Ontario's Business Education Tax:

Still Indefensible after 20 Years

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EXECUTIVE SUMMARY

In 1998 the Ontario government began controlling education property tax rates, a responsibility previously held by school boards. Since the takeover, the province has levied a uniform residential tax rate each year — the 2017 rate is 0.179% province-wide. Business education tax (BET) rates, however, are still far from uniform — 2017 rates range from a ceiling rate of 1.39% down to a lower bound just above the residential rate.[1]

Municipalities at the ceiling rate include, among many others, the cities of Belleville, Brantford, Brockville, Cornwall, Kingston, London, St. Thomas and Stratford, as well as the Region of Waterloo.

Rather than aiming for a uniform BET rate, both Progressive Conservative and Liberal governments limited themselves to reducing rate variation. To that end they deployed tax cuts where rates are relatively high, while avoiding tax increases where rates are relatively low.[2] We call policies of this type *tax-cut-only* policies.

The alternative would combine tax cuts where rates are relatively high with tax *increases* where rates are relatively low. We call policies of this type *tax-cut/tax-increase* policies.

Tax-cut/tax increase policies have negative political impacts — likely the main reason they've been avoided — while tax-cut-only policies have positive political impacts. On the other hand, tax-cut/tax-increase policies can be revenue neutral — or used even to increase revenue — while tax-cut-only policies reduce revenue by design.

A tax-cut-only policy announced in the 2007 budget projected $540 million per year in reduced revenue by 2014. However the 2012 budget deferred tax-cut installments

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[1] The lowest BET rate in the provincial regulation prescribing rates is 0.049%, a rate shown for industrial businesses in the Township of Pickle Lake (about 500 km north of Thunder Bay). However, since the business directory on the township's web site lists no industrial businesses, a more realistic lower-bound benchmark would likely be the next lowest BET rate. That rate, levied on pipeline property in McMurrich-Monteith Township (located between Huntsville and North Bay), is 0.187% — slightly above the 0.179% province-wide uniform residential rate. Appendix 1 to this report includes a complete list of 2017 BET rates. The regulation prescribing the rates is accessible via this link: http://www.ontario.ca/laws/regulation/980400?search=400%2F98

[2] Apart from occasional references to the residential education property tax, the BET is the only tax discussed in this report. Thus our references to tax cuts or tax increases are references to BET cuts or BET increases.

scheduled for 2013 and 2014. The deferral was supposed to end in the current fiscal-year (2017-18), but the 2017 budget is silent on implementing the deferred cuts.

Had the deferred cuts been fully implemented this year, the 1.39% ceiling rate would be reduced to equality with a BET rate known as the "target rate" (1.14%). Rates between ceiling and target rates, for example the 1.22% rate levied on Toronto industrial businesses, would also be reduced to the 1.14% target. The target rate would thus have become the new ceiling rate — its intended role in the 2007 budget plan.

Businesses in many municipalities are already taxed at the target rate. Included in the target group are most businesses in northern Ontario, industrial businesses in York Region and commercial businesses in the City of Toronto.

Even if 1.14% were already the ceiling rate, the playing field would still not be level. This is because the province levies BET rates well below 1.14% in municipalities with major business communities — i.e. in 905 GTA municipalities with commercial rates ranging from 0.86% (Halton) to 1.04% (Peel).

As was emphasized in 2012 by the Commission on the Reform of Ontario's Public Services (Drummond Commission), BET rate variation distorts investment — with negative impacts not only on municipalities subjected to relatively high rates but on the Ontario economy generally. The commission highlighted the gap between commercial BET rates in 905 and rates in Toronto, but today the gap is between 905 and everywhere else in Ontario.

Apart from investment distortions, there is an obvious inequity when businesses obtain the same provincial services, including education services, whether their BET rates are high or low. A provincial funding formula controls school board revenue; any increase in a board's property tax revenue is clawed back via reduced grants funded by other provincial taxes.

The BET as currently structured is clearly indefensible. And indeed no one even attempts to defend it. While public awareness of the BET has been limited, the 2018 provincial election might provide an opportunity to increase that awareness. After 20 years perhaps one or more political parties will acknowledge need for a platform commitment to BET reform.[3]

One reform option would be a tax-cut/tax-increase policy aimed at maintaining current BET revenue (about $3.84 billion per year). The Drummond commission recommended an option along these lines, and in 2013 the government followed up by saying it would review the commission's recommendation. However, the outcome of that review has not been made public.

The average BET rate is close to the 1.14% target rate. Revenue neutral rate equalization would move all rates up or down to the average. Tax increases in municipalities below the average would amount to about $166 million per year, with 905 commercial businesses paying most of that increase. These tax increases would be balanced by tax cuts of equal overall magnitude in ceiling-rate municipalities, as well as in municipalities with rates between ceiling and target levels. Businesses already at the target rate (e.g. Toronto commercial businesses) would be minimally affected by revenue-neutral equalization of rates.

In this report we outline an alternative policy we call an *optimized ceiling rate* policy. It would avoid the negative political impacts of the tax increases noted in the preceding paragraph, albeit with a revenue trade-off. The policy takes advantage of a break-point in the BET range at the Halton commercial rate (0.86%). Rates below that level are in non-urban municipalities accounting for less than 1% of the province's business assessment base.

It follows that if tax cuts lowered BET rates to a ceiling at the Halton commercial rate, the playing field would effectively be leveled province-wide. The optimization objective achieved would be effective levelling with minimized revenue loss.

The optimized ceiling rate policy would be an extension of tax-cut-only policies adopted by both PC and Liberal governments. We estimate the policy's revenue impact at approximately a $966 million per year reduction (i.e. if no BET rate were higher than 0.86% in 2017, revenue would be reduced from about $3.84 billion to about $2.88 billion.

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[3] The Progressive Conservative party has already released a 2018 election platform, which we discuss in our Conclusions section.

Appendix 2 shows the distribution of resulting tax cuts by municipality. Most 905 area businesses would actually benefit substantially — commercial BET rates are above the Halton rate in the other 905 regions. Even Halton businesses are not excluded from benefit since the industrial BET rate in Halton — at 1.34% — is currently almost at the 1.39% ceiling rate.

Only Muskoka District would have no benefiting businesses, but businesses there would at least not see tax increases — as they would certainly see in the tax-cut/tax-increase scenario discussed above.

If adopted, the optimized ceiling rate policy would likely be phased in over a number of years to mitigate the impact on provincial revenue.

A key advantage of the optimized ceiling rate option — compared with the revenue-neutral option —would be reduced cross-boundary tax shifting. Cross-boundary tax shifting discourages investment by adding to the uncertainty investors face when estimating future tax burdens. This shifting is unavoidable when a uniform tax rate is levied across municipal boundaries, but the more dollars a tax brings in the more dollars there are to shift — i.e. there would be less cross-boundary shifting with a 0.86% rate than with a 1.14% rate.

As will be noted in the "Target BET Rate" section below, cross-boundary tax shifting within the target-rate group is already at a level likely to add substantially to investor uncertainty. Toronto commercial properties are affected adversely by the shifting currently underway, but municipalities anywhere in the province could be on the receiving end with future assessment updates. In all likelihood enlarging the 1.14% target group to include over 99% of the provincial tax base would amplify the shifting currently underway. Conversely, phasing in the optimized ceiling rate policy would mitigate that shifting.

The optimized ceiling rate option has two additional advantages over the revenue neutral option. First, it would reduce the gap between the province's business and residential property tax rates. With the revenue neutral option the tax *ratio* (business rate divided by the residential rate) would remain at 6.4; conversely with the optimized ceiling rate option the ratio would come down to 4.8.[4] The lower tax ratio would

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[4] The current average BET rate is approximately 1.14%, a rate that would become the uniform rate with the revenue neutral option. 1.14% divided by the 0.179% residential rate equals 6.4. With the optimized ceiling rate

reduce land-market distortion caused by the gap in rates. The optimized ceiling rate option's second advantage is a lower marginal effective tax rate (METR) on investment — an impact that would improve Ontario's competitiveness.

option the average BET rate would be slightly below 0.86% (i.e. 0.858%) The tax ratio then would be 4.8 (i.e. 0.858/0.179).

INTRODUCTION

The Ontario government began controlling education property tax rates almost 20 years ago, in January 1998.[5] As the government took taxing power away from school boards, it inherited a wide range of business education tax (BET) rates. Over the years, policies aimed at reducing rate variation have had some effect, but BET rates are still far from uniform.

Commenting in its 2012 report, the Commission on the Reform of Ontario's Public Services (Drummond Commission) observed that:

"(A) concern related to education property taxes in Ontario is the wide range of business education tax (BET) rates across the province. Ideally, a provincial tax rate would be the same across all regions of the province, similar to the provincial uniform rate for residential properties.

"However, the province continues to set a range of BET rates, which vary across municipalities. There is no policy rationale for the variation in BET rates other than it being a result of historical assessment and tax inequities that were in place for many years prior to the province taking over responsibility for education tax rate setting in 1998."[6]

The commission diplomatically refrained from stating the obvious — i.e. rate variation in 2012 could not be entirely a result of pre-1998 conditions; post-1998 provincial policy affected the result as well. Our discussion of post-1998 provincial policy begins with two rejected options.

First, the province could have imposed tax increases where rates were *below* average, thereby offsetting tax cuts where rates were *above* average. The result would have been a uniform rate at the average level — a revenue-neutral outcome. As we will note later in this section, the government announced in 2013 that this option was under consideration; however there has been no follow-up announcement. The political impact of increasing tax burdens in major municipalities probably accounts for this option's apparent non-starter status.

[5] Ontario's provincial property tax is now an "education" tax in name only. Revenue from this tax is no more correlated with school spending than revenue from any other provincial tax is correlated with school spending. New Brunswick's counterpart tax is called simply the Provincial Real Property Tax – a label that would improve transparency if used here in Ontario.

[6] https://www.fin.gov.on.ca/en/reformcommission/chapters/report.pdf p.423.

The second rejected option would have implemented a uniform BET rate at the low end of the range. Since the lowest BET rate is close to the province-wide residential education rate[7], this option could have evolved into a uniform rate on all business and residential property. No doubt the impact on revenue is the reason this option has been rejected: BET revenue would fall by 84% (from about $3.84 billion to about $0.60 billion per year).

With the above-noted options rejected, Progressive Conservative and Liberal governments each decided against pursuing a uniform BET rate. Instead they adopted programs aimed at reducing rate variation. This reduction was to be achieved via tax cuts in municipalities with rates in the upper part of the range; there would be no tax increases in the lower part of the range. Resulting negative revenue impacts of these tax-cut-only policies were contained by specifying how much revenue would be foregone.

The PC government specified a foregone revenue amount of $500 million per year, with tax cuts stepping up to that level between 1998 and 2005. The PC government did not survive until 2005, but still implemented over $400 million per year in tax cuts before losing the 2003 election.[8]

For its part, the Liberal government's 2007 budget specified a foregone revenue amount of $540 million per year, with tax cuts stepping up to that level between 2007 and 2014. While the 2012 budget suspended further cuts beyond that year, the Liberal government still implemented over $200 million per year in tax cuts by 2012.[9]

As justification for halting further tax cuts, the 2012 budget cited a need to eliminate the budget deficit, adding that tax cuts would resume in fiscal 2017-18 when deficit elimination was projected. However, while the 2017 budget said the deficit had indeed been eliminated, it was silent on resuming tax cuts.

Regarding the economic impact of non-uniform BET rates, the Drummond commission said that:

"The variance in BET rates distorts efficient business location decisions and places many businesses in the province at a disadvantage, therefore having a negative impact on jobs and the provincial economy overall. These distortions are particularly difficult to justify when there are large differences

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[7] Setting aside an extreme outlier, the lowest BET rate is 0.187%, levied on pipeline property in McMurrich-Monteith Township (located between Huntsville and North Bay); the 2017 residential rate is slightly lower at 0.179%,

[8] 2003 Ontario budget, p. 161.

[9] 2012 Ontario budget, p. 244. Like the 2003 budget, the 2012 budget didn't quantify "over". Presumably if tax cuts by 2003 were substantially over $400 million per year the amount over would have been quantified. And presumably if tax cuts by 2012 were substantially over $200 million per year the amount over would likewise have been quantified.

between neighbouring municipalities, such as Toronto and the 905 region. While the tax inequities can be expected to have been capitalized into the value of properties, it is still important to address these gradually over time."[10]

The commission report's BET recommendations, in the chapter entitled *"Revenue Integrity"*, were in keeping with that title:

***"Recommendation 18-26:** Continue to implement the business education tax (BET) reduction plan while considering options for adjusting the plan in order to avoid part or all of the revenue loss associated with reducing high BET rates by also increasing low BET rates.*

***"Recommendation 18-27:** Build on the existing business education tax (BET) reduction plan to address historical BET rate inequities and distortions by gradually implementing a single uniform BET rate."* [11]

A few months after the commission's report was released the government took a different route to securing revenue integrity: i.e. the BET reduction plan was suspended in the 2012 budget. In its 2013 fall economic statement, however, the government seemed open to adopting the commission's recommendations:

"The Commission on the Reform of Ontario's Public Services…..raised concerns related to economic distortions caused by the wide range of Business Education Tax (BET) rates across the province. This variance in BET rates reflects historical assessment and tax inequities that existed before the Province assumed responsibility for the rates. To address these inequities and distortions, the Commission recommended moving towards a policy of a single province-wide BET rate for all regions of the province.

"Since 2007, the Province has made significant progress in addressing BET rate inequities by lowering high rates towards a BET target rate that was set well below the average BET rate. However, the Province has not adjusted low rates upwards towards the BET target rate. In recognition of the importance of continuing to narrow the variance in BET rates, the Province will review the Commission's recommendation to move towards a single uniform BET rate."[12]

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[10] P. 423. Capitalization in this context refers to the impact of BET rate variance on land values. To illustrate suppose the BET rate levied on City A has been relatively high, while the BET rate levied on City B has been relatively low. In City A the high BET rate has negatively affected investment, with resulting negative impact on demand for land and thus on land values. If the BET rate on City A is reduced, impacts on investment, demand for land and land values in that city will all be positive. Meanwhile in City B, the low BET rate has positively affected investment, demand for land and land values. If City A's rate reduction is accompanied by an increased rate in City B, the impact on these variables in City B will be negative. However if the BET rate in City A is reduced to equal the City B rate the impact on City B depends on whether the two cities compete for investment. In any case, negative impacts in City B will be smaller than if the City B rate is increased.

[11] P.424.The commission also recommended indexing BET revenues to inflation.

[12] "Creating Jobs and Growing the Economy: Ontario Economic Outlook and Fiscal Review" (Fall 2013) p. 188.

While no announced policy change emerged from this review, the "target rate" cited in the statement still plays a key role in the BET regime. Our next section discusses the target rate's origin and evolution.

THE TARGET BET RATE

The target rate was introduced in the 2007 budget, which said it would evolve into a ceiling rate — i.e. once the target rate was fully implemented, BET rates in every municipality would either be equal to the target rate or lower; none would still be higher.

The 2007 budget said that fully implementing the target rate meant foregoing $540 million/year in BET revenue. Mathematically, therefore, a BET rate existed such that if tax cuts brought higher rates down to that rate, the tax cuts would amount to $540 million per year. As announced in the 2007 budget, the target rate turned out to be 1.60%. The budget said it would be fully implemented by 2014, with no tax increases in municipalities where rates were below the target rate.

In 2008 the government announced that a group of municipalities would be taxed at the target rate starting in 2010. This group (we'll call it the "target group") was made up of northern municipalities with BET rates that would otherwise be above the target rate.[13] Businesses in the cities of Thunder Bay, Sault Ste. Marie, Sudbury and North Bay all benefited from the tax cuts required to create the target group, as did businesses in many northern townships as well. In line with province-wide policy, other northern townships — where BET rates had been below the target rate — continued with those lower rates.

After 2010 the target rate moved down from year to year, as required to offset assessment appreciation in the target group. Periodically the target rate would coincide with the rate levied on a non-member of the group, at which point the non-member would be added to the group. Examination of BET rate schedules over the years reveals the existence of a "flypaper" policy: once a municipality enters the target group it stays in the group.

The Toronto commercial class was added to the target group last year.[14] Niagara Region commercial and York Region industrial are among other property classes added to the group's original northern membership.

[13] By 2010 the target rate had been reduced to 1.43% from the 1.60% rate announced in 2007.

[14] Back in 2012, when the province halted tax cuts, the Toronto commercial BET rate was well above that year's target rate (1.44% versus 1.26%). To offset appreciation, BET rates are adjusted downward each year. Over the 2012-2016 period assessed values of Toronto commercial properties appreciated more rapidly than target-group properties. Thus the Toronto commercial rate fell faster than the target rate, eventually coinciding with the target rate in 2016. The

Cross-boundary tax shifts are inevitable when a uniform tax rate applies across municipal boundaries. These shifts are caused by assessment updates. Starting this year, assessments based on 2016 market values are being phased in, replacing assessments based on 2012 market values. By 2020 this phase-in will be complete, leading to a new phase-in starting in 2021; market values of 2020 will then replace 2016 market values.

The current phase-in reallocates tax shares within the target group — from tax shares based on 2012 assessments to tax shares based on 2016 assessments. A report prepared by Toronto city staff discusses the impact on the city's property classes. The chart copied below is from that report.

Property Class	**2016 Education Levy '000**	**2016 Year End Education Levy '000**	2016 Levy Increase from Assessment Growth '000	**2017 Prescribed Education Levy '000**	2017 Impact of CVA/Appeal Loss Adjustment '000	2017 Impact of Levy Increase '000	Total 2017 Impact of Education Levy '000
Residential	**$763,000**	**$776,363**	$13,363	**$791,089**	$13,069	$1,657	$14,726
Multi-Residential	**$60,859**	**$60,765**	-$94	**$65,412**	$4,510	$137	$4,647
New Multi-Residential	**$2,998**	**$3,068**	$70	**$3,200**	$125	$7	$131
Commercial	**$1,070,299**	**$1,058,068**	-$12,231	**$1,105,008**	$27,554	$19,386	$46,940
New Commercial	**$54,190**	**$66,286**	$12,097	**$66,449**	$162	$0	$162
Industrial	**$98,663**	**$95,968**	-$2,695	**$95,981**	$13	$0	$13
New Industrial	**$391**	**$421**	$30	**$416**	-$5	$0	-$5
Pipelines	**$4,864**	**$4,881**	$17	**$4,681**	-$200	$0	-$200
Farmlands	**$10**	**$10**	-$0.1	**$10**	-$0.04	$0	-$0.02
Managed Forests	**$1**	**$2**	$1	**$2**	-$0.1	$0	-$0.1
Total	**$2,055,274**	**$2,065,833**	$10,559	**$2,132,247**	$45,227	$21,187	$66,415

Source: Chart 2, City of Toronto staff report (2017)
http://www.toronto.ca/legdocs/mmis/2017/cc/bgrd/backgroundfile-103210.pdf

complete set of target group members is identifiable in Appendix 1, which presents the 2017 BET rate schedule. Target group members have entries of 1.14%.

The impact shown on the chart's commercial line is more like a tax tsunami than a tax shift — a tsunami spilling into the 416 area with no relief in sight before 2021 at the earliest. An added burden of $27.554 million this year is shown in the shift column (third from the right), and that is just the first of four installments. A cumulative added burden in excess of $100 million annually is foreseeable by the time the current phase-in ends in 2020.

Businesses in other target-group municipalities may be facing adverse tax shifts. MPAC has the data needed to determine whether this is the case, and has already published portions of that data. However MPAC has so far not been responsive to requests for the full data set needed.

Even without a complete picture of cross-boundary tax shifts, it is clear they are large enough to add substantially to the uncertainty facing investors — a negative impact on investment. Real estate trends in municipalities hundreds of kilometers away can now substantially increase investors' property taxes. In the current assessment cycle the main adverse impact appears to be on Toronto commercial properties, but future cycles could shift taxes onto municipalities anywhere in the province.

As we have noted, cross-boundary tax shifts of some magnitude are inevitable within the target group. However, these shifts would be mitigated if the total tax burden on the group were reduced — a scenario we consider in the section appearing after our next section, which comments on the ceiling BET rate.

Besides the tax-shift column, the city chart includes a levy increase (i.e. tax increase) column (second from the right). For Toronto commercial properties the column shows a tax increase of $19.386 million this year.[15] While the province has not explained why it imposed this tax increase, two conceivable explanations can be ruled out.

First, the tax increase has not been imposed to protect provincial revenue from losses due to assessment appeals. While the 2016 Ontario budget said the government has begun implementing a revenue cushion to offset anticipated appeals[16], the city's contribution to the cushion is included in a column separate from the levy increase column — i.e. in the "2017 Impact of CVA/Appeal Loss Adjustment" column.

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[15] A city staff report notes that tax shifts and tax increases also occurred in 2016, although these impacts were much smaller than the 2017 impacts: http://www.toronto.ca/legdocs/mmis/2016/cc/bgrd/backgroundfile-92579.pdf. The 2016 and 2017 impacts were the first education tax increases on Toronto businesses since school boards lost their taxing power in 1998.

[16] p. 342.

Second, the tax increase has not been imposed to increase provincial revenue by more than the amount funding the appeal cushion. In a statement, the finance ministry has noted that not only has there been no such increase, there has in fact been a reduction from that amount. [17]

In sum, the city report says the added burden of $19.386 million is over and above the tax shift from other target-group municipalities, and over and above Toronto commercial taxpayers' contribution to the appeal cushion. And yet the province says it doesn't have the $19.386 million. The apparent implication is that the $19.386 million is offsetting lower taxes in municipalities outside the target group — most likely those with BET rates above the target rate.

Presumably the province will explain the tax increase at some point. In the absence of such an explanation it would be premature to conclude that a fundamental policy change is underway — i.e. from a tax-cut-only policy to a tax-cut/tax-increase policy. The province has not suggested that tax increases will recur in future years, nor has it indicated even that municipalities besides Toronto have already been subject to tax increases. At least so far as provincial announcements are concerned, the long-standing tax-cut-only policy remains in effect.

[17] A November 7, 2017 article in QP Briefing (an on-line publication accessible to subscribers) attributed the following statement to the Ontario finance ministry: "Since 2007, Ontario businesses have saved more than $200 million per year due to those (i.e. BET) reductions, the finance ministry said…..This year, the province committed to moving to a uniform ceiling rate, saving another $16 million in taxes for businesses." In 2016 there were two ceiling rates: 1.40% for commercial properties and 1.50% for industrial and pipeline properties. The ministry's statement indicates that $16 million per year in revenue was foregone in 2017 as a result of reducing the industrial/pipeline ceiling to parity with the commercial ceiling.

THE CEILING BET RATE

In addition to the target BET rate, the 2007 budget created a ceiling BET rate. As outlined in the budget, tax cuts were to progressively lower the ceiling rate until it coincided with the target rate in 2014. As we noted earlier, however, tax cuts scheduled for 2013 and 2014 are on hold so the ceiling rate (1.39% in 2017) has still not been equalized with the 1.14% target rate. Thus Ontario has two groups of municipalities with uniform BET rates: the target group and the ceiling group.[18]

The rate schedule in Appendix 1 shows entries of 1.39% for members of the ceiling group. Included in the group, among many other municipalities, are the cities of Belleville, Brantford, Brockville, Cornwall, Kingston, London, St. Thomas and Stratford, as well as the Region of Waterloo.

Besides the two uniform-rate groups, the schedule shows municipality-specific rates in the range between target and ceiling rates — for example Toronto industrial at approximately 1.22%. It also shows municipality-specific rates in the range below the target rate, for example Halton Region commercial at approximately 0.86%.

The BET rate schedule shows that the 2007 budget plan — even if fully implemented — would fail the Drummond Commission's economic efficiency test. While BET rates higher than the target rate would no longer impede efficient business location decisions, continuing distortion would result from BET rates below the target rate in major municipalities — particularly commercial rates in the 905 GTA.

This is not to say the 2007 budget plan was ill-conceived. The impact of future reassessments was unknown in 2007 — an impact that might have brought the target rate close to the lowest 905 GTA rate. However three reassessments later that outcome has clearly not occurred. There is still a substantial gap between the target rate (1.14%) and the lowest 905 GTA rate (Halton commercial at 0.86%). There is also substantial rate variance *within* the 905 GTA area, impacting both commercial and industrial classes.

The Drummond Commission's own uniform-rate recommendation would balance tax cuts in ceiling-rate municipalities with tax increases in the 905 area and anywhere else with BET rates below the average rate (now close to the 1.14% target rate). However, over the entire 20-year period of provincial control, governments have not declared themselves willing to impose these tax increases.

Political considerations aside, cross-boundary tax shifting is another factor to consider in evaluating the commission's recommendation. As we've noted, this shifting is already problematic within the target group. Expanding the group to include the entire province would add still more market diversity to the assessment base taxed at a uniform rate. Amplified tax shifting would be the likely result, adding to the uncertainty already facing investors attempting to project future tax burdens.

AN OPTIMIZED CEILING BET RATE

The optimized ceiling rate policy builds on tax-cut-only policies already implemented by Progressive Conservative and Liberal governments. These policies implemented tax cuts where rates were high, while avoiding tax increases where rates were low. Foregone revenue was the inevitable impact, but successive governments viewed the trade-off as desirable on balance.

As in the 2007 budget plan, a ceiling BET rate is key to the policy scenario outlined here. A ceiling rate by definition co-exists with lower rates so it can't be a uniform rate. However, analysis of the rate schedule reveals a break-point at 0.86% — the rate applied to Halton Region commercial properties. Municipalities with lower rates, all of them predominantly rural, account for less than 1 percent of the provincial business assessment base. So a ceiling rate at 0.86% will effectively level the playing field province-wide, thereby passing the Drummond Commission's efficiency test.

A higher ceiling rate than 0.86% will not pass that test since one or more major municipalities will retain lower rates, significantly distorting investment decisions. A lower ceiling rate will pass the test but the revenue sacrifice — at least for the time being — might outweigh the economic efficiency benefit. These are the trade-offs involved in locating an optimized ceiling rate.[19]

Appendix 2 shows impacts of a 0.86% ceiling rate if it had been implemented in 2017. The province-wide tax cut would be about $966 million.[20]

A tax reduction of this magnitude will likely not be implemented in a single year. The time path to full implementation will extend over a number of years (e.g. 5 or 10 years).[21] All rates above the ceiling should move down linearly toward the ceiling

[19] In this report we set aside the longer term efficiency benefits achievable with parity between business and residential provincial tax rates — as well as potential benefits from eliminating the provincial property tax entirely (as in Newfoundland and Labrador, which has no such tax).

[20] While municipal councils might be motivated to take advantage of tax room opened up by BET cuts, provincially imposed restrictions require any business tax increase to be accompanied by a residential tax increase of at least the same magnitude (in percentage terms). In Toronto and a number of other municipalities the accompanying residential tax increase would have to be at least twice the percentage increase on businesses. The need to impose larger residential tax increases than would be imposed without the BET cuts should effectively deter councils from taking advantage of the tax room.

[21] Foregone revenue due to eliminating Ontario's capital tax was absorbed in budgets over the 2004-2010 period. This revenue impact — at $2.115 billion/year — was much larger than the $0.966 billion/year BET reduction estimate cited above. Commenting on capital-tax elimination, the 2012 provincial budget observed that "capital tax was levied on

beginning in Year 1. The resulting tax reduction for the current target group will mitigate the problematic cross-boundary tax shifting currently experienced within that group.

CONCLUSIONS

Insofar as BET rates are discussed at all, no one defends them. And yet indefensible rates continue year after year. Absence of transparency makes the status quo a viable option. Most businesses paying high rates likely don't know that others pay far lower rates. Even if they do know, they may be unaware the provincial government is responsible — and that their high rates add nothing to local school board revenue.[22]

The absence of transparency limits the political attractiveness of BET reform. It is thus not surprising to see the BET go unmentioned in the recently-released platform of the PC party. Still, the long time interval between the platform's release and the election may provide opportunities for platform modification. The revenue projection table currently in the platform[23] shows a personal tax-cut total well in excess of total business tax cuts. Focused advocacy by business representatives might motivate the party to add an additional business tax cut — i.e. phased implementation of an optimized ceiling BET rate.[24]

Liberal, NDP and Green platforms have yet to be released, so proactive advocacy opportunities may be available to business representatives. It is unlikely that any of the four parties would commit to revenue-neutral BET reform — a consequence of the required tax increases in a number of key municipalities. Thus the optimized ceiling rate scenario is better positioned for political viability.

companies even if they were not profitable" (2012 budget, pages 235, 240). Needless to say the BET is likewise levied on companies even if they are not profitable,

[22] The local school board will have more property tax revenue than other boards, but dollar-for-dollar less funding from other provincial taxes. A board's revenue is unrelated to whether businesses in its jurisdiction pay high or low BET rates.

[23] P. 76: https://www.ontariopc.ca/peoples_guarantee

[24] The platform is structured so that any additional tax cut would require an offset. To offset tax cuts already included, the platform relies extensively on expenditure savings expected from value-for-money audits. We are not in a position to say whether these savings projections can be increased, but the platform describes their current level as being conservative. Of course the party, regardless of the potential for increasing savings projections, might prefer an alternative offset to BET reductions.

Political considerations aside, the optimized ceiling rate has important public-policy advantages over the revenue neutral option:

- The gap between the province's business and residential tax rates would be reduced (from the current ratio = 6.4 to a ratio = 4.8), thus mitigating land market distortion caused by the gap in rates.
- Cross-boundary tax shifting would be mitigated with the optimized ceiling rate option — thus reducing uncertainty that discourages investment.
- The marginal effective tax rate (METR) on investment would be lower with the optimized ceiling rate option, thus improving the province's competitiveness.

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APPENDIX 1:
2017 Provincial Business Education Tax (BET) Rates

Source: Ontario Regulation 400/98 as amended:
http://www.ontario.ca/laws/regulation/980400?search=400%2F98

2017 Provincial Business Property Tax Rates by Upper Tier / Single Tier			
Upper Tier / Single Tier	Commercial	Industrial	Pipeline
Alberton, Township of	1.127423%	1.140000%	1.140000%
Armour, Township of	0.709620%	0.395277%	0.541688%
Armstrong, Township of	1.140000%	1.140000%	1.023829%
Assiginack, Township of	0.949176%	0.677012%	
Atikokan, Township of	1.140000%	1.140000%	1.140000%
Baldwin, Township of	1.140000%	1.005688%	0.864468%
Barrie, City of	1.140000%	1.203765%	1.107043%
Belleville, City of	1.390000%	1.390000%	1.220287%
Billings, Township of	0.690067%	1.027614%	
Black River-Matheson, Township of	1.140000%	1.140000%	0.858957%
Blind River, Town of	1.140000%	1.140000%	1.140000%
Bonfield, Township of	1.140000%	1.140000%	0.705148%
Brant, County of	1.390000%	1.390000%	1.390000%
Brantford, City of	1.390000%	1.390000%	1.317947%
Brethour, Township of	0.369119%		1.140000%
Brockville, City of	1.390000%	1.390000%	1.237358%
Bruce, County of	1.140000%	1.390000%	0.970445%
Bruce Mines, Town of	1.140000%	1.140000%	0.678418%
Burk's Falls, Village of	1.140000%	1.140000%	0.998388%
Burpee and Mills, Township of	0.498729%	1.140000%	
Callander, Municipality of	1.140000%	1.140000%	0.920537%
Calvin, Township of	0.597028%	1.140000%	0.968126%
Carling, Township of	0.555448%	1.140000%	
Casey, Township of	0.573889%	1.140000%	
Central Manitoulin, Township of	0.742493%	1.140000%	
Chamberlain, Township of	0.328918%	0.522605%	0.992883%
Chapleau, Township of	1.140000%	1.140000%	
Chapple, Township of	0.640703%	1.140000%	1.140000%
Charlton and Dack, Municipality of	1.140000%	1.140000%	0.965461%
Chatham-Kent, Municipality of	1.377892%	1.390000%	1.349737%
Chisholm, Township of	0.977345%	0.619904%	
Cobalt, Town of	1.140000%		1.140000%
Cochrane, Town of	1.140000%	1.140000%	0.812621%
Cockburn Island, Township of			
Coleman, Township of	1.140000%	1.140000%	1.086186%
Conmee, Township of	1.140000%	1.140000%	
Cornwall, City of	1.390000%	1.390000%	1.390000%
Dawson, Township of	1.140000%	1.140000%	1.140000%
Dorion, Township of	1.140000%	1.140000%	1.140000%
Dryden, City of	1.140000%	1.140000%	1.140000%

Dubreuilville, Township of	1.140000%	1.140000%	
Dufferin, County of	1.012107%	1.390000%	0.877643%
Durham, Region of	1.114154%	1.390000%	1.140000%
Ear Falls, Township of	1.140000%	1.140000%	1.140000%
East Ferris, Municipality of	1.016949%	1.133385%	1.140000%
Elgin, County of	1.140000%	1.390000%	1.070941%
Elliot Lake, City of	1.140000%	1.140000%	0.858656%
Emo, Township of	1.140000%	1.140000%	1.140000%
Englehart, Town of	1.140000%	1.140000%	1.140000%
Espanola, Town of	1.140000%	1.140000%	1.140000%
Essex, County of	1.335536%	1.390000%	1.390000%
Evanturel, Township of	1.140000%	1.140000%	1.092603%
Fauquier-Strickland, Township of	1.140000%	0.552633%	0.614336%
Fort Frances, Town of	1.140000%	1.140000%	1.140000%
French River, Municipality of	1.140000%	1.140000%	
Frontenac, County of	1.390000%	1.390000%	
Gananoque, Separated Town of	1.390000%	1.390000%	1.140000%
Gauthier, Township of	0.741980%	0.865360%	
Gillies, Township of	1.140000%	1.055443%	
Gordon/Barrie Island, Municipality of	1.092681%	1.003146%	
Gore Bay, Town of	1.140000%	0.855510%	
Greenstone, Municipality of	1.140000%	1.140000%	0.341746%
Grey, County of	1.390000%	1.390000%	1.140000%
Guelph, City of	1.269580%	1.390000%	1.390000%
Haldimand, County of	1.304761%	1.390000%	1.390000%
Haliburton, County of	1.083593%	1.140000%	
Halton, Region of	0.860141%	1.335379%	1.140000%
Hamilton, City of	1.173786%	1.281416%	1.140000%
Harley, Township of	1.140000%	1.140000%	
Harris, Township of	1.140000%	0.492952%	1.102481%
Hastings, County of	0.969445%	1.140000%	0.989264%
Hearst, Town of	1.100681%	1.140000%	0.744286%
Hilliard, Township of	1.140000%	1.140000%	1.140000%
Hilton Beach, Village of	1.140000%	1.140000%	
Hilton, Township of	1.140000%	1.140000%	
Hornepayne, Township of	1.140000%	1.140000%	
Hudson, Township of	1.140000%	1.140000%	0.598823%
Huron, County of	1.071388%	1.140000%	0.456993%
Huron Shores, Municipality of	1.140000%	1.140000%	1.140000%
Ignace, Township of	1.140000%	1.140000%	0.918277%
Iroquois Falls, Town of	1.140000%	1.140000%	0.835874%
James, Township of	1.140000%	1.140000%	
Jocelyn, Township of	1.140000%	1.140000%	
Johnson, Township of	1.066727%	1.140000%	0.754365%
Joly, Township of	0.828888%	1.140000%	
Kapuskasing, Town of	1.140000%	1.140000%	0.803973%
Kawartha Lakes, City of	1.140000%	1.390000%	1.390000%
Kearney, Town of	0.609801%	0.769323%	
Kenora, City of	1.140000%	1.140000%	1.046231%
Kerns, Township of	0.581625%		0.874504%
Killarney, Municipality of	0.703551%	1.140000%	

Kingston, City of	1.390000%	1.390000%	1.321061%
Kirkland Lake, Town of	1.140000%	1.140000%	1.072766%
La Vallee, Township of	0.983090%	1.140000%	1.140000%
Laird, Township of	1.140000%	1.140000%	
Lake of The Woods, Township of	1.002321%		
Lambton, County of	1.378782%	1.390000%	1.140000%
Lanark, County of	1.285667%	1.390000%	1.390000%
Larder Lake, Township of	1.140000%	1.140000%	
Latchford, Town of	1.140000%	1.140000%	1.140000%
Leeds and Grenville, County of	1.308668%	1.390000%	1.344403%
Lennox and Addington, County of	1.390000%	1.390000%	1.140000%
London, City of	1.390000%	1.390000%	1.390000%
Macdonald, Meredith and Aberdeen, Additional, Township of	1.140000%	1.140000%	0.968528%
Machar, Township of	0.791500%	0.633762%	0.624934%
Machin, Township of	1.140000%	0.501053%	1.140000%
Magnetawan, Municipality of	0.700999%	1.091284%	
Manitouwadge, Township of	1.140000%	1.140000%	
Marathon, Town of	1.140000%	1.140000%	
Markstay-Warren, Municipality of	1.140000%	0.854023%	1.140000%
Matachewan, Township of	1.140000%	1.140000%	
Mattawa, Town of	1.140000%	1.140000%	1.098618%
Mattawan, Township of	1.140000%	1.140000%	1.140000%
Mattice-Val Cote, Township of	1.140000%	1.140000%	0.453247%
McDougall, Township of	0.744767%	1.140000%	
McGarry, Township of	1.140000%	0.430202%	
McKellar, Township of	1.140000%	1.140000%	
McMurrich/Monteith, Township of	0.919375%	0.401669%	0.187359%
Middlesex, County of	1.362025%	1.390000%	1.253283%
Moonbeam, Township of	1.140000%	1.140000%	1.059054%
Moosonee, Town of	0.682616%	1.140000%	
Morley, Township of	1.140000%	1.140000%	1.140000%
Muskoka, District Municipality of	0.686026%	0.802801%	0.437855%
Nairn and Hyman, Township of	1.140000%	1.140000%	1.140000%
Neebing, Municipality of	0.501235%	1.140000%	1.140000%
Niagara, Region of	1.140000%	1.390000%	1.140000%
Nipigon, Township of	1.140000%	1.140000%	1.140000%
Nipissing, Township of	0.941739%	0.247335%	
Norfolk, County of	1.390000%	1.390000%	1.390000%
North Bay, City of	1.140000%	1.140000%	1.047017%
Northeastern Manitoulin and the Islands, Town of	0.961999%	1.140000%	
Northumberland, County of	1.390000%	1.390000%	1.202298%
O'Connor, Township of	1.020250%	1.041262%	
Oliver and Paipoonge, Township of	1.140000%	1.140000%	1.140000%
Opasatika, Township of	1.012133%	1.140000%	0.550255%
Orillia, City of	1.289994%	1.390000%	1.390000%
Ottawa, City of	1.129880%	1.390000%	1.369355%
Owen Sound, City of	1.390000%	1.390000%	1.140000%
Oxford, County of	1.390000%	1.390000%	1.040000%
Papineau-Cameron, Township of	0.896310%	1.140000%	0.608790%
Parry Sound, Town of	0.854096%	0.660188%	1.140000%
Peel, Region of	1.042947%	1.231495%	1.288127%

Pelee, Township of	1.140000%	1.140000%	
Pembroke, City of	1.390000%	1.390000%	1.020946%
Perry, Township of	0.924587%	0.583684%	0.618975%
Perth, County of	1.140000%	1.390000%	1.390000%
Peterborough, City of	1.388442%	1.390000%	1.140000%
Peterborough, County of	1.140000%	1.390000%	1.122822%
Pickle Lake, Township of	0.601066%	0.049279%	
Plummer, Additional, Township of	1.140000%	1.140000%	0.804838%
Powassan, Municipality of	0.995021%	1.140000%	0.801533%
Prescott and Russell, County of	1.140000%	1.390000%	1.105721%
Prescott, Separate Town of	1.390000%	1.390000%	1.140000%
Prince, Township of	1.140000%	1.140000%	
Prince Edward, County of	0.749030%	1.390000%	0.525360%
Quinte West, City of	1.364092%	1.390000%	1.140000%
Rainy River, Town of	1.140000%	1.140000%	1.140000%
Red Lake, Municipality of	1.140000%	1.140000%	1.140000%
Red Rock, Township of	1.140000%	1.140000%	1.140000%
Renfrew, County of	1.362616%	1.390000%	1.140000%
Ryerson, Township of	0.720870%	1.140000%	
Sable-Spanish Rivers, Township of	1.140000%	1.140000%	
Sault Ste. Marie, City of	1.140000%	1.140000%	1.140000%
Schreiber, Township of	1.140000%	1.140000%	
Seguin, Township of	0.655558%	1.140000%	1.035847%
Shedden, Township of	1.140000%	1.140000%	
Shuniah, Township of	1.140000%	1.140000%	1.140000%
Simcoe, County of	1.140000%	1.390000%	1.335807%
Sioux Lookout, Municipality of	1.140000%	1.140000%	
Sioux Narrows-Nestors Falls, Township of	1.083686%	0.825447%	
Smiths Falls, Separated Town of	1.390000%	1.390000%	1.313309%
Smooth Rock Falls, Town of	1.140000%	1.140000%	0.977566%
South Algonquin, Township of	0.527870%	1.140000%	
South River, Village of	0.972644%	0.821703%	0.411077%
St. Charles, Municipality of	0.574431%		1.140000%
St. Joseph, Township of	0.762511%	1.140000%	
St. Marys, Separated Town of	1.140000%	1.390000%	1.330384%
St. Thomas, City of	1.390000%	1.390000%	0.910752%
Stormont, Dundas and Glengarry, County of	1.390000%	1.390000%	1.097130%
Stratford, City of	1.390000%	1.390000%	1.140000%
Strong, Township of	0.709940%	1.140000%	0.581904%
Sudbury, City of Greater	1.140000%	1.140000%	1.140000%
Sundridge, Village of	1.103816%	1.140000%	0.672914%
Tarbutt and Tarbutt, Additional, Township of	1.140000%	1.140000%	
Tehkummah, Township of	0.977234%	1.140000%	
Temagami, Municipality of	1.140000%	1.140000%	0.965865%
Temiskaming Shores, Town of	1.140000%	1.140000%	0.841220%
Terrace Bay, Township of	1.140000%	1.140000%	
The Archipelago, Township of	0.626003%	0.747199%	
The North Shore, Township of	1.140000%	1.140000%	
Thessalon, Town of	1.140000%	0.878698%	0.677650%
Thornloe, Village of	1.140000%	1.140000%	
Thunder Bay, City of	1.140000%	1.140000%	1.140000%

Timmins, City of	1.140000%	1.140000%	1.140000%
Toronto, City of	1.140000%	1.216415%	1.390000%
Val Rita-Harty, Township of	1.140000%	1.140000%	0.708619%
Waterloo, Region of	1.390000%	1.390000%	1.070724%
Wawa, Township of	1.140000%	1.140000%	
Wellington, County of	1.025278%	1.390000%	1.390000%
West Nipissing, Municipality of	1.140000%	1.140000%	1.140000%
White River, Township of	1.140000%	1.140000%	
Whitestone, Municipality of	0.588727%	1.013831%	
Windsor, City of	1.371681%	1.390000%	1.390000%
York, Region of	0.987908%	1.140000%	1.390000%

APPENDIX 2:
Estimated 2017 Impact of an Optimized Ceiling BET Rate

Estimated Provincial Business Property Tax Reductions By Single Tier / Upper Tier / District with Ceiling Rate Reduced to 0.86 Percent (lowest urban rate in 2017); a technical note, available from the FDBIA on request, outlines the calculation steps taken to project the impacts shown below.

Single Tier / Upper Tier / District	Commercial Reduction		Industrial Reduction		Pipeline Reduction		Total Reduction	
Algoma, District of	$2,779,449	24.47%	$529,404	24.51%	$95,011	20.50%	$3,403,864	24.35%
Barrie, City of	$7,909,055	24.55%	$1,166,720	28.55%	$85,822	22.30%	$9,161,597	24.97%
Belleville, City of	$5,059,939	38.12%	$742,414	38.12%	$79,224	29.51%	$5,881,577	37.97%
Brant, County of	$1,467,535	38.12%	$733,171	38.12%	$131,867	38.12%	$2,332,573	38.12%
Brantford, City of	$6,517,705	38.12%	$1,854,121	38.12%	$104,734	34.74%	$8,476,560	38.07%
Brockville, City of	$1,787,001	38.12%	$351,394	38.12%	$28,114	30.49%	$2,166,509	38.00%
Bruce, County of	$1,812,629	24.55%	$755,330	38.12%	$16,095	11.37%	$2,584,055	27.18%
Chatham-Kent, Municipality of	$4,814,251	37.34%	$998,966	38.12%	$464,906	36.27%	$6,278,123	37.38%
Cochrane, District of	$2,073,236	24.12%	$560,392	24.55%	$120,475	3.88%	$2,754,103	19.69%
Cornwall, City of	$4,194,718	38.12%	$377,654	38.12%	$57,995	38.12%	$4,630,367	38.12%
Dufferin, County of	$942,763	15.01%	$691,430	38.12%	$2,483	1.99%	$1,636,677	19.92%
Durham, Region of	$20,769,362	22.80%	$8,985,444	38.12%	$528,409	24.55%	$30,283,216	25.92%
Elgin, County of	$744,645	24.55%	$393,173	38.12%	$89,710	19.68%	$1,227,528	27.15%
Essex, County of	$6,275,961	35.53%	$2,841,697	38.12%	$626,912	38.12%	$9,744,570	36.41%
Frontenac, County of	$263,699	38.12%	$61,402	38.12%	$0	0.00%	$325,101	38.12%
Gananoque, Separated Town of	$433,098	38.12%	$25,489	38.12%	$3,451	24.55%	$462,038	37.96%
Grey, County of	$4,882,464	38.12%	$732,182	38.12%	$112,685	24.55%	$5,727,330	37.71%
Guelph, City of	$8,432,948	32.25%	$3,997,058	38.12%	$161,553	38.12%	$12,591,559	33.98%
Haldimand, County of	$1,338,728	34.08%	$1,449,602	38.12%	$363,073	38.12%	$3,151,404	36.29%
Haliburton, County of	$321,668	20.62%	$30,481	24.55%	$0	0.00%	$352,149	20.91%
Halton, Region of	$0	0.00%	$13,518,390	35.59%	$622,264	24.55%	$14,140,654	9.10%
Hamilton, City of	$20,502,754	26.72%	$4,861,380	32.88%	$733,462	24.55%	$26,097,596	27.62%
Hastings, County of	$217,375	11.27%	$76,703	24.55%	$25,065	13.05%	$319,143	13.12%
Huron, County of	$1,050,989	19.72%	$281,634	24.55%	$0	0.00%	$1,332,622	20.09%

Kawartha Lakes, City of	$1,575,891	24.55%	$334,003	38.12%	$84,366	38.12%	$1,994,260	26.53%
Kenora, District of	$1,622,371	24.29%	$315,760	24.52%	$300,526	21.07%	$2,238,657	23.83%
Kingston, City of	$12,673,076	38.12%	$924,760	38.12%	$226,269	34.89%	$13,824,104	38.06%
Lambton, County of	$7,024,912	37.63%	$2,223,526	38.12%	$1,092,192	24.55%	$10,340,630	35.72%
Lanark, County of	$1,861,648	33.10%	$411,369	38.12%	$170,069	38.12%	$2,443,086	34.17%
Leeds and Grenville, County of	$1,759,951	34.27%	$406,008	38.12%	$427,191	36.02%	$2,593,150	35.11%
Lennox and Addington, County of	$619,585	38.12%	$247,245	38.12%	$75,514	24.55%	$942,344	36.50%
London, City of	$24,655,532	38.12%	$2,763,560	38.12%	$538,736	38.12%	$27,957,828	38.12%
Manitoulin, District of	$76,562	12.10%	$25,811	22.44%	$0	0.00%	$102,373	13.69%
Middlesex, County of	$2,249,163	36.85%	$758,158	38.12%	$1,084,928	31.37%	$4,092,249	35.43%
Muskoka, District Municipality of	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Niagara, Region of	$17,236,674	24.55%	$4,302,903	38.12%	$625,326	24.55%	$22,164,903	26.37%
Nipissing, District of	$2,307,755	24.22%	$296,987	24.51%	$297,336	11.54%	$2,902,078	21.80%
Norfolk, County of	$2,578,329	38.12%	$544,416	38.12%	$273,765	38.12%	$3,396,510	38.12%
Northumberland, County of	$3,736,583	38.12%	$769,665	38.12%	$277,234	28.46%	$4,783,482	37.38%
Orillia, City of	$2,258,044	33.32%	$280,023	38.12%	$51,011	38.12%	$2,589,079	33.87%
Ottawa, City of	$86,052,679	27.47%	$7,224,240	38.12%	$1,365,079	37.19%	$94,641,999	28.18%
Oxford, County of	$5,245,801	38.12%	$3,135,736	38.12%	$409,702	17.29%	$8,791,239	36.09%
Parry Sound, District of	$139,227	5.22%	$61,505	18.27%	$13,196	2.75%	$213,928	6.14%
Peel, Region of	$68,863,096	17.53%	$33,074,634	30.15%	$1,318,261	33.23%	$103,255,991	20.39%
Pelee, Township of	$12,845	24.55%	$175	24.55%	$0	0.00%	$13,020	24.55%
Pembroke, City of	$905,069	38.12%	$32,421	38.12%	$4,828	15.75%	$942,317	37.84%
Perth, County of	$835,411	24.55%	$479,552	38.12%	$73,085	38.12%	$1,388,047	28.60%
Peterborough, City of	$6,007,576	38.05%	$645,245	38.12%	$44,090	24.55%	$6,696,911	37.92%
Peterborough, County of	$1,001,483	24.55%	$361,224	38.12%	$49,554	23.39%	$1,412,261	26.96%
Prescott and Russell, County of	$1,757,185	24.55%	$348,853	38.12%	$51,078	22.21%	$2,157,116	25.98%
Prescott, Separate Town of	$296,156	38.12%	$38,110	38.12%	$3,202	24.55%	$337,468	37.92%
Prince Edward, County of	$0	0.00%	$122,154	38.12%	$0	0.00%	$122,154	7.27%
Quinte West, City of	$3,019,483	36.94%	$369,583	38.12%	$95,103	24.55%	$3,484,169	36.56%
Rainy River, District of	$296,509	23.70%	$135,733	24.55%	$41,438	24.55%	$473,680	24.01%
Renfrew, County of	$4,230,983	36.88%	$326,104	38.12%	$957,288	24.55%	$5,514,374	33.98%
Simcoe, County of	$8,612,307	24.55%	$3,791,450	38.12%	$849,590	35.61%	$13,253,346	27.95%
Smiths Falls, Separated Town of	$672,889	38.12%	$64,712	38.12%	$5,518	34.51%	$743,118	38.09%
St. Marys, Separated Town of	$194,723	24.55%	$336,805	38.12%	$10,463	35.35%	$541,991	31.76%
St. Thomas, City of	$1,509,144	38.12%	$584,402	38.12%	$4,677	5.56%	$2,098,224	37.63%

Stormont, Dundas and Glengarry, County of	$1,931,221	38.12%	$394,238	38.12%	$541,343	21.60%	$2,866,802	33.31%
Stratford, City of	$2,271,667	38.12%	$609,560	38.12%	$22,695	24.55%	$2,903,922	37.96%
Sudbury, City of Greater	$5,584,945	24.55%	$1,392,875	24.55%	$141,755	24.55%	$7,119,575	24.55%
Sudbury, District of	$247,486	22.18%	$75,853	20.55%	$22,892	23.97%	$346,231	21.90%
Temiskaming, District of	$622,777	24.49%	$205,383	24.38%	$286,100	16.35%	$1,114,260	21.70%
Thunder Bay, District of	$3,897,414	24.51%	$495,523	24.53%	$132,560	8.56%	$4,525,496	23.25%
Toronto, City of	$280,615,297	24.55%	$29,810,640	29.29%	$1,857,394	38.12%	$312,283,332	24.99%
Waterloo, Region of	$41,389,562	38.12%	$11,084,495	38.12%	$331,134	19.67%	$52,805,191	37.90%
Wellington, County of	$1,182,507	16.11%	$1,803,706	38.12%	$208,786	38.12%	$3,194,999	25.31%
Windsor, City of	$13,054,531	37.23%	$3,157,708	38.12%	$326,055	38.12%	$16,538,294	37.41%
York, Region of	$37,956,900	12.93%	$19,791,175	24.55%	$1,540,817	38.12%	$59,288,892	15.68%
Province of Ontario	**$765,234,920**	**23.87%**	**$180,573,622**	**32.14%**	**$20,685,455**	**27.10%**	**$966,493,997**	**25.14%**