



Financial Services Memo

To: Township of Woolwich Council
From: Teresa Armstrong, Manager of Revenue
Subject: VT Tax Class Implications
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Meeting Date: March 18, 2025

Purpose:

To provide background information on the newly created VT Aggregate Extraction tax class and the effects on the Township of Woolwich.

Background:

On September 25, 2024, the Ministry of Finance filed O. Reg 370/24 to amend O. Reg 282/98 to establish a tax class for aggregate extraction for the 2025 and subsequent tax years. The regulation sets out aggregate extraction activities including the extraction of anything from the earth, excavating, processing extracted or excavated materials, stockpiling extracted or excavated material, stockpiling overburden. The aggregate extraction property class also consists of land that is licensed or required to be licensed under part II of the Aggregate Resources Act and that is used to carry out aggregate extraction activities, land that is designated under section 5 of Part II of the Aggregate Resources Act and roadways and structures on said land that is used in connection with aggregate extraction activities on said land.

The newly established aggregate extraction tax class for the Township of Woolwich has a total assessed value of \$4,176,800 (14 properties), that had previously been included in the industrial tax class. The establishment of a 2025 tax ratio for the new class as set out by the province is to be between 0.6 and 1.1 which is lower than the 2024 industrial tax class tax ratio of 1.95. To help ease in the move towards a lower tax ratio the province established a transition tax ratio for the Region of Waterloo at a rate of 1.586727. The lower tax ratio will result in a shift of taxation from aggregate extraction properties to all other properties in the Township. The shift in taxation dollars from the ratio of 1.95 to the transitional ratio of 1.59 due to the new tax class is approximately \$4,610.00, with residential properties picking up the biggest portion. The Region of Waterloo is responsible for setting the tax ratios for the lower tier municipalities.

The Township is fortunate that we had an increase in the IT tax class for 2025 which has an assessed value of \$174,722,295 compared to 2024 value of \$162,768,631 which included the Aggregate extraction assessment. Therefore, we are not going to see a decrease in IT tax dollars due to the creation of the new tax class for 2025.

The deadline to appeal an assessed value is March 31, 2025. It is unknown at this point if any properties will be appealed by the property owner or the municipality with regards to the new tax class.

As you recall, back in September 2023 the Township appealed the gravel pits/quarries within the township. The appeals were based on the decision that all gravel pit/quarry properties in Ontario should be based on the Wellington County model as per the decision of the Ontario Divisional Court which upheld the rulings of the Assessment Review Board (ARB). The Township is still waiting for a decision from the ARB from the 2023 appeal.