



Finance Minister Chrystia
Freeland
VIA EMAIL:
chrystia.freeland@parl.gc.ca

Hon. Paul Calandra
VIA EMAIL:
minister.mah@ontario.ca

Township of Puslinch
7404 Wellington Road 34
Puslinch, ON N0B 2J0
www.puslinch.ca

December 13, 2024

Association of Municipalities
of Ontario (AMO)
VIA EMAIL:
amo@amo.on.ca

Top Aggregate Producing
Municipalities of Ontario
(TAPMO)
VIA EMAIL:
info@tapmo.ca

Rural Ontario Municipalities
Association (ROMA)
VIA EMAIL:
roma@roma.on.ca

Hon. Ted Arnott, MPP
VIA EMAIL:
ted.arnottco@pc.ola.org

RE: TAPMO Letter regarding Pre Budget Announcement

Please be advised that Township of Puslinch Council, at its meeting held on November 27, 2024 considered the aforementioned topic and subsequent to discussion, the following was resolved:

Resolution No. 2024-430:

Moved by Councillor Sepulis and
Seconded by Councillor Bailey

That the Consent Agenda items listed with the exception of items 6.10, 6.11, and 6.12 for NOVEMBER 27, 2024 Council meeting be received for information; and

Whereas the Township of Puslinch Council supports the information provided by TAPMO to member municipalities of TAPMO; and

Whereas the Township of Puslinch Council sees the value and significance of circulating this information provided by TAPMO to all Ontario municipalities;



Therefore, that Council directs staff to forward items 6.10, 6.11, and 6.12 to all Ontario municipalities; and

That Council direct staff to forward the following resolution to the Minister of Finance, the Minister of Municipal Affairs and Housing, local school board trustees, AMO, ROMA, Local MPP, all Ontario Municipalities and the Municipal Property Assessment Corporation:

Whereas the Ministry of Finance has introduced a one-time \$7 million reduction in education taxes in 2024, a subsidy that will be absorbed by the province through a 95% reduction in education taxes—marking the first such subsidy provided by the province to any industry;

Whereas the Ministry of Finance’s plans to introduce a new aggregate property sub-class in 2025, which is set to provide a \$6 million subsidy to the aggregate industry, with \$3 million of that subsidy being transferred back to the municipal (primarily residential) tax base, raises serious concerns about the fairness and equity of the system;

Whereas the claims that the new sub-class will provide tax stability and predictability seem hollow and do not address the systemic inequities in the taxation framework, which continues to shift an undue burden onto municipal taxpayers, particularly those in rural areas who host these aggregate operations;

Whereas there is significant concern that the government’s actions prioritize the interests of the aggregate industry over the financial realities faced by municipalities and their residents, and that this shift in burden undermines public trust in the fairness and integrity of Ontario’s legal and tax frameworks;

Whereas TAPMO has presented evidence demonstrating that the aggregate industry is financially capable of meeting its tax obligations, including substantial profits and royalty payments made by industry leaders, further undermining the need for these subsidies;

Whereas the municipal taxpayer should not bear the cost of correcting a past error in assessment methodology that unfairly benefited then aggregate industry, and the new



property tax class ratio risks further undermining the principle of revenue neutrality and eroding confidence in Ontario's legal and tax systems;

Therefore be it resolved that the Council of the Township of Puslinch strongly objects to the undue burden being placed on municipal taxpayers to subsidize the aggregate industry, and calls on the provincial government to:

Reevaluate and correct the misguided subsidies being provided to the aggregate sector, and ensure that future tax policies are fair, equitable, and consistent for all taxpayers.

1. Uphold the principles of revenue neutrality in the aggregate tax framework and ensure that any new tax classifications or methodologies do not result in a net loss of revenue for municipalities, especially those that are already facing significant financial challenges.

2. Commit to meaningful reform that ensures fairness and consistency across all sectors of the economy, and actively engages municipalities and taxpayers in a transparent and inclusive process, rather than catering to the demands of the aggregate industry.

3. Take immediate action to correct the existing inequities in the tax framework, ensuring that the burden of this correction is not unjustly shifted to municipal taxpayers, particularly those in rural communities who host these operations.

4. Respect and uphold the integrity of the legal process by honouring the decisions of the Divisional Court and ensuring that all assessment methodologies are transparent, accountable, and based on a fair and balanced approach.

5. Further be it resolved that the Council Township of Puslinch supports TAPMO's call for the provincial government to adopt reforms that prioritize the needs and fairness of municipal taxpayers and to ensure that the aggregate sector contributes its fair share to the province's tax base; and

Further be it resolved that this resolution be forwarded to the Minister of Finance, the Minister of Municipal Affairs and Housing, local school board trustees, AMO, ROMA,



Local MPP, all Ontario Municipalities and the Municipal Property Assessment Corporation.

CARRIED

As per the above resolution, please accept a copy of this correspondence for your information and consideration.

Sincerely,

Justine Brotherston
Municipal Clerk

CC: All Ontario Municipalities, Municipal Property Assessment Corporation (MPAC), Local school board trustees



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Ontario

Sent via email

November 1, 2024

Premier Doug Ford
Legislative Building
Quenn's Park
Toronto, ON M7A 1A1

Minister of Finance Peter Bethlenfalvy
Ministry of Finance
Frost Building South, 7th Floor
7 Queen's Park Crescent
Toronto, ON M7A 1Y7

Dear Premier Ford and Minister Bethlenfalvy:

Re: Pre Budget Announcement

As you are aware there was a lengthy Assessment Review Board hearing as well as a divisional court ruling increasing the taxes paid by the aggregate sector due to an inappropriate tax relief mechanism implemented by MPAC.

TAPMO recognizes funding for rural, small and northern municipalities is proposed to see an increase in OMPF funding. This increase is very much appreciated. This increase will begin to address the farm tax rebate shortfalls that rural, small and northern municipalities have been experiencing under the former program. Increasing this funding ensures all Ontarians are supporting farmers and not just the residents that call home to small, rural and northern communities. The impact of Provincially significant programs needs to be absorbed by all Ontarians.

If it is the desire of the Government to provide special treatment to one sector and burdening this special treatment on small, rural and northern communities (where most aggregate operations exist), TAPMO is of the opinion that an aggregate subsidy is not appropriate and should be borne by all Ontarians.

The pre budget announcement provides \$200 to every Ontarian, adding approximately \$3 billion to the Ontario budget. If the Government is willing to add \$3 billion to the deficit. Carrying over the 95% reduction in education tax relief absorbed by all Ontarians for 2024, would have added \$7 million to the total deficit for 2025 or 0.1166667% additional deficit.

TAPMO request the following questioned to be answered:

Explain the justification of increasing taxes on small, rural and northern municipalities which are host to most aggregate operations, to provide a preferential tax relief to the aggregate sector, versus absorbing any relief through increased deficit for all Ontarians?

Yours truly,



James Seeley
Board Chair

Ministry of Finance

Provincial-Local
Finance Division

Frost Building North
95 Grosvenor Street
Toronto ON M7A 1Y7

Ministère des Finances

Division des relations provinciales-
municipales en matière de finances

Édifice Frost nord
95 rue Grosvenor
Toronto ON M7A 1Y7



October 31, 2024

His Worship James Seeley
Chair, Top Aggregate Producing Municipalities of Ontario (TAPMO)
jseeley@puslinch.ca

Don MacLeod
Executive Director, TAPMO
executivedirector@tapmo.ca

Dear Mayor Seeley and Mr. MacLeod:

Thank you for your letter about the new aggregate extraction property class.

As noted in my letter of October 3, the Province will be setting municipal tax ratios and education tax rates for the new aggregate extraction property class to provide tax mitigation for properties in the class. The plan is to provide an overall \$6M tax reduction to properties in the class relative to the original 2024 tax level, comprised of \$3M municipal tax and \$3M education tax. While the specific tax ratios and impacts will not be available until after the assessments for 2025 are finalized by the Municipal Property Assessment Corporation (MPAC), the intention is that municipalities overall will still benefit from the majority of the incremental tax revenues that resulted from the assessment methodology changes implemented by MPAC for 2024.

More details will be shared when they become available. We appreciate the importance of providing municipalities with as much time as possible to support their budgetary planning. We have taken note of your request to receive this information by November 30th and will endeavour to provide the data as close to this date as possible.

Regarding your request that TAPMO be included in consultations during 2025, that is an important part of our plan. We will be reaching out to TAPMO as well as the aggregate sector, and working with MPAC and the Ministry of Natural Resources, to seek more detailed information regarding aggregate activities and discuss possible updates to the definition of the property class.

The government understands the challenges small and rural municipalities face. In this regard, in the 2024 Fall Economic Statement announced the Ontario Municipal Partnership Fund will be increased by \$100 million (20% increase) annually. This will be phased in over two years with an immediate \$50 million increase in 2025.

TAPMO

November Newsletter



INTRODUCING TAPMO'S EXECUTIVE DIRECTOR

Don MacLeod held the position of Chief Administrative Officer for the Township of Zorra from 1996 to 2024. The Township of Zorra is in the top 10 aggregate producing municipalities in Ontario. Recently, Don transitioned into the role of Executive Director for TAPMO. With this wealth of experience, Don is particularly well-suited to continue the success of TAPMO in developing a sustainable plan for aggregate extraction across Ontario.

NOVEMBER HIGHLIGHTS

- **Introducing Don MacLeod, TAPMO Executive Director**
- **Aggregate Property Taxation Assessment Challenges: What to expect in 2025**
- **Meet the Board of Directors and membership!**

STAY CONNECTED

What to stay in the know?

Visit the TAPMO website to review agendas and minutes from previous meetings:

<https://www.tapmo.ca/resources#agenda>

Next TAPMO meeting: Monday November 18, 2024 @ 2:30pm



[tapmo.ca](https://www.tapmo.ca)
executivedirector@tapmo.ca

TAPMO

November Newsletter

Property Taxation Changes and Concerns for Municipalities

Following an appeal decision of the Divisional Court, the Municipal Property Assessment Corporation (MPAC) revised the assessment methodology and property tax classification of aggregate sites to ensure sector-wide consistency, resulting in tax changes for pits and quarries across the province for 2024 (an increase of \$12M municipal and \$5M education). These properties continue to be assessed based on the province-wide valuation date of January 1, 2016, but the methodology used to derive those values has been modified in line with the court ruling. This legal process was spearheaded by Wellington County. In a troubling response to the Divisional Court decision, the Ministry of Finance has introduced a one-time (2024) \$7 million education tax reduction, to mitigate the impact of these changes on the aggregate industry. This reduction will be absorbed by the province through a 95% reduction in education taxes, which is the first time this kind of a subsidy is being provided by the province for any industry.

Looking ahead to the 2025 tax year, a new aggregate property sub-class is set to be introduced, but the intent to create improved tax stability and predictability feels hollow. The sub-class will result in a \$6 million subsidy for the aggregate industry, \$3 million of which is being transferred back to the municipal (primarily residential) tax base. The tax subsidy will be funneled through a temporary property tax sub-class within the industrial property category, with MPAC and local municipalities tasked with its implementation. However, the claim that this newly established sub-class will provide stability and predictability raises serious concerns. Instead of genuinely addressing the inequities in the system, it seems to merely provide an unwarranted tax break to the aggregate industry, while shifting the burden onto municipal taxpayers and perpetuating an unjust structure.

The government's approach appears to prioritize the interests of the aggregate sector over the financial realities faced by municipalities and their constituents. MPAC's collaboration with the aggregate sector and the Ministry of Finance (MOF) to gather detailed information on aggregate sites may result in more of the same, rather than meaningful reform. While the government claims this refined data will support future discussions with the Ontario Stone, Sand & Gravel Association (OSSGA) and municipalities, the focus seems skewed toward accommodating industry demands rather than ensuring fairness and accountability for all taxpayers. This direction threatens to undermine any hope of establishing a principled and sustainable approach to aggregate taxation, leaving communities to bear the consequences.

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TAPMO

November Newsletter

Property Taxation Changes and Concerns for Municipalities

continued from page 2

In light of these changes, TAPMO wishes to voice serious concerns regarding the new tax class ratio established by the Ministry of Finance. Contrary to fostering a revenue-neutral outcome, this adjustment is expected to lead to \$3 million being refunded directly from local taxpayers to the aggregate industry starting in 2025 and beyond. Neither the Ministry nor representatives from the aggregate industry have provided sufficient justification for what seems to be a residential taxpayer-funded subsidy to benefit a for-profit industry. Concerns from both the Ministry of Finance and the aggregate sector highlight that potential cost increases for residential housing stemming from the Assessment Review Board (ARB) ruling have not been adequately assessed or documented. Claims suggesting a mere \$3-4 increase per Ontarian fail to capture the disproportionate impact this assessment framework will have on rural residents, who predominantly host these aggregate operations.

The OSSGA has yet to provide conclusive evidence of the industry's inability to contribute its fair share of taxes. In fact, TAPMO has presented evidence indicating that aggregate producers can meet their tax obligations. For example, Dufferin (CRH) paid \$2 million in royalties to the University of Guelph in 2023, while St. Mary's Cement (CBM Canada) reported total net revenues of \$109,785,000 USD for aggregate products in their 2022 financial statements.

While TAPMO recognizes that tax increases on any property class may be unpopular, we argue that the aggregate industry has long benefited from an inappropriate tax discount. The Divisional Court ruling clarified that MPAC lacked the authority to grant such tax relief. The municipal taxpayers should not have to provide tax relief to the industry as a result of correcting an inappropriate tax benefit that the industry has come to expect. The new property tax class ratio fails to maintain revenue neutrality and threatens to erode trust in Ontario's legal frameworks. Ontarians deserve confidence that these processes are respected and upheld.

TAPMO remains committed to advocating for fair and equitable taxation practices that support both municipal taxpayers and the sustainability of our communities. The future of Ontario's aggregate taxation framework must prioritize transparency, fairness, and the principles of revenue neutrality.

TAPMO

November Newsletter

Property Taxation Changes and Concerns for Municipalities - What's Next?

TAPMO is urging members to raise awareness of this issue by requesting your Municipal Council consider supporting the following motion:

Whereas the Ministry of Finance has introduced a one-time \$7 million reduction in education taxes in 2024, a subsidy that will be absorbed by the province through a 95% reduction in education taxes—marking the first such subsidy provided by the province to any industry;

Whereas the Ministry of Finance's plans to introduce a new aggregate property sub-class in 2025, which is set to provide a \$6 million subsidy to the aggregate industry, with \$3 million of that subsidy being transferred back to the municipal (primarily residential) tax base, raises serious concerns about the fairness and equity of the system;

Whereas the claims that the new sub-class will provide tax stability and predictability seem hollow and do not address the systemic inequities in the taxation framework, which continues to shift an undue burden onto municipal taxpayers, particularly those in rural areas who host these aggregate operations;

Whereas there is significant concern that the government's actions prioritize the interests of the aggregate industry over the financial realities faced by municipalities and their residents, and that this shift in burden undermines public trust in the fairness and integrity of Ontario's legal and tax frameworks;

Whereas TAPMO has presented evidence demonstrating that the aggregate industry is financially capable of meeting its tax obligations, including substantial profits and royalty payments made by industry leaders, further undermining the need for these subsidies;

Whereas the municipal taxpayer should not bear the cost of correcting a past error in assessment methodology that unfairly benefited the aggregate industry, and the new property tax class ratio risks further undermining the principle of revenue neutrality and eroding confidence in Ontario's legal and tax systems;

Therefore be it resolved that the Council [INSERT MUNICIPALITY] strongly objects to the undue burden being placed on municipal taxpayers to subsidize the aggregate industry, and calls on the provincial government to:

1. Reevaluate and correct the misguided subsidies being provided to the aggregate sector, and ensure that future tax policies are fair, equitable, and consistent for all taxpayers.
2. Uphold the principles of revenue neutrality in the aggregate tax framework and ensure that any new tax classifications or methodologies do not result in a net loss of revenue for municipalities, especially those that are already facing significant financial challenges.
3. Commit to meaningful reform that ensures fairness and consistency across all sectors of the economy, and actively engages municipalities and taxpayers in a transparent and inclusive process, rather than catering to the demands of the aggregate industry.
4. Take immediate action to correct the existing inequities in the tax framework, ensuring that the burden of this correction is not unjustly shifted to municipal taxpayers, particularly those in rural communities who host these operations.
5. Respect and uphold the integrity of the legal process by honouring the decisions of the Divisional Court and ensuring that all assessment methodologies are transparent, accountable, and based on a fair and balanced approach.

Further be it resolved that the Council [INSERT MUNICIPALITY] supports TAPMO's call for the provincial government to adopt reforms that prioritize the needs and fairness of municipal taxpayers and to ensure that the aggregate sector contributes its fair share to the province's tax base; and

Further be it resolved that this resolution be forwarded to the Minister of Finance, the Minister of Municipal Affairs and Housing, local school boards, AMO, ROMA, Local MPP, all Ontario Municipalities and the Municipal Property Assessment Corporation.

TAPMO

Board of Directors



Chair
Mayor James Seeley
Township of Puslinch



Vice-Chair
Mayor Jennifer Coughlin
Township of Springwater



Mayor Dave Barton
Township of Uxbridge



Mayor Jim Hegadorn
Loyalist Township



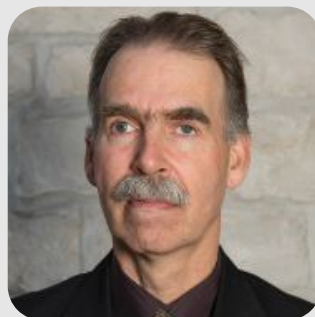
Councillor Tony Brunet
Town of Lincoln



Mayor Kevin Eccles
Municipality of West Grey



Deputy Mayor Peter Lavoie
Township of Oro-Medonte



Councillor Matthew Bulmer
County of Wellington



Deputy Mayor Katie Grigg
Township of Zorra

TOWNSHIP OF
Southgate



TOWNSHIP OF
EAST GARAFRAXA

Kawartha
Jump In



West Grey



TOWN OF
MONO



Loyalist
TOWNSHIP



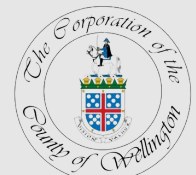
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Oro-Medonte
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Minto

Township of
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Township of
SOUTH-WEST OXFORD

G&T Guelph/Eramosa
Township

county of
Lennox & Addington

TOWN OF CALEDON

TOWN OF
HALTON HILLS



Top
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Municipalities of
Ontario

October 24, 2024

Sent via email

Minister of Finance Peter Bethlenfalvy
Ministry of Finance
Frost Building South, 7th Floor
7 Queen's Park Crescent
Toronto, ON M7A 1Y7

Dear Minister Bethlenfalvy:

Re: Aggregate Assessment

I am writing to raise TAPMO's concerns with the new tax class ratio for aggregate operations that does not maintain a revenue neutral outcome. TAPMO has been informed that the new tax class ratio will result in \$3 million of assessment being refunded to the aggregate industry for 2025 and beyond.

To date, neither the Ministry nor the aggregate industry has provided any justification for this residential taxpayer funded subsidy. The concerns raised by the MOF and the aggregate industry indicate that the potential cost increase for residential housing resulting from the ARB ruling applied across the province has not been thoroughly assessed or documented. Impacts of \$3-4 dollars per Ontarian are not accurate. Most aggregate operations are located in rural municipalities, thus rural residents will be providing this relief on a disproportionate level.

I would draw your attention to the developments in the Town of Erin. Developers are largely paying nearly \$200 million in up-front cost to build a wastewater treatment facility. This cost will be a direct pass through to the cost of the homes serviced by the treatment plant. In comparison, a revenue neutral tax class would be adding less than a quarter dollar to the cost of per tonne of aggregate.

Generally speaking, in Ontario, the provincial framework we strive to achieve is known at the municipal level as "Growth pays for Growth". Taxing aggregate properly brings us as a society closer to achieving that result. The aggregate tax class ratio does not support the revenue neutral tax outcome, nor does it support the principle of "Growth pays for Growth".

The OSSGA has failed to bring definitive evidence of the industry's inability to pay their fair share of taxes. Quite contrary, TAPMO has provided evidence of the ability of producers to pay their fair share. We are referencing the royalties Dufferin paid the University of Guelph (\$2 million in 2023). Further to the point, St. Mary's Cement's (CBM Canada) audited 2022 Financial Statements indicate a total net revenue for aggregate products at a whopping \$109,785,000 USD.

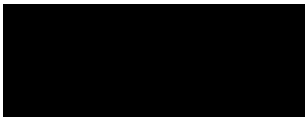
TAPMO recognizes that any increase of taxes on any property class would likely not be welcome. Unfortunately, as recorded in the Divisional Court decision, MPAC did not have the legislative authority to be providing tax relief (page 12 note 55 of the decision) that the industry experienced from 2016 onward. The aggregate industry is accustomed to an inappropriate tax discount. In TAPMO's view, residential taxpayers should not have to provide tax relief to the industry as a result of correcting an inappropriate tax benefit that the industry had come to expect. We respectfully reassert our position that OSSGA has not brought forward evidence to support their claim, other than highlighting the displeasure of paying more taxes. We have also not received evidence from the MOF supporting this relief for 2025 and beyond.

Lastly, we are deeply concerned that the lengthy and expensive legal process undertaken by Wellington County, and the decisions ordered by both the Assessment Review Board and Divisional Court is being undermined. This is particularly concerning given that the ARB decision was upheld. The new property tax class ratio fails to maintain a revenue-neutral tax assessment and undermines the legal process, which incurred significant costs for Wellington County taxpayers. This is extremely disturbing; Ontarians must have confidence in the legal processes in Ontario. Undermining the ARB assessment through a property tax class ratio that does not preserve revenue neutrality erodes that trust.

It is essential that discussions be inclusive and that any future assessment changes involve a fair and balanced approach in consultation with municipal partners, not just the aggregate sector.

TAPMO thanks the Ministry for the opportunity to comment on this very important issue and we look forward to strengthening this relationship.

Yours truly,



James Seeley
Board Chair