



**City of Kingston  
Report to Administrative Policies Committee  
Report Number AP-25-006**

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**To:** Chair and Members of the Administrative Policies Committee  
**From:** Desirée Kennedy, Chief Financial Officer & City Treasurer  
**Resource Staff:** Lana Foulds, Director, Financial Services  
Jeff Walker, Manager, Taxation and Revenue  
**Date of Meeting:** February 13, 2025  
**Subject:** 2025 Tax Ratios and Other Property Tax Policy

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**Council Strategic Plan Alignment:**

Theme: Regulatory & compliance

Goal: See above

**Executive Summary:**

The purpose of this report is to present Council with recommendations for setting the property class tax ratios for 2025. The [Municipal Act, 2001](#) requires that Council pass a by-law each year to set the property class tax ratios. These tax ratios are applied to the residential tax rate in order to distribute the tax burden among property classes.

This report provides information on past policy decisions and recommends 2025 tax ratios that comply with Council direction, policy measures and legislative requirements, as outlined in the report. The province continues to postpone an updated reassessment cycle. As a result, there are no reassessment related tax burden shifts in 2025, and the 2025 recommended tax ratios remain consistent with those that were established for 2024.

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**Recommendation:**

**That** the Administrative Policies Committee recommend as follows:

**That** Council approve the 2025 tax ratios as follows:

- a) the residential property class be set at 1.00;
- b) the new multi-residential property class be set at 1.00;
- c) the multi-residential property class be set at 1.70;
- d) the commercial property class be set at 1.98;
- e) the industrial property class be set at 2.63;
- f) the pipeline property class be set at 1.1728;
- g) the farm property class be set at 0.20; and
- h) the managed forests property class be set at 0.25.

**That** the by-law, attached as Exhibit A to Report Number AP-25-006, be presented to Council in order to establish the 2025 tax ratios.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER & CITY TREASURER

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**Desiree Kennedy, Chief  
Financial Officer & City  
Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

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**Lanie Hurdle, Chief  
Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Paige Agnew, Commissioner, Growth & Development Services	Not required
Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required

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**Options/Discussion:****Background**

The [Municipal Act, 2001](#) requires that municipal councils establish tax ratios by passing a by-law each year. Tax ratios effectively distribute the tax burden among property classes and are set in comparison to the residential rate which always has a tax ratio of 1.00. Changes in tax ratios affect the relative tax burden between classes of properties. Tax ratios can be used to prevent large shifts of the tax burden caused by relative changes in assessment among property classes as well as to lower the tax rates on a particular class or classes. Once set, the tax ratio for a class is multiplied by the residential tax rate to determine the tax rate for that class.

**Reassessment Update**

The Municipal Property Assessment Corporation (MPAC) is responsible for assessing and classifying properties in Ontario. Every four years, MPAC conducts a province-wide assessment update. In 2016, MPAC updated the assessed values of every property in Ontario to the legislated valuation date of January 1, 2016. Increases in the assessed value were phased-in over four years (for taxation years 2017 through 2020); however, properties that decreased in value went directly to the decreased value in 2017.

The province initially postponed the new assessment cycle (2021-2024) by one year to provide much needed stability and certainty to residents and businesses and to enable municipalities to focus on responding to the challenges posed by the COVID-19 pandemic. This postponement was then extended to include the entire 2021 to 2024 assessment cycle.

In Ontario's 2024 Fall Economic Statement, the Ontario government announced its intention to further postpone a province-wide property reassessment for the 2025 tax year until a review of the property taxation and assessment system is completed. The announcement was silent on any specific timing for a new assessment cycle, leaving uncertainty regarding property assessment for the 2026 tax year and beyond.

As a result, property assessment values for the 2025 tax year will continue to be based on January 1, 2016 current values and unless there have been changes to a property, property assessments for the 2025 tax year will be the same as the 2024 tax year and the tax burden across property classes will remain consistent. MPAC continues to update assessment rolls to reflect new construction.

**Analysis****Property Class Tax Ratios**

When reforms to property tax were introduced in the late 1990s, the Province prescribed ranges of fairness for tax ratios in each property class. The ranges of fairness are summarized in Table 1 below. Currently, municipalities are only permitted to adjust tax ratios closer to the provincially prescribed ranges of fairness.

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Also noted in Table 1, the Province set transition ratios as provincial levy restriction thresholds for each municipality. These transition ratios are based on the effective tax rates that were in effect in the year immediately prior to the introduction of the reforms. Where established tax ratios are above a provincial levy restriction threshold for any class, only 50% of a tax levy increase can be passed on to the property class. With respect to existing policy, Council has directed that any revised ratios being established not exceed the provincial levy restriction threshold for any class to ensure that any municipal budget increase can be passed through to all property classes.

Further information and history on the City’s use of tax ratios, including previous adjustments to tax ratios for the multi-residential and farm tax property classes, can be found in Report Number [AP-23-004](#) - 2023 Tax Ratios, Tax Capping Parameters and Other Property Tax Policy.

**Tax Ratios/Tax Burden**

As Ontario’s planned reassessment has been postponed, the property tax burden across property classes has remained consistent. Recommended tax ratios are currently in line with provincial averages and continue to comply with Council’s direction to not exceed provincial levy restriction thresholds for any class. As a result, the tax ratios recommended for 2025 remain at the same level as those established for the 2024 tax year.

Table 1 below summarizes the recommended 2025 tax ratios and resulting tax burden percentage by property class. Once the ratios have been established, the tax levy by-law will be presented to Council, which will set the tax rates to be applied to raise the taxes required for the 2025 operating budget.

**Table 1: 2025 Tax Ratio, and Burden by Property Class**

Property Class	Ranges of Fairness	Provincial Levy Restriction Threshold	2025 Tax Ratio	2024 Class Burden %*	2025 Class Burden %*
Commercial	0.60 - 1.10	1.9800	1.9800	21.74	21.28
Industrial	0.60 - 1.10	2.6300	2.6300	2.96	2.96
Multi-Residential	1.00 - 1.10	2.0000	1.7000	7.97	8.05
New Multi-Res	1.00 - 1.10		1.0000	3.53	4.15
Residential	1.00		1.0000	63.42	63.18
Pipeline	0.60 - 0.70		1.1728	0.29	0.29

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Property Class	Ranges of Fairness	Provincial Levy Restriction Threshold	2025 Tax Ratio	2024 Class Burden %*	2025 Class Burden %*
Farmland	Up to 0.25		0.2000	0.08	0.08
Forest	0.25		0.2500	0.01	0.01
<b>Total</b>				100.00	100.00

\*General Municipal Tax Rates not including education rates.

**Other Property Tax Policy Updates**

New Multi-Residential Subclass

As part of the 2024 Provincial Budget, and to further encourage the development of purpose-built rental properties, the province provided municipalities with the flexibility to adopt a new optional subclass within the New Multi-Residential property class. Single and upper tier municipalities have the option to pass a municipal bylaw to adopt the subclass which would provide a reduction of up to 35% in municipal property tax rate, relative to the new multi-residential property class. The reduction in property taxes from this subclass would apply to new properties only and would be funded across all property classes.

To encourage an increase in the number of purpose-built rental apartments, Council approved the Tax Increment Equivalent Grant Program and Vacant Land Tax Grant Program in May 2024 as part of the “Rental Housing Community Improvement Plan”. Staff will continue to evaluate this optional multi-residential subclass in conjunction with the current Rental Housing CIP program as well as the potential impacts of the next provincial reassessment.

Small Business Property Subclass

Municipalities continue to have the flexibility to offer property tax reductions to eligible small business properties through adoption of the Small Business Property Subclass. The Province will automatically match municipal property tax reductions within any municipality that adopts the subclass.

As previously reported to Council in the 2023 Tax Ratio report staff will continue to review the details of the optional small business property subclass program, including its implementation across other municipalities and the potential to make use of the subclass to help mitigate impacts of the next provincial reassessment.

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2024 Ontario Fall Economic Statement

The 2024 Ontario Fall Economic Statement included the following tax policy updates:

- **Affordable Rental Housing:** The province will provide municipalities with the ability to reduce municipal tax rates on affordable rental housing. This will be implemented through a new optional property subclass for 2026. The government will be seeking input from municipalities and other stakeholders with the intention of regulations being in place in early 2025.
- **Student Housing:** The province introduced a legislative amendment that would provide consistent treatment for university-operated student housing whether the institution's property tax status is governed by the Assessment Act or an institution-specific statute.
- **Information Sharing:** The province will work with MPAC, municipalities, and other stakeholders to enhance information sharing and develop new digital solutions, including:
  - Enabling broader municipal use of MPAC data to improve planning;
  - Evaluating new tools to help municipalities manage their assessment base;
  - Making assessment roll information available to the public through a centralized electronic platform;
  - Authorizing digital delivery of property assessment notices.

**Existing Policy/By-Law**

[Municipal Act, 2001](#), as amended. Part VIII of the Municipal Act, 2001 legislates Municipal Taxation.

[Ontario Regulation 73/03](#), as amended (Tax Matters – Special Tax Rates and Limits)

[Ontario Regulation 385/98](#), as amended (Tax Matters – Transition Ratios and Average Transition Ratios)

**Financial Considerations**

Total taxation revenue is established as part of the operating budget estimates and does not change as a result of adjusting tax ratios. Tax ratios distribute the tax burden among property classes by applying the ratios against the residential tax rate to determine the tax rate for each class.

**Contacts:**

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Jeff Walker, Manager, Taxation and Revenue, 613-546-4291 extension 2484

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**Other City of Kingston Staff Consulted:**

None

**Exhibits Attached:**

Exhibit A – Draft by-law, being “2025 Tax Ratios By-Law”



# City of Kingston By-Law Number 2025–XX

## *2025 Tax Ratios By-Law*

1<sup>st</sup> Reading            date

2<sup>nd</sup> Reading            date

3<sup>rd</sup> Reading            date

Passed                date

# City of Kingston By-Law Number 2025–XX

## *2025 Tax Ratios By-Law*

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# City of Kingston By-Law Number 2025–XX

## 2025 Tax Ratios By-Law

### Whereas:

The *City* is a single-tier municipality incorporated pursuant to an order made under section 25.2 of the *Municipal Act*, R.S.O. 1990, c. M.45.

The powers of a municipality must be exercised by its council (*Municipal Act, 2001*, S.O. 2001, c. 25 (the “***Municipal Act, 2001***”), s. 5 (1)).

A municipal power must be exercised by by-law unless the municipality is specifically authorized to do otherwise (*Municipal Act, 2001*, s. 5 (3)).

The Minister of Finance has prescribed the following classes of real property for the purposes of the *Assessment Act*, R.S.O. 1990, c. A.31 (the “***Assessment Act***”) as required under subsection 7 (1) of the *Assessment Act*:

1. the residential property class;
2. the multi-residential property class;
3. the commercial property class;
4. the industrial property class;
5. the pipe line property class;
6. the farm property class.
7. the managed forests property class.

The Minister of Finance has also prescribed *optional property classes* for the purposes of the *Assessment Act*, including the new multi-residential property class.

*Council* wishes to have the new multi-residential property class apply within the municipality in accordance with the *Assessment Act*.

*Council* does not wish to have any other *optional property class* apply within the municipality in accordance with the *Assessment Act*.

*2025 Tax Ratios By-Law*

A single tier municipality must pass a by-law in each year to establish the *tax ratios* for that year for the municipality (*Municipal Act, 2001, 308 (4)*).

Therefore, *council* enacts:

**1. Interpretation**

1.1 This by-law may be cited as the *2025 Tax Ratios By-Law*.

1.2 In this by-law:

**“commercial classes”** means the commercial property class prescribed under the *Assessment Act* and *optional property classes* that contain property that, if *council* did not opt to have the *optional property class* apply, would be in the commercial property class, and includes the office building property class, the shopping centre property class and the parking lots and vacant land property class;

**“industrial classes”** means the industrial property class prescribed under the *Assessment Act* and *optional property classes* that contain property that, if *council* did not opt to have the *optional property class* apply, would be in the industrial property class, and includes the large industrial property class;

**“optional property class”** means a property class that *council* may opt to have apply within the municipality under regulations made under the *Assessment Act*; and

**“tax ratio”** means the ratio that the tax rate for a property class must be to the tax rate for the residential property class where the residential property class tax ratio is 1.0.

1.3 For the purposes of interpreting this by-law:

- (a) a reference to any legislation, regulation, or by-law or to a provision thereof includes a reference to any legislation, regulation or by-law enacted, made or passed in substitution thereof or amendment thereof;
- (b) any reference to legislation includes all of the regulations made thereunder;
- (c) “include”, “includes” and “including” indicate that the subsequent list is not exhaustive.

*2025 Tax Ratios By-Law*

**2. Established Tax Ratios**

2.1 For the 2025 taxation year:

- (a) the *tax ratio* for the residential property class is 1.0;
- (b) the *tax ratio* for the multi-residential property class is 1.7;
- (c) the *tax ratio* for the *commercial property classes* is 1.98;
- (d) the *tax ratio* for the *industrial property classes* is 2.63;
- (e) the *tax ratio* for the pipe line property class is 1.1728;
- (f) the *tax ratio* for the farm property class is 0.2;
- (g) the *tax ratio* for the managed forests property class is 0.25; and
- (h) the *tax ratio* for the new multi-residential property class is 1.0.

**3. Miscellaneous**

3.1 If a court of competent jurisdiction declares any provision, or any part of a provision, of this by-law to be invalid, or to be of no force and effect, it is the intention of *council* in enacting this by-law that each and every provision of this by-law authorized by law be applied and enforced in accordance with its terms to the extent possible according to law.

3.2 This by-law will come into force and take effect on the date it is passed.

*2025 Tax Ratios By-Law*

1 <sup>st</sup> Reading	date
2 <sup>nd</sup> Reading	date
3 <sup>rd</sup> Reading	date
Passed	date

Janet Jaynes  
City Clerk

Bryan Paterson  
Mayor