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County councillors digging in to oppose gravel pit assessment change

by Mike Robinson

ABOYNE - What sort of legacy will MPAC's appeal settlement with gravel producers leave for municipalities across Ontario?

On Jan. 9, Wellington County treasurer Ken DeHart said the change has a major impact on the county and its municipalities.

So Wellington County councillors want to send a clear message about their opposition to the move.

DeHart explained the assessment of gravel pits has been under appeal since the 2009 taxation year.

In 2016, MPAC (Municipal Property Assessment Corporation) and the OSSGA (Ontario Stone, Sand and Gravel Association) came to an agreement to settle "legacy appeals" from the 2009 to 2016 taxation years.

DeHart explained the previous assessment method valued active areas of aggregate operations at industrial land rates on a per-acre basis. That valued most county pits at between \$40,000 and \$50,000 per acre depending on the size of the pit. Other areas of the site were taxed based on the use of the land (farm or residential).

DeHart said the new method of assessment values active areas of aggregate operations at class 5 farmland rates, plus "site preparation costs," to a maximum of \$15,000 per acre province-wide.

This means most county pits in Wellington are now valued at less than \$10,000 per acre, he said, resulting in "unprecedented taxation losses to the county and its member municipalities, with Puslinch being hit the hardest."

DeHart continued, "Wellington County municipalities have lost more than \$6 million in property tax write-offs and legal fees as a result of the settlements in 2016." The county share of that amount is over \$3 million.

"The weighted assessment losses for 2017 are significant," he added.

DeHart explained Wellington County has lost 0.51% in weighted assessment, the equivalent to \$457,045 in annual property tax revenue, while Puslinch loses 3.03% in weighted assessment or \$152,065 in annual tax revenue.

He stated that on average, residential property owners in Puslinch will pay an additional \$64.43 in property tax to cover gravel pit write-offs.

DeHart provided a comparison of what gravel pits paid in the past and what they may pay as a result of the new assessment methods.



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He said a 94-acre gravel pit may find itself paying less tax than the owners of a three-bedroom home on a one-acre property.

Using previous methods, the 94-acre property was valued at \$1.5 million and paid \$28,324 in property taxes, "which to me is still a relative bargain for a gravel pit of that size," said DeHart.

Flipping over to the 2016 valuation methods, that property is now valued at under \$900,000 resulting in property taxes of \$11,602, DeHart said. A 2,600-square-foot three bedroom home on a one acre lot in Puslinch valued at \$1.18 million would have property taxes of \$11,799.

"This is nowhere near current value assessment which is what MPAC is tasked to do," said DeHart.

Erin Mayor Allan Alls asked if the county is appealing the MPAC settlement ruling.

Warden Dennis Lever said the legacy appeals are done.

"Certainly TAPMO (Top Aggregate Producing Municipalities of Ontario) and the county as well are questioning the calculations," said Lever.

"What we have to have is a system which is fair - and clearly this is not fair."

Lever added, "Based on these numbers I could not support any new aggregate application in the county until this issue is resolved."

Alls echoed that opinion.

Councillor Pierre Brianceau asked if everyone agreed to that course of action. Lever clarified it was his personal opinion only.

DeHart added the numbers being reviewed by county councillors are "fresh" and he assured councillors there would be future reports on the matter.

"We need time to fully analyze these figures and talk to our municipal counterparts," said DeHart.

"Certainly the sentiment around the room is that we are not happy with the assessments, so I would say an appeal is possible."

Councillor Shawn Watters stated that while the gravel industry might be happy with the new assessments, they should be concerned as well. He suggested municipalities may now view the downside of having a pit more than they had in the past.

Lever said of the method of calculating the cost, "There are questions in the way it is being implemented."

When MPAC representatives previously spoke in November, "I was under the impression it applied to the entire licensed area - not just the portions they were working on."

Minto Mayor George Bridge said another issue to be considered are tonnage levies, which have not changed for the past 25 years.

Lever said he was expecting to have some information by spring on that issue.

But because the costs will be based on recovery of costs incurred, the levy might actually decrease, Lever said.

Councillor Don McKay asked what input the county had on the MPAC decision.

DeHart pointed out the ruling is the result of three years of discussions. While he thought the county was making headway early in the discussions, "when it got to crunch time ... we were sort of pushed aside because MPAC needed to get the numbers done."

DeHart said he believed the thought was that municipalities tended not to appeal assessments as frequently as the industry.

"I think MPAC was trying to save itself a headache and appease the industry, but now they've upset us and I think to do nothing would be a mistake," he added.

Councillor Don McKay said the county "should aggressively challenge what they are doing"

While he agreed with the idea of holding off on new gravel pit approvals, McKay wondered if the result would be municipalities having to defend their decisions at the Ontario Municipal

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“It might cost us more in the long run,” he noted.

Guelph-Eramosa Mayor Chris White said one of the things to consider in gravel pit approvals is economic benefit.

“This means pits will cost (municipalities) more money to maintain the roads than any revenue brought in,” said White. He asked councillors to consider costs over the long term, adding, “At the end, this is absolutely unacceptable.”

White said the money may not seem significant to MPAC or the province - “but it is to us.”

Councillor David Anderson endorsed the opposition in general, “But you can’t do anything without the numbers (to back it up).” He said he believed there should be discussions with neighbouring regional governments to get their support.

Mapleton Mayor Neil Driscoll stated, “you have gravel pits you are concerned about, and I have farms I have been concerned about for years.” He spoke of going to the government for help regarding the farm tax rebate, “but when it finally hits the south in the pocketbook we’re willing to fight.”

Driscoll said the fight for the farm tax rebate was let go for the promise of OMPF funds and now those payments are being reduced.

He said, “If you let this go, you’ll be in the same shape as the northern municipalities, which are heavily agriculture.”

Councillor Doug Breen said, “When one considers the amount of money being made by these industries, it’s no wonder when you go to public meetings people are accusing us of taking kickbacks ... because there is no other logical reason to accept these things.”

Breen said these are not industries which grow the economy by creating a lot of jobs - “With gravel pits, there are 10 people in a hole and all the money is going somewhere else.” He said, “When owners of a three bedroom home in Puslinch are paying the same property taxes as a business making millions of dollars - its insane.”

White commented the farm tax rebate issue has not been dropped.

Work has continued over the past decade but lobbyists were warned that if this program was revisited other government programs would be revisited as well.

“I think it adds to the argument, that this is an accumulation of anti-rural policies (from the province),” White said.

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