



February 5, 2015

Hon. Charles Sousa,
Ministry of Finance
7th Floor, Frost Building South
7 Queen's Park
Toronto, ON
M7A 1Y7

RE: Feedback on the *Provincial Land Tax Review: A Summary of Stakeholder Consultations Paper*

Dear Minister Sousa,

On behalf of the Federation of Northern Ontario Municipalities (FONOM), we would like to provide feedback in response to your Ministry's discussion paper, *Provincial Land Tax Review: A Summary of Stakeholder Consultations*.

As you are aware, FONOM has been advocating that the Provincial Land Tax (PLT) be reviewed for several years. We are appreciative of your Ministry for undertaking this consultation process with northern municipalities and stakeholders and for acknowledging that reforms must be made to the current system.

The summary paper provides an excellent historical overview and discussion of the consultations that have taken place thus far, recognizing the fiscal pressure on municipalities, the variation among unorganized territories and common challenges that all northerners face.

The summary paper also identifies a number of issues in which FONOM has consistently raised concerns regarding PLT including: the tax inequities that exist between property tax payers within municipal boundaries and those within unorganized territory; low PLT rates that encourage development in unorganized territory, just beyond municipal boundaries; pressure placed on municipal infrastructure and services by those who are not a part of the municipal tax base; and the services paid by municipal property owners that are not paid by property owners in unorganized territory such as public health, social housing, policing, ect.

FONOM is aware of the changes that have been made by the Province to improve the PLT system, however, comprehensive reforms need to be undertaken to improve and strengthen the system for the short term as well as the long term. For example, during the last PLT review, assessments were updated but the province sought to reduce the mill rate to maintain a lower tax rate. While we appreciate the efforts that were made to address PLT, the changes were arguably short term and ineffective on a broader scale.

FONOM

The Federation of Northern Ontario Municipalities

Municipalities, particularly in the north, are facing increasing fiscal pressures to provide services and maintain infrastructure in a region that is often subject to declining tax bases. With pressures outside of municipal control such as the continuous decline in the Ontario Municipal Partnership Fund (OMPF) and the new OPP billing model, it is imperative that those living in unorganized territory be responsible for sharing the cost of providing services that municipalities do. It is important to note that the Province only recovers a fraction of the cost of providing services in unorganized territories. Since the Province seeks to operate on a cost recovery model, as do municipalities, it is important that the same be implemented to the unorganized territories. This would provide a financial benefit to the province as well as reduce the inequality faced by municipalities.

FONOM looks forward to recommendations that the Ministry will develop as a result of consulting with northerners. We look forward to future discussions on addressing tax fairness in the north.

Yours sincerely,



Alan Spacek
President, FONOM

cc: Hon. Kathleen Wynne, Premier of Ontario
Hon. Ted McMeekin, Minister of Municipal Affairs and Housing
Hon. Michael Gravelle, Minister of Northern Development and Mines