of total industrial			7.7%	
Total Agricultural contribution	\$ 250,301,926		\$ 737,446	25.51%

Source: Township of West Lincoln Treasury Department; Region of Niagara OASYS data

Revised: Nov 29/02

Niagara – An Overview

Figures 6.13 and 6.14 provide a summary of the tax information for all of the Niagara municipalities. The estimated contribution of the agricultural sector to the local general levy in the twelve area municipalities is in excess of \$3.96 million. This ranges from a high figure of over \$787,000 in Lincoln to a low figure of \$94,000 in Welland.

In Lincoln, Wainfleet, West Lincoln and Niagara-on-the-Lake, the agricultural component of the levy exceeds 10% of the total tax base, and represents the second largest contributor to the tax base, behind the much larger Residential assessment component.

These figures account only for the local general levy, and do not include Regional or School Board levies, or any special area charges. It has been noted during preparation of this information that the local general levy accounts for only a small proportion of the total tax levy applied in each municipality, accounting for between 25 and 30 percent of the total levy. If we were to project the total tax contribution attributable to the agricultural sector throughout the Region of Niagara, the total contribution would then be in the range of \$13 to \$16 million.

Figure 6.13 Summary of the Agricultural Sector Contribution to the Local Tax Levy, Niagara Municipalities

	Estimated Agr Taxes	% of Niagara Total	Ranking in Niagara	% of Local Taxes	Assessed Acres	% of Niagara Total	Assessed Parcels	% of Niagara Total
Town of Fort Erie	\$ 177,762	4.49%	9	1.86%	16,758	0.42%	417	4.62%
Town of Grimsby	\$ 161,365	4.08%	10	3.18%	10,162	3.66%	424	4.70%
Town of Lincoln	\$ 787,755	19.91%	1	13.25%	30,138	10.84%	1,326	14.70%
City of Niagara Falls	\$ 214,442	5.42%	7	0.73%	21,148	7.61%	550	6.10%
Town of Niagara-on-the-Lake	\$ 502,424	12.70%	3	12.75%	22,564	8.12%	1,321	14.65%
Town of Pelham	\$ 333,205	8.42%	5	8.49	19,192	6.90%	768	8.52%
City of Port Colborne	\$ 199,446	5.04%	8	2.91	17,364	6.25%	707	7.84%
City of St. Catharines	\$ 235,932	5.96%	6	0.52%	5,338	1.92%	350	3.88%
City of Thorold	\$ 128,482	3.25%	11	2.11%	8,344	3.00%	268	2.97%
Township of Wainfleet **	\$ 384,247	9.71%	4	17.24%	39,243	14.12%	924	10.25%
City of Welland	\$ 94,231	2.38%	12	0.48%	4,496	1.62%	135	1.50%
Township of West Lincoln	\$ 737,446	18.64%	2	25.50%	83,276	29.95%	1,828	20.27%
	\$ 3,956,737				278,023		9,018	

Revised: April 4, 2003

** Some base information is from 2001 assessment and tax information

6.5 Agricultural Service Requirements

In previous studies, Planscape has estimated in a qualitative sense the various types of municipal services that are required by the agricultural community. **Figure 6.15** provides a summary of those services, as they relate to selected land uses. The table shows three separate land uses: residential, farm residential and farmland/open space. If the particular service is used by or geared to a particular land use, it has been identified. The table does not attempt to quantify or identify a level of significance for any of the services. It merely notes generally whether a particular land use benefits from or uses the municipal service. The listing of services has been expanded from previous reviews to reflect changing municipal tax liabilities, including nutrient management, and irrigation facilities.

Figure 6.15 Summary of Municipal Services used by Selected Land Uses

	<i>Residential</i>	<i>Farm Residences</i>	<i>Farmland Open Space</i>
General Administration	X	X	X
Protection to Persons and Property			
Animal & Weed Control	X	X	X
Fire fighting - Administration	X	X	X
Fire – Equipment	X	X	X
Fire Halls	X	X	X
Protective Inspections			
Building Department	X	X	X
By-law Enforcement	X	X	X
Police Services	X	X	X
Transportation Services			
Road Construction & Maintenance	X	X	X
Construction Projects	X	X	
Administration	X	X	X
Crossing Guards	X		
Sidewalks	X		
Street Lighting	X		
Transit	X		
Hydro Commission	X	X	X
Environmental Services			
Municipal Garbage Disposal	X	X	
Garbage Collection	X	X	
Garbage Recycling	X	X	
Disposal Sites	X	X	X
Nutrient Management (only from residential and farmland)	X	X	X
Water and Sewage Services			
Administration	X		
Supply and Treatment	X		
Transmission and Distribution	X		
Composting	X	X	
Irrigation			X
Environmental Studies	X	X	X
Conservation Authority	X	X	X
Health Services			
Cemeteries	X	X	
Ambulance	X	X	
Social Services	X	X	
Homes for the Aged	X	X	
Recreation and Culture			
Outdoor Pools	X	X	
Day Camps	X	X	
Recreational Programs	X	X	
Arenas and Halls	X	X	
Parks	X	X	
Library	X	X	
Community Recreation Centres	X	X	
Local Architectural Conservation Advisory Committee	X	X	
Planning and Development			
Administration	X	X	X
OMB Hearings	X	X	X
Planning Studies	X	X	X
Drainage	X	X	X

As can be noted from the list, there are a number of services that are property related and would be used by or benefit the farmland. Other services that represent “people services” such as parks and recreation programming, do not affect the land base, but are used by, or benefit the people living in the community.

As municipalities grow, the demand to provide more “people services” increases. As certain population thresholds are reached, pressure is applied for more new services (e.g., an indoor swimming pool, a second indoor arena surface). This tends to increase the overall tax levels in the municipalities. Experience has shown that the levels of service and minimum standards rise as a result of increased population growth. This results in an increased tax burden to finance and maintain the facilities. For example, while road maintenance is a responsibility that affects all residents in the municipality, major intersection improvements, paving, road widening, signalized intersections, etc., are all results of increasing traffic volumes. Services to people are generally more expensive than services to property.

6.6 Agricultural Property Tax Issues

The Ontario Federation of Agriculture has taken an interest in property tax issues related to agricultural land uses. One of these issues is related to the current value assessment itself and how it affects farm properties over different regions in the Province.

Current value assessment remains based primarily on the market value of property. While it is intended to be based on values related to other properties in the same property class, in regions with overall higher property values, the current value assessment will be higher. This results in a situation where farms in the vicinity of larger urban centers have higher assessments than similar farms in areas with lower property values. Because property taxes are paid on the basis of assessment, farms in areas of high property values are paying higher taxes than similar farms in other areas of the province. Since taxes result in a “cost of production”, this results in higher costs in these areas in relation to other areas.

This issue has implications in Niagara where there are also a large number of smaller acreage farm properties utilized for specialized activities (ie. vineyards). There is evidence of these parcels selling for relatively high values, which increases their “per acre” value in relation to other agricultural farm parcels. Owners may be paying these high values for the “prestige” of owning a Niagara vineyard. In addition to inflating the value of such properties (with the obvious implications relating to the ability of farmers to compete in the purchase of the farms to add to their holdings), the long term effect is to increase the current value assessment of all farm parcels within that particular property class.

Information provided to the Region of Niagara from the Assessment Office indicates that farmland is presently assessed in part on the basis of the quality of the soil and hence its productive capacity. The assessment office values farms on a per acre, based on the soil type, excluding operating buildings, orchards and vineyards. These soil types are assessed differently on a per acre basis. For example soil that can only support hay may be assessed at \$1,200 per acre while soil that can support a vineyard may be valued at up to \$9,000 per acre. In Niagara, the highest assessment per acre is \$9,000 for vineyards.

Farmland is assessed by taking a look at farmer-to-farmer sales (according to provincial legislation). This is becoming more difficult as there are fewer farmer-to-farmer sales left in Niagara. In Niagara, many farmers are being supported by wineries (or other on-farm, value added activities). This is reflected across the Province, as farmers need a business or some type of extension to supplement

the farming activities. The assessment office excludes all speculative sales, including farms purchased by wineries. This attempts to maintain additional fairness in the assessment system.

Farmland assessment, including how certain value added industrial/commercial activities are assessed, remains an issue to the farming community, as it attempts to work with the Province to address items related to property tax fairness and equity.

6.7 Summary

Farming activities generate significant taxes to the local municipalities. As noted in this section, the local property tax (general levy) contributes upwards of \$3.9 million to the twelve municipalities in Niagara. This does not include regional and education levies which, if included, would likely bring the total in excess of \$13 to \$16 million. In the four municipalities in Lincoln, Wainfleet, West Lincoln and Niagara-on-the-Lake, the farm sector contributes the second largest amount to the local municipalities, behind the residential sector and ahead of the commercial and industrial sectors. In West Lincoln, the farm community generates over 25% of local taxes.

There is an ongoing debate on the appropriateness of the current value assessment system applied to the farmland, particularly in relation to the consumption of municipal services by a property. As noted by the Ontario Federation of Agriculture, property taxes are the product of the assessed value of the property and the tax rate applied to that property class. Ensuring fairness in the property tax system requires that these two components combine to reasonably reflect the value of a property and the cost of the services that it consumes. Farmland, as has been confirmed by studies in other jurisdictions, does not generate nearly the draw on services as residential property and therefore, is a positive generator for most municipalities.