

The 23 per cent problem

To the Editor,

Since the big increases in MPAC assessed values that began with the 2006 four year cycle, where nine to 10 per cent per year increases in assessed values were the norm, the county and the province have reduced their tax rates dramatically, thus restraining the double whammy of increasing MPAC assessed values as well as the tax rate rising. Your county and provincial tax burden has gone from .7065 to .4696 (think of it as 71 cents to 47 cents per \$100 of assessed value) over the period, a reduction of 34 per cent or about \$475 on a \$200,000 assessment.

Not so the municipal portion. The tax rate for 2017 is up 43 per cent from its low spot in 2006. What does this mean in dollars? Well on a \$200,000 assessment the municipal portion of your taxes has gone from \$1,021 to \$1,460, an increase of \$439.

Both assume no change in your MPAC assessed values (\$200,000 is the number I use).

So why has Hastings Highlands had to raise the tax rate so much even as the assessed values were rising while the county and the province could lower their tax rates?

Well our expenses to run the municipality have increased from 2006 to 2017 by 80 per cent. But our tax revenues to pay these expenses have had to rise by 123 per cent, because our non-tax revenues are the same for 2017 as they were for 2006 ... This includes grants from higher levels of government, penalties and interest on unpaid taxes, gas tax revenues, asset sales, investment returns. Back in 2006 we got about 40 per cent of our revenue from sources other than the taxpayer. For 2017 that number is 23 per cent. Grants from provincial and federal levels, which are the bulk of the non-tax revenue, have actually declined by 12 per cent since 2006.

But isn't every rural municipality in the same boat here? That was the message most of council seemed to have at the budget meeting.

Not at all.

If we look at the six municipalities that surround us, they run from 43 per cent to 33 per cent for non-tax revenues. No one is close to our 23 per cent.

Another way to understand this is to look at what would be the impact on a \$200,000 assessment be if we had maintained the 40 per cent level for non tax revenues we used to have ... How much would your taxes be reduced? About \$530 per year

Yet at the public budget meeting, some on Hastings Highlands council didn't feel they needed to investigate how they could improve their performance on non-tax revenues. Councillor Tracy Hagar was the only one on council to propose a more thorough look into why our grants are actually lower today than they were in 2006. She proposed a group of councillors, staff and citizens should investigate this.

So there is hope for some action on the issue, but next year is an election year and often initiatives like this get swept away with campaigning.

So unless taxpayers wake up to the 23 per cent problem in non-tax revenues, I suspect this trend will persist into the future. That clearly was the message at the public meeting on the 2017 budget: grants are tough to get, it's much easier to get the funds we need for our expenses from taxpayers.

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