

# Gravel Pit Appeal Settlements

- ▶ The assessment of gravel pits has been under appeal since the 2009 taxation year
- ▶ In 2016, MPAC and the OSSGA came to an agreement to settle legacy appeals from the 2009 to 2016 taxation years
- ▶ Previous assessment methodology
  - ▶ Active areas of aggregate operations were valued at industrial land rates on a per acre basis of the total site area – classified and taxed as industrial
    - ▶ Most County pits were valued between \$40,000 - \$50,000/acre depending on the size of the pit
  - ▶ Other areas classified and taxed based on the use of the land (farm or residential)
- ▶ New methodology
  - ▶ Active areas of aggregate operations are now valued at class 5 farmland rates plus “site preparation costs” to a maximum value of \$15,000/acre – classified and taxed as industrial
    - ▶ Most County pits are now valued at less than \$10,000/acre



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- ▶ Results of the settlements has been unprecedented taxation losses to the County and its member municipalities – Puslinch hit the hardest
- ▶ 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
  - ▶ County share of loss & legal fees is over \$3 million
- ▶ Weighted assessment losses for 2017 are significant
  - ▶ County lost 0.51% in weighted assessment – equivalent to \$457,045 in annual property tax revenue
  - ▶ Puslinch lost 3.03% in weighted assessment – equivalent to \$152,065 in local property tax revenue annually (average residential property to pay \$64.43 extra in property tax to cover gravel pit write-offs)
  - ▶ Will result in equivalent rates of property tax increases to other property tax classes for the municipality to “break even”



## Summary of Tax Loss For Assessment Cycles: 2009-2012 & 2013-2016 24 Legacy Appeal Properties

Municipality	Original CVA	Revised CVA	Overall Tax Loss	Tax Loss Share		
				County	Township	Education
Puslinch (14)*	482,742,413	270,069,480	-\$4,988,043	-\$ 2,432,356	-\$ 643,737	-\$ 1,911,951
Guelph Eramosa (1)	25,217,882	21,174,632	-\$161,635	-\$ 67,240	-\$ 24,768	-\$ 69,626
Erin (4)	97,238,623	68,120,485	-\$559,323	-\$ 257,615	-\$ 103,516	-\$ 198,190
Centre Wellington (2)	13,265,450	11,109,995	-\$58,961	-\$ 25,543	-\$ 11,708	-\$ 21,710
Minto (2)	13,360,398	11,775,608	-\$53,835	-\$ 19,885	-\$ 16,275	-\$ 17,675
Mapleton (1)	3,388,763	3,322,763	-\$2,686	-\$ 1,069	-\$ 567	-\$ 1,049
<b>TOTAL</b>	<b>635,213,529</b>	<b>385,572,963</b>	<b>-\$5,824,482</b>	<b>-\$ 2,803,709</b>	<b>-\$ 800,570</b>	<b>-\$ 2,220,203</b>
Legal Fees and Consulting Services			-\$221,484	-\$ 221,484		
<b>GRAND TOTAL</b>			<b>-\$6,045,966</b>	<b>-\$ 3,025,193</b>		

\*Includes Capped Properties



# 2012 Base Year Valuation: Gravel Pit

Example I: Puslinch Gravel Pit Property with Industrial, Residential and Exempt

## ***Original Valuation Method – from 2012***

Total Land Value 94 acres	Apportionment Value (CVA)	Tax Class	Taxes Paid (2016 Rates)	
	\$ 557,650	IT	\$	19,197
	\$ 915,150	RT	\$	9,127
	\$ 43,200	E	\$	-
	\$ 1,516,000		\$	28,324



# 2016 Base Year Valuation: Gravel Pit and Single Family Dwelling

## Example 1: Gravel Pit - New Valuation Method - 2016

	Licensing/Preparation Costs	Class 5 Farm Land	Total Land Rate	Total Land	Apportionment Value (CVA)	Tax Class	Taxes Paid (2016 Rates)	
Industrial 13 acres	\$5,000/acre	\$4,215/acre	\$9,215/acre	\$ 119,795	\$ 134,600	IT	\$	4,634
Residential 41 acres	\$5,000/acre	\$4,215/acre	\$9,215/acre	\$ 377,815	\$ 417,100	RT	\$	4,160
Farm 16 acres (class 1)*	n/a	\$15131/acre		\$ 242,096	\$ 281,500	RT	\$	2,808
Farm 24 acres	n/a	\$2,408/acre		\$ 57,792	\$ 57,800	E	\$	-
<b>Total Land Value 94 acres</b>				<b>\$ 797,498</b>	<b>\$ 891,000</b>		<b>\$</b>	<b>11,601</b>

\*OMAFRA to advise on farm tenant

## Example 2: Puslinch Single Family Detached

Actual Area 1.09 acres	Property Details	Other Structures	Year Built	Apportionment Value (CVA)	Tax Class	Taxes Paid (2016 Rates)	
	2667 Square feet	Attached Garage	2009	\$ 1,183,000	RT	\$	11,799
	3 bedrooms	Outdoor Pool					
	2 1/2 baths			\$ 1,183,000		\$	11,799
	Central Air						
	Fireplace						

