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### Council-In-Committee Meeting – April 14, 2026

Subject: 2026 Property Tax Policy  
 Report Number: CS-26-068  
 Division: Corporate Services  
 Department: Finance  
 Ward: All Wards  
 Purpose: For Decision

#### Recommendation(s):

THAT Report CS-26-068, 2026 Property Tax Policy, be received as information; and

THAT the 2026 Tax Ratios be set at:

Residential	1.000000
Multi-Residential	1.692900
New-Multi-Residential	1.000000
Commercial	1.692900
Industrial	1.692900
<b>Aggregate Extraction</b>	<b>1.377524</b>
Pipeline	1.489400
Farmland	0.230000
Managed Forest	0.250000; and

THAT Norfolk County adopts both of the optional subclasses for small-scale on farm business for commercial and industrial subclasses; and

THAT the municipal tax rate reduction be set at 75% for the prescribed tax subclasses for small-scale on-farm business in 2026; and

THAT the 2026 and go forward commercial and industrial vacant and excess land subclass reduction be set at **0.0%** as per CS-24-003; and

THAT the 2026 Final Tax Levy be due and payable in two installments, on August 31, 2026 and October 30, 2026;

THAT on the first day of default a penalty of 1.25% shall be added and further interest of 1.25% shall be added on the first day of each calendar month thereafter in which default continues; and

THAT the 2026 tax rates resulting from the above tax policy decisions form a schedule to the 2026 Property Tax Policy By-Law; and

FURTHER THAT a 2026 Tax Policy By-Law be passed to give effect to the above.

### Executive Summary:

The *Municipal Act, 2001* (the Act) requires that municipalities approve annual tax policies that set the parameters for tax billing and collection.

This report will provide an update on Norfolk County's current assessment base for 2026, discussion on 2026 tax policy items for Council's consideration, as well as an update on 2026 education tax rates.

The tax policy issues included for consideration in this report are:

1. Tax Ratios
2. Small Scale On-Farm Business Optional Subclasses
3. Business Vacancy/Excess Land Tax Measures
4. Property Tax Billing and Installment Due Dates

Following Council's consideration of this report, a Tax Policy By-Law is required to enact Council's decisions and provide the necessary authority for staff to begin preparations for 2026 final tax billing.

### Discussion:

#### **Assessment Base Overview and Impacts of the 2026 Tax Levy**

Table 1 below provides an overview and reconciliation of the County's 2025 levy to the 2026 levy by tax class based on the recommended tax policy for 2026. For Columns 2 to 4 of the Table, a negative number in the table represents a decrease in the relative total municipal burden while a positive number represents an increase.

The overall assessment growth that occurred in 2025 for the County was \$1.7 million in tax dollars from new taxpayers equivalent to 1.27% of the \$136.4 million Tax Levy for 2025. This is shown by tax class as Column 2 in Table 1. The overall assessment growth is net of reduction in assessment due to property assessment appeals. In comparison to neighbouring municipalities, Norfolk County has not benefited

significantly from growth and this value remains relatively low for 2025 (but has nearly doubled from the 2023 value).

Column 3 of Table 1 summarizes the impacts of any reassessment phase-in changes. Reassessment of all properties is mandated by the Province on a traditional four-year cycle, however, as a result of COVID-19, the 2020 re-assessment has been delayed and the Province has not provided any guidance as to when the next assessment cycle will take place. As such, the destination values for the 2026 tax year will remain the same resulting in no tax shift impacts caused by assessment phase-in changes.

Column 4 of Table 1 provides the impacts of the 2026 Council approved tax supported operating budget on each tax class. As Council will recall, the 2026 tax supported operating budget resulted in a levy increase of \$8.4 million after assessment growth for a final levy amount of \$146.5 million. As with prior years, the majority (80%) of the County’s annual levy requirements is recovered from the residential tax base as can be noted in Column 5.

**Table 1 – Reconciliation of County 2026 Tax Levy to 2025 Tax Levy by Tax Class**

<b>Tax Class</b>	<b>2025 Approved Levy</b>	<b>Growth Impacts</b>	<b>Inter-Class Shift</b>	<b>2026 Levy Impacts</b>	<b>2026 Approved Levy</b>	<b>Avg. Increase (%)</b>
Residential	109,059,068	1,308,616	-	6,574,257	116,941,941	7.23%
Multi-Residential	1,561,605	6,696	-	93,419	1,661,720	6.41%
New Multi-Res.	113,312	10,554	-	7,378	131,244	15.83%
Farmlands	8,359,646	26,777	-	499,549	8,885,973	6.30%
Managed Forests	186,387	2,952	-	11,278	200,618	7.64%
Commercial	12,554,328	61,777	-	841,110	13,457,214	7.19%
Industrial	3,359,514	299,342	-	256,873	3,915,730	16.56%
Pipelines	1,222,365	12,739	-	73,571	1,308,675	7.06%
<b>Total</b>	<b>136,416,225</b>	<b>1,729,453</b>	<b>-</b>	<b>8,357,436</b>	<b>146,503,115</b>	<b>7.39%</b>

*\*It is important to note that the increase attributed to the residential tax class in Table 1 represents the increase to the entire class and will not equal the increase attributed to the average residential property as noted in Norfolk’s 2026 budget documents.*

**Tax Policy Considerations**

**1. Tax Ratios**

The *Municipal Act, 2001* Section 312 (8) requires municipalities to pass a bylaw each year to establish the annual tax ratios. The tax ratios determine the level of taxation and

have a direct impact on the apportionment of property taxes between classes. A change to one tax ratio will usually affect the tax burden for all other tax classes.

The annual tax levy requirement is determined by the annual operating budget. The portion of the levy, or burden, for each tax class is based on its proportionate (or weighted) share of the overall assessment, as determined by the tax ratio of the property class. The total annual budget requirement is divided by the total weighted assessment which results in the residential tax rate. In turn, each class's share of the required levy is determined by multiplying the total class assessment by the applicable ratio and the estimated residential tax rate. The municipal tax rate together with the provincial education rate equals the total tax rate charged to property owners. The annual tax levy is billed by applying the total tax rate to the assessed value of each property.

In Ontario, the Municipal Property Assessment Corporation (MPAC) determines the tax class and the Current Value Assessment (CVA) of each property in accordance with the *Assessment Act* and associated regulations. An annual assessment roll, listing the tax class and CVA for each property within the municipality's jurisdiction, is prepared by MPAC and provided to each municipality.

The Province of Ontario announced the continued postponement of re-assessment following the COVID pandemic which will remain postponed for 2026. This means that property assessments remain unchanged for the 2026 tax year unless there have been changes made to the property resulting in a revised property assessment. For additional clarification, **the assessed values currently being utilized are reflective of the value of a property or structure as of January 1, 2016 which in most cases, is not representative of the current value of a property in 2026.**

The residential tax class is the benchmark and all other tax ratios are expressed in relation to the Residential tax rate. For example, the current commercial tax ratio in Norfolk County is 1.6929 meaning that for every dollar a residential property owner pays the commercial property owner pays \$1.69; the current farm tax ratio of 0.23 means that farmland is taxed at \$0.23.

When province-wide CVA assessment was introduced in 1998, the Province of Ontario mandated tax ratios for each municipality known as "transition ratios." These ratios were designed to continue the distribution of tax burden as it was prior to the tax reform. The Province recognized that the transition from the old assessment regime to the new CVA based regime, could result in significant tax burden shifts, between property classes, in some municipalities. Tax ratios were introduced as a means of mitigating these shifts.

Although ratios may be altered to shift tax burden, the ability to do so is restricted by the “ranges of fairness” as established by the Province. The range of fairness represents what the Province determines to be fair taxation for property types, relative to the residential class. In many municipalities, actual ratios are higher than the “range of fairness”. Where this is the case, municipalities may maintain the ratio at the previous state or move the ratios closer to the range of fairness. However, the ratio cannot be increased once it has been moved closer to the upper limit of the range of fairness. Where a tax ratio, or the previous year’s tax ratio, falls within the range of fairness, the municipality may move the tax ratio within the range. It’s important to note that any reduction in multi-residential, commercial, industrial or pipeline ratios would directly impact the residential tax class, resulting in an increase in the residential tax burden.

Despite the limitation, single and upper-tier councils still have some flexibility to change tax ratios. Each time a change is contemplated, analysis is required to determine the impact on other classes. When one ratio is changed, the tax burden borne by all property classes can be impacted. Historically, tax ratios in Norfolk have not been altered to redistribute the tax burden with the exception of the reduction to the farm tax ratio in 2019 from 0.25 to 0.23.

Table 2 provides the provincially legislated ranges and maximums and Norfolk County’s current and proposed tax ratios:

**Table 2 – Summary of Tax Ratios Against Established Thresholds**

<b>Property Class</b>	<b>Range of Fairness</b>	<b>Provincial Maximum</b>	<b>Current &amp; Proposed Tax Ratios</b>
Residential	1.0000	1.0000	1.0000
Commercial	0.6000 to 1.1000	1.9800	1.6929
Industrial	0.6000 to 1.1000	2.6300	1.6929
Aggregate Extract.	0.6000 to 1.1000	1.377524	1.377524
Multi-Residential	1.0000 to 1.1000	2.0000	1.6929
New Multi-Res	1.0000 to 1.1000	1.1000	1.0000
Pipeline	0.6000 to 0.7000	1.4894	1.4894
Farm	0.0000 to 0.2500	0.2500	0.2300
Managed Forest	0.2500	0.2500	0.2500

Table 3 provides a comparison of the tax burden from 2024 to 2026. For the commercial, industrial and multi-residential classes, Norfolk County’s ratios are above the range of fairness but less than the provincial maximum. These ratios can be moved closer to the range of fairness but not increased. It is important to note that any changes to the ratio will shift the burden to other tax classes (predominantly residential).

**Table 3 – Historical Tax Burden by Tax Class**

<b>Tax Class</b>	<b>2024 Levy by Class</b>	<b>2024 Tax Burden %</b>	<b>2025 Levy by Class</b>	<b>2025 Tax Burden %</b>	<b>2026 Levy by Class</b>	<b>2026 Tax Burden %</b>
Residential	102,848,696	80.0%	109,059,068	79.9%	116,941,941	79.8%
Multi-Res.	1,462,015	1.1%	1,561,605	1.1%	1,661,720	1.1%
New Multi-Res.	95,497	0.1%	113,312	0.1%	131,244	0.1%
Farmland	7,928,586	6.2%	8,359,646	6.1%	8,885,973	6.1%
Managed Forest	171,122	0.1%	186,387	0.1%	200,618	0.1%
Commercial	11,741,339	9.1%	12,554,328	9.2%	13,457,214	9.2%
Industrial	3,134,283	2.4%	3,359,514	2.5%	3,915,730	2.7%
Pipeline	1,162,480	0.9%	1,222,365	0.9%	1,308,675	0.9%
<b>Total</b>	<b>\$128,544,018</b>	<b>100%</b>	<b>\$136,416,225</b>	<b>100.0%</b>	<b>\$146,503,115</b>	<b>100.0%</b>

## **2. Small-Scale On-Farm Business Optional Subclasses**

### A. Original Small-Scale On-Farm Business Optional Subclass

In May 2018, the Province of Ontario established two new optional tax subclasses within the commercial and industrial classes for small-scale on-farm business to promote and support local farms across Ontario. In order to qualify, a commercial or industrial facility must be an extension of a farming operation and be used primarily to sell, process or manufacture something from a product produced on the farm. Commercial or industrial operations assessed at \$1 million or more do not qualify.

These subclasses provide a reduction of 75% to the commercial and industrial rates for the first \$50,000 of eligible assessment. An associated reduction in the commercial or industrial education tax rate applies regardless whether the municipality chooses to adopt the optional subclasses.

There are currently 16 properties in the first optional subclass (no change from 2025) with current value assessment of \$310,700 (a decrease from \$342,800 in 2025). The estimated total cost of the reduction for this subclass for 2026 is \$6,871. Examples include a farm market and a Christmas tree farm.

Norfolk County Council approved the optional Small-Scale On-Farm business tax subclasses for the 2019 through 2025 taxation years. The Ministry of Finance requires Council to provide approval each year for this optional subclass. The lower tax rates only apply to qualifying properties in municipalities that adopt the optional subclasses through a By-Law.

## B. Second Small Scale On-Farm Business Optional Subclass

On December 9, 2021, the Province of Ontario established a second optional subclass for both the industrial and commercial property classes to further support Small-Scale On-Farm businesses beginning in 2022. This second subclass permits municipalities to extend the reduced tax rate to properties with eligible assessment from \$50,000 to a maximum of \$100,000. The first \$100,000 of a property's eligible assessment will qualify for a tax rate of 25% of the commercial or industrial tax rate and the reduced business education tax rate will be applicable to this second subclass as well.

Eligibility criteria are consistent for both subclasses. There are currently 3 properties in the second optional class (a decrease of 1 from 2025) with current value assessment of \$110,700 (a decrease from \$124,900 same as 2025). The estimated total cost of the reduction for this subclass for 2025 is \$2,448.

Norfolk County Council has consistently approved the Original and Second Optional Subclasses for applicable years since inception. The Ministry of Finance requires Council to pass an annual by-law to adopt all Small-Scale On-Farm subclasses.

### **3. Commercial/Industrial Vacant/Excess Land Subclass**

Norfolk County has historically placed a 33% tax rate reduction for commercial and industrial vacant or excess lands. In 2023, through report CS-24-003, Council approved changes to this program starting in 2025 which will result in a decrease in the percentage from 33% to 16.5%, and a further reduction to 0% for 2026 and onward.

For 2026, there are currently 241 occurrences of commercial or industrial vacant and excess land properties with current value assessment of \$30,566,565. As a result of the change in the subclass discount percentage, these properties will incur additional property taxes of \$127,962 over what they would have otherwise been charged for in 2026. As a result, other tax classes are experiencing an aggregate decrease in the annual tax burden of an equal amount (i.e., primarily residential).

### **4. Property Tax Billing and Installment Due Dates**

Regular tax billings are issued twice per year, Interim and Final billings. Each bill is due in two instalments. Interim installment due dates are traditionally scheduled on the last business days of March and May. Final tax bills are calculated and issued after the annual municipal, education rates have been established, and tax policy By-Laws have been adopted. The final billing installment due dates have historically been scheduled on the last business days of August and October.

For 2026, the final tax installment due dates will be August 31, 2026 and October 30, 2026. The final levy is calculated based on the annual returned assessment roll multiplied by the approved final tax rates and reduced by the amount previously billed through the interim levy.

The interim and final tax billings are also an efficient mechanism to bill or recover other fees related to property such as local improvements, municipal drainage and waste management fees. The levies for business improvement areas in Simcoe and Delhi are also collected through the property tax billings for applicable property.

Supplementary tax notices are issued after the final levy following receipt of new or omitted assessment provided by MPAC. The frequency of supplementary tax billings depends on the number of assessment extracts provided by MPAC. Over the past two years, as assessment activity has returned to normal, and as a result of assessment review completed, the number of additional bills issued through supplemental billing has increased.

The annual tax policy by-law also includes the provision for penalty and interest charged on unpaid taxes. The Act permits a maximum rate of 1.25% per month or 15% per annum. Most municipalities, including Norfolk County, impose the maximum rate to encourage property owners to pay taxes when due and limit accumulation of tax arrears. The estimate included in the 2026 Levy Supported Operating Budget for revenue generated from penalty and interest is \$1.5 million.

### **Education Tax Rates (No Change from 2025)**

The education tax rates are established by the Province to meet their revenue targets for the year. Typically, the education tax rates decrease from one year to the next as the Provincial policy is to maintain revenue neutrality. In prior years, this Provincial policy has created savings in Norfolk which generally assists in offsetting municipal increases. For 2026 however, the Province has maintained the education tax rates from 2025 for all classes. The 2026 education rates are included as Appendix 1 to this report.

### **Financial Services Comments:**

Approval of annual tax policies is necessary to raise the approved annual levy to support municipal operations.

Table 4 illustrates the change in taxes payable for 2026 from 2025 for the median property in various tax classes. For the industrial tax class, the median assessment value did not change and thus the increase in taxes is due to the change in levy requirements only. For vacant land classes, the percentage increase is greater than

average which is expected as a result of the change in the subclass discount for commercial and industrial vacant and excess from 16.5% to 0.0%.

**Table 4 – Median Taxes Payable for 2026 versus 2025 by Property Class**

<b>Tax Class</b>	<b>Median CVA 2025</b>	<b>Median CVA 2026</b>	<b>2025 Taxes Payable</b>	<b>2026 Taxes Payable</b>	<b>\$ Change</b>	<b>% Change</b>
Residential	244,000	246,000	\$3,840	\$4,047	\$206	5.38%
Multi-Residential	663,500	650,000	\$16,974	\$17,924	\$951	5.60%
Commercial	139,300	138,800	\$4,576	\$4,776	\$200	4.36%
Industrial	237,800	237,800	\$7,812	\$8,153	\$341	4.36%
Farmland	499,000	512,000	\$1,821	\$1,919	\$97	5.33%
<b>Vacant Commercial</b>	<b>156,000</b>	<b>144,000</b>	<b>\$4,506</b>	<b>\$5,348</b>	<b>\$843</b>	<b>18.70%</b>
<b>Vacant Industrial</b>	<b>110,000</b>	<b>110,000</b>	<b>\$3,177</b>	<b>\$3,771</b>	<b>\$594</b>	<b>18.70%</b>

**Interdepartmental Implications:**

None.

**Consultation(s):**

None.

**Strategic Plan Linkage:**

This report aligns with the 2022-2026 Council Strategic Priority Serving Norfolk - Ensuring a fiscally responsible organization with engaged employees who value excellent service.

Explanation: Responsible financial planning and budgeting includes careful review of tax policy to consider all available options and the impact on local taxpayers and delivery of essential services.

**Conclusion:**

Municipalities are required to set annual tax policies within parameters established by the Province of Ontario. The tax policies determine how taxes will be levied and distributed among the ratepayers to raise the funds approved in the Levy Supported Operating Budget. Council also has an opportunity to consider which optional programs and tools are most beneficial to local circumstances. In conjunction with this report, a

Tax Policy By-Law has been prepared which includes each of the approved recommendations.

**Attachment(s):**

- Attachment 1 – Draft 2026 Tax Policy By-law

**Approval:**

Approved By:  
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