



Farm Property Assessment Issues

The OFA has a long history of working on farm property tax issues. That work continues today. Here are some of the key farm property tax policy positions OFA is advocating for.

Defining Farm Lands

In two Assessment Review Board decisions released on December 15, 2006, dealing with apple storage facilities, “Farm Lands” were interpreted as ground excluding buildings. These decisions note and reject the previous interpretation used in the April 13, 2004 decision dealing with chick hatcheries when “Farm Lands” were interpreted as meaning both land and buildings.

The implications may be far-reaching. If “Farm Lands” refer only to ground, then:

- Farming activity conducted within a structure where the surrounding land is not farmed could potentially be disqualified for the farm property tax valuation and classification.
- Standalone greenhouses and mushroom operations, and livestock buildings that have been severed from the crop land could be disadvantaged by this new interpretation.

OFA strongly recommends the Ontario Finance Minister clarify that the term “Farm Lands” is meant to include buildings.

Adding and Retaining Value

The Ontario Government needs to ensure facilities used for value retention practices that need to be carried out in order to get the primary agricultural product/ commodity into a storable and marketable conditions are included in the farm Property Tax Assessment classification.

Ontario must retain and build food processing capacity to have a successful agriculture industry. However, the current property tax classifications penalize farmers for adding value to their farm products. OFA defines value-added activities as an extension of the farming operation by taking a marketable farm commodity produced on land owned or controlled through rental, lease and/or sharecropping arrangements by the same farmer or farmers and increasing its value by further preparing it, storing it, and/or selling it directly to consumers.

We recommend that if historically at least 51 per cent of the product is grown and value-added to by the same farmer or farmers and at least 90 per cent of the product is grown in Ontario, then the facilities should be subject to the farm class property tax rate.

As a first step we propose that Municipal Property Assessment Corporation (MPAC) provide farmers with additional information on how engaging in certain value added activities, may impact their property tax classification.

Farmers engaging in value added activities may have portions of their land and/or farm buildings removed from the farm tax class and placed into

the commercial or industrial tax class. This would increase both the assessed value and the tax rate on the land and/or buildings in which the value added activity is carried out. This would cause a significantly higher tax bill for farmers engaging in value adding activities. MPAC has agreed to provide general guidelines on how value added activities could potentially impact the tax classification of farmland and on-farm buildings. For more information, visit [MPAC's website](#).

Assessment valuation of farmland

The farm-to-farmer sales approach currently employed to value farmland for assessment purposes is not sustainable. The declining number of farmers in the province will ultimately result in fewer bonafide sales to use to value all Ontario farms.

Ontario must commit to conduct analysis to evaluate alternative means to value farmland for property tax assessment purposes. We propose Ontario investigate using a productive value assessment methodology.

The OFA has expressed support to researchers at the University of Guelph who are engaging in a project to gather farmland rental data for Ontario. Using rental data to value farmland for assessment purposes would be a better measure of the productive value of farmland. Additionally, using rental data would solve the problems caused by the limited number of eligible sales MPAC can use in its statistical model. The use of Rental data would dramatically increase the sample size for MPAC to use in its statistical model, leading to more reliable and consistent assessment values.

If you disagree with the assessment you receive from MPAC, you have the right to file a Request for Reconsideration. The deadline to file a Request for Reconsideration is March 31st of the tax year. The required paper work to file a Request for Reconsideration is available on MPAC's website: <https://www.mpac.ca/PropertyOwners/Forms>

For more information on farm property tax assessments, contact your local OFA Member Service Representative or OFA's Guelph office.