

Information Report

Title: Property Taxation Implications
Related to Non-Market Valuation of
Electricity Industry Properties

Report Number: CAO General-2024-33

Director: Chief Administrative Officer

Manager: Manager.

Meeting Date:

Tuesday, December 10, 2024

Executive Summary:

The Municipality of Kincardine engaged Municipal Tax Equity (MTE) Consultants to assist with a study of the impact of the current property tax assessment model for electricity industry properties in relation to other properties within the community. The detailed analysis showed that the current provincial model has led to significant and persistent reduction in the levy share from generating station properties over the last three reassessment cycles. The Municipality is working partners to ensure that there is an understanding of the issue. MTE staff will present its findings.

Context and Background Information:

The Municipality of Kincardine receives property taxes from Ontario Power Generation as the owner of the Bruce Nuclear Generating Site. Those property taxes are calculated using the provincially established special assessment treatment for electricity generating properties. The model is different than how other properties are assessed.

The study showed that there has been a significant shift in contribution to the local revenue. In 2008, the Bruce Nuclear Generating Site contributed approximately 50% of local assessment/rate-based revenue to just 18% in 2024. This reduction is largely due to the reliance on static, non-market assessments for many components of nuclear properties, which do not adjust with market or economic changes. Consequently, while other properties have been adjusted to reflect market dynamics, the static nature of nuclear property assessments has caused their relative share of municipal revenue to decline.

The municipality is seeking a provincial review and update of the assessment methodologies currently prescribed for electricity industry properties. The hope is that the review focuses on replacing the static and fixed-unit approach currently required by the provincial regulation,

with more dynamic alternatives that are more sensitive to, and consistent with, Ontario's overall market value system. The outcome desired is ensuring the stability of property tax contributions related to existing generating stations.

Origin:

Municipal study

Attachments: Municipal Tax Equity Presentation

Prepared by: Jillene Bellchamber-Glazier, CAO

Submitted by: Jillene Bellchamber-Glazier, CAO