



## Corporation of the Township of Brock

### Staff Report to the Mayor and Members of Council

**From:** Donna Condon  
**Position:** Tax Collector  
**Title / Subject:** Aggregate Extraction Properties Update  
**Date of Report:** March 4, 2025  
**Date of Meeting:** March 10, 2025  
**Report No:** 2025-FI-013

#### 1.0 Issue / Origin

To provide an update to Council on the state of the Township of Brock's ("Township") Aggregate Extraction Properties.

#### 2.0 Background

There has been a long history of appeals and assessment changes for gravel pit and quarry properties in Ontario, as briefly outlined below.

The Ontario Stone, Sand and Gravel Association ([OSSGA](#)) organized appeals of the 2008 property assessment valuations to the [Assessment Review Board \(ARB\)](#) by roughly 500 aggregate site owners. Due to the number of appeals, the ARB promoted the selection of ten test cases from across the province to determine the assessment methodology for all gravel pit properties under appeal. Municipal Property Assessment Corporation (MPAC) started by re-assessing the "trial" aggregate properties for the 2009 to 2012 tax years.

To appease these 2009 "legacy appeals", MPAC established a new pit and quarry valuation method in 2016. The new valuation method (i) valued aggregate property excluding the aggregate and (ii) valued active areas of aggregate operations at class 5 farmland rates plus "site preparation costs" to a maximum of \$15,000 per acre. The previous assessment method valued active areas of aggregate operations at industrial land rates on a per-acre basis. As a result, that round of appeals required significant negative adjustments to municipalities.

Upon realizing the impact of the new valuation on revenue, a few municipalities (under Wellington County) appealed the new valuation method to the ARB.

### **3.0 Analysis**

In March 2021, the ARB released an interim decision on a test case involving the valuation of gravel pits in the County of Wellington. The ruling significantly increased MPAC's assigned land value and reclassified various land segments to the industrial property tax class. This ARB decision supported the municipal position.

In November 2021, MPAC sought leave to appeal the ARB decision in an effort to clarify the land classifications. In March 2022, leave to appeal was granted and the Divisional Court hearing occurred in December 2022. In February 2023, the Division Court dismissed the appeal in its entirety and upheld the ruling of the ARB regarding the valuation of the properties in the Wellington County. Based on the principles established by the Wellington decision, the changes resulted in MPAC increasing the land value rate as well as reclassified land (primarily residential) to industrial.

In March 2023, the Township filed Section 40 Annual Assessment Appeals with the ARB for the 2023 Taxation year on their 14 aggregate-producing properties. The reason for the appeal was the assessment was too low and the property was incorrectly classified. Currently, these Appeals are still in progress and the Township expects that when the appeal process has been completed, that the result will be additional property tax revenues.

In 2023, MPAC applied the Wellington decision to outstanding appeals as well as conducted 2023 year-end adjustments (for return of the 2024 Roll in December 2023) to all pits and quarries across the Province to reflect the methodology established in the ARB Wellington County appeal decision. The updated assessments resulted in the move of several areas of the pits and quarries from the residential tax class to the industrial tax class and updated values to reflect the methodology and approach outlined in the ARB's decision. The impact to the Township from the taxation year 2023 to 2024, resulted in an increase to residential assessment of \$6,423,100, an increase to industrial assessment of \$4,186,900 and an increase to commercial assessment of \$174,700 and resulted in a shift in property taxes in 2024 in the amount of \$84,850 for the Township's 14 aggregate properties. To clarify, since these updates were included in the 2024 Roll Return, it did not result in extra tax revenues for the Township, but resulted in a shift in the tax burden from other property owners to gravel pit and quarry property owners.

In July 2024, in order to mitigate the impact of the tax change for 2024 for aggregate properties, the Province provided an education tax reduction to the portion of aggregate sites that are in the industrial class. This was implemented through the creation of a temporary sub-class that resulted in education tax reductions to be processed by municipalities for the 2024 tax year. This sub-class was intended to provide short-term relief as the government works towards implementing a principled and sustainable solution for the future.

The Township received Special Amending Notices (SANs) from the MPAC in Fall 2024, reclassifying eligible properties or portions into this temporary subclass. Taxes were then recalculated, and accounts adjusted to reflect the discounted education rate. It's important to note that this subclass did not affect the municipal portion of the levy, which continued to be taxed at the applicable industrial rates. Only the education tax portion was adjusted. Our records indicate that this impacted 14 properties with industrial portions of aggregate-producing properties with a total industrial assessment of \$10,261,800, which originally generated total 2024 property taxes of \$338,661. As a result of the amended legislation, total education taxes related to the 14 properties of \$90,304 were discounted by 95% or \$85,789, to a total of \$4,515.

In September 2024, the Province announced that for 2025 and future years, a new stand-alone Aggregate Extraction property class would be created, effective January 1, 2025, through O.Reg. 370/24 (amending O.Reg. 282/98). This class was expected to encompass the same assessments moved into the temporary aggregate subclass earlier this year, and will be classified as IND VT, VP and VG.

In November 2024, the following regulations had been filed under the Municipal Act, 2001 and the Education Act to implement the municipal property tax framework and education tax rates for the Aggregate Extraction Property Class:

- Ontario Regulation 509/24 sets an allowable range for municipal tax ratios of 0.6 to 1.1;
- Ontario Regulation 511/24 sets a municipal levy restriction threshold of 2.63; and
- Ontario Regulation 512/24 sets an education property tax rate of 0.511% (versus the original industrial rate of .88% - a 42% decrease).

In December 2024, it was announced that for the 2025 taxation year, the transition ratio prescribed for the aggregate extraction property class for the Region of Durham is 1.646535. Previous to this, the transition ratio for gravel pit properties fell under Occupied Industrial land with a ratio of 2.0235. The transition ratios refer to the weighting of the property tax burden, and since the tax ratio for gravel and quarry pits has decreased significantly (by 18%), it will result in a shift (decrease) in the tax burden from gravel pit and quarry property owners to the rest of property owners in the Township. The Province estimates that the new municipal transition tax ratios and provincial education tax rates for the new class will provide an overall \$6 million tax reduction (\$3 million municipal tax and \$3 million education tax) to properties in the aggregate extraction property class relative to the original 2024 tax level before the temporary aggregate extraction sub-class was implemented.

The 14 gravel pit properties that were appealed for the 2023 taxation year, were deemed to have been appealed for the 2024 taxation year. However, the Township was advised by their consultant early in 2025, that the revised current value assessments and apportionments that MPAC had placed on these properties for the 2024 returned assessment roll was very similar to the values and apportionments that our consultant was seeking. Therefore, as advised by our consultant, the Township accepted the 2024 values as returned and withdrew the appeals for the 2024 taxation year.

The 2023 appeals are still ongoing.

#### **4.0 Related Policies / Procedures**

N/A

#### **5.0 Financial / Budget Assessment**

The Township will continue to monitor the situation and work with the Township's Consultant to resolve the outstanding Appeals with the ARB for the 2023 Taxation year for the 14 aggregate-producing properties.

##### **5.1 Asset Management**

N/A

#### **6.0 Climate Change Impacts**

N/A

#### **7.0 Communications**

N/A

#### **8.0 Conclusion**

In summary, the 2024 appeals have been accepted, however, we are still working with our consultant on the 2023 assessment. We are not sure when this will be resolved, however, staff expect the outcome to be favourable to the Township.

#### **9.0 Recommendation**

That report 2025-FI-013 be received for information.