



OEF EQUINEWS

March 14, 2005

COMMERCIAL TAX ELIMINATED FOR HORSE FARMS!

On Friday, March 11, 2005, Minister of Finance, Greg Sorbara, formally announced his decision to direct the Municipal Property Assessment Corporation (MPAC) to adopt and implement the recommendations put forward in their report on appropriate criteria for assessing equestrian facilities. March 14 saw the Ministry of Finance pass O.Reg. 100/05 that amends the property classification regulation (O.Reg 282/98) to change the way equestrian operations are assessed and classified. The regulation comes into effect for the 2004 and subsequent taxation years.

"The new criteria for assessing horse farms represents an appropriate balance between fair treatment for horse farm owners and consistency with other types of properties," said Greg Sorbara, Minister of Finance. "We remain committed to continuing to work with MPAC to find further ways to improve the quality and consistency of property assessments in Ontario."

On August 18, 2004, the Association of Riding Establishments of Ontario (ARE-ONT), in partnership with the Ontario Equestrian Federation (OEF), formed a Committee to address the property tax issues surrounding horse farms and riding establishments.

Since August, volunteer co-chairs of the Committee, Jim Waechter and Leslie Brooks, diligently researched and organized the steps needed to make the necessary changes to ensure fair and equitable property assessment of equestrian facilities. In addition to meeting with politicians, agricultural groups and members of MPAC, itself, Jim and Leslie spearheaded a letter writing campaign in order to draw attention to the disastrous consequences of the recent property assessments by MPAC on equine establishments. Working closely with Marcia Barrett and Al Patterson of the OEF, the Committee strived to have a single strategy in order to implement the changes that were required.

In response to the letter writing campaign, Sorbara had asked MPAC in early February to meet with representatives from equestrian associations to develop the appropriate criteria. The Ontario Equestrian Federation and the Association of Riding Establishments of Ontario, the Ministry of Agriculture and Food, MPAC and the Ministry of Finance participated in the discussions. The Ontario Federation of Agriculture and the Christian Farmers Federation of Ontario were also consulted to provide insight into the views of the farm community on this issue.

During the discussions, the OEF made it clear that any resolution to this issue must not impair the horse industry's economic viability as well as provide consistent taxation treatment across the horse-racing and equestrian industries.

To this end, MPAC recommended to Sorbara that:

- (1) only activities that occur on equestrian facilities that are commercial in nature be treated as commercial property (tack shops, premises used to sell equestrian supplies or clothing; restaurants; snack bars; cafeterias; commercial race tracks and slots; grandstands; banquet halls; and areas used to provide blacksmith, farrier or other retail services to the public)
- (2) activities that are agricultural in nature be assessed at their current use value and classified as residential or as farm. These uses include: maintaining, raising and selling horses; breeding horses; boarding horses; and training horses, excluding the training that naturally occurs during riding lessons offered to the public. Under this regulation, the boarding of horses, regardless of who owns the horses, now qualifies for the farm valuation treatment. The classification of the property will depend on whether the owner qualifies for the farm tax rate. If the owner qualifies, the property will be classified as farm. If the owner does not qualify, the property will be classified as residential. It is important to note, however, that these activities are not considered to be farm activities when they are conducted for recreational or hobby purposes.

ONTARIO EQUESTRIAN FEDERATION

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- (3) some activities be considered as rural recreational in nature, similar to other land intensive, rural recreational activities, such as golf courses and ski hills. Where land is used exclusively to provide riding lessons, trail rides, or riding camps to the public and not in conjunction with any other farming activities; bunkhouses or camping facilities; or where horses are kept for recreational or hobby purposes; would be classified in the residential tax class.

The revised assessment criteria will be retroactive to January 1, 2004.

This announcement comes as a huge relief to the many horse farm owners who have been reassessed at a commercial property tax rate by MPAC as well as the thousands of others who have yet to be reassessed.

The implications of the commercial tax rate upon horse farms were becoming disastrous, as many farms found themselves downsizing and even closing doors. The effects were also being felt by those in the greater agricultural community who were not specifically horse owners (for example, hay and feed suppliers, tack shops, farrier and other horse health practitioners, and pharmaceutical firms to name a few).

The OEF and ARE-ONT are both extremely pleased with the Minister's ruling. "The OEF, along with volunteers Leslie Brooks and Jim Waechter, have devoted a lot of time and effort towards this issue. We are delighted to see that equestrian facilities will now be assessed in a fair and equitable manner," stated OEF President, Allan Ehrlick.

"This is good news for equestrian farm owners, not only because the new assessment criteria will be more equitable for all concerned but because it recognizes the different land uses within our sector," said Marcia Barrett, Executive Director of the OEF. "We also appreciate being involved in the quick and effective consultations that led up to this decision."

"Ontario farmers provide unique and valuable services that contribute to our quality of life and we must be sensitive to their requirements," said Steve Peters, Minister of Agriculture and Food. "It is important that we recognize the different types of activities which are part of our agricultural community and treat them fairly."

The horse community as well as the OEF membership are relieved and grateful for the efforts taken on their behalf by the OEF and ARE-ONT. "Our congratulations and sincere thanks to the OEF and all the people who worked so unbelievably hard to get this accomplished. We're proud to be members of the OEF." "This is wonderful news! Thanks for your efforts!" "Congratulations on a job well done." "I just wanted to thank you, on behalf of myself and my friends who are all recreational riders, for your efforts with respect to the recent MPAC/Ministry of Finance decision. It couldn't be more clear to me that my membership dues are really paying off!"

There may be some unique circumstances and minor details that still need to be discussed, but the OEF and MPAC have agreed that they would continue to work together to resolve any issues that may arise.

Horse farm property owners who believe their current assessments are not correct or have been assessed as commercial or partially commercial should phone MPAC at 1-866-296-MPAC (6722) and they will be prompted to be directed to specifically trained call centre staff who are ready to initiate the process to have their tax assessments corrected and revised back to Jan 1, 2004.

The OEF has taken further steps to seek retroactivity prior to 2004 in an effort to ease the financial burden on horse farm owners assessed before that date, and has asked Minister Sorbara to reconsider his directive.

Any further updates will be posted on the OEF website: www.horse.on.ca

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