



Strategy to reduce the difference between the tax burden
applicable in respect of residential and non-residential immovables

Administrative Services - Taxation Division
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Preamble

Section 244.64.9 of the Act respecting municipal taxation (chapter F-2.1) has been amended by section 173 of the Act. The amendment is primarily intended to recognize that municipalities are local governments and to increase their autonomy as such. These powers (PL 122) allow any municipality that has a "strategy to reduce the tax differential between residential and non-residential buildings" to set a higher second rate in the non-residential property category and in the industrial real estate category. The rate is applicable only to certain taxable values that the municipality indicates.

The City of Dorval wishes to take advantage of this provision and adopt this strategy to allow for a reconciliation, particularly between the tax burden of small non-residential buildings and that of residential buildings. Our approach also aims to promote small business.

Analysis of the Situation

The City of Dorval's territory is characterized by the presence of a large industrial park and three main commercial areas consisting of the Dorval Gardens shopping centre, Dorval Avenue and Lakeshore Drive, between Dorval Avenue and Saint-Charles Avenue. The Dorval Gardens shopping centre has approximately 57 offices spread over 257,730 square feet, Dorval Avenue has approximately 37 business spaces spread over 116,793 square feet and Lakeshore Drive has approximately 55 places of business spread over 107,890 square feet. City Council is aware of a study conducted by the non-profit organization Dorval Main Streets, which brings together the business community of the City of Dorval. Dorval Main Streets was mandated, among other things, to carry out a commercial diagnosis, identify the development potential of businesses in the sector, to evaluate the state of the local economy and to propose means of recovery and / or revitalization solutions.

As a result of this study, the Council was made aware of the existence of a high rate of vacancy for local premises. The Council recognizes that measures are required to assist and encourage local businesses, acknowledging that these establishments are necessary for the territory's economic vitality.

In an effort to meet these needs and to respond to the requests of citizens, municipal officials attach great importance to local businesses in residential areas, which allow citizens to shop locally. These businesses, often of the "family business" type, provide jobs for residents and provide them with extra income, creating local wealth.

Faced with the economic difficulties created by a high rate of vacant places of business, the municipal council wishes to put in place measures that will take into account the financial capability of small non-residential and industrial buildings. These will help reduce the number of vacant spaces and will have the effect of mitigating adverse economic conditions.

Objectives

The objective of a two-rate tax base is to reduce the tax burden on small non-residential and industrial buildings. This approach is also intended to attract new businesses or companies to fill the supply of available space, promote the development and prosperity of businesses in the territory, ensure their sustainability and maintain the offering of local businesses.

For businesses and companies, even if certain aid measures are in place, the fact that they have the same tax burden is not as economically favorable. We must reduce the current tax burden by reducing the gap with residential buildings to achieve better equity and better consistency, taking into account the ability to pay. This creates a stimulating economic environment and a better balance on the territory.

Implementation

Based on a global portrait of all assessments of non-residential buildings in the territory, the objective was to identify key values that would provide tax relief to as many non-residential buildings as possible, while causing the least amount of impact on all buildings in the territory. The scenarios and sampling exercises carried out made it possible to define the value levels at which a second rate would be applicable.

These stratum levels reflect the spirit and requirements of the Act respecting municipal taxation; they provide a fair balance of the tax burden gap between residential and non-residential buildings in the territory and allow approximately 65% of Dorval businesses to benefit from a reduction in their tax burden.

The determined stratum levels are as follows:

Stratum from which a 2nd rate becomes applicable for non-residential buildings evaluated over 2 million;

Stratum from which a 2nd rate becomes applicable for industrial buildings evaluated over 3 million.