

Christine Fraser-McDonald

From: Mary Dawson-Cole <Mary.Dawson-Cole@mpac.ca>
Sent: January 16, 2023 3:25 PM
To: Christine Fraser-McDonald
Subject: MPAC: Farm Forestry Exemption



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

Good afternoon Christine,

In the 2021 Fall Economic Statement, the Provincial Government stated its intent to increase the limit on the Farm Forestry Exemption (FFE) for farm woodlots from 20 to 30 acres to keep pace with the growth of farm sizes.

FFE is a tax exemption designed to protect wooded areas. Farmers with farm property or farm property holdings with wooded areas may qualify for the exemption. Previously, the tax exemption applied to one acre of forested land for every 10 acres of farmland and could not exceed 20 acres in any one municipality.

Changes were enacted with the Bill 43 amendment to section 3(1)19 of the Assessment Act to allow the Minister of Finance to prescribe a higher number of acres. [O. Reg 230/22](#) was filed to increase the acreage maximum per farm property owner in a municipality from 20 to 30 acres effective January 1, 2023.

These changes also involved the creation of a new Unit Class (FF), which you will see in your systems in early 2023. The increase to the assessment roll on valuation will show as exempt and aligns with other tax incentives such as Managed Forest Tax Incentive Program and Conservation Land Tax Incentive Program.

Key Highlights

- The FFE is extended to farmed properties for woodlots used for forestry purposes, not used directly in the farm operation.
- It involves calculations based on a ratio of the owner's entire land holdings to the forested or woodland parts.
- MPAC is responsible for completing the calculation and determining the allowable number of acres for this exemption.
- Previously, for qualifying properties, the tax exemption applied to one acre used for forestry purposes for every 10 acres of the farm in any one municipality or in non-municipal territory under a single ownership but not more than 20 acres or, if the

Minister prescribes a higher number. With the change, the acreage maximum per farm property owner in a municipality has increased from 20 to 30 acres.

- This change came into affect January 1, 2023.
- Properties that will have an increase to their eligible FFE acreage will receive a Special Amended Notice (SAN) in early 2023. Other properties will receive a Property Assessment Notice (PAN) later in 2023 to show the FFE value attributed to the Unit Class FF and exemption for the 2024 tax year.
- Municipalities will now see the value of Farm Forestry Exemption as part of the assessment base.

MPAC is implementing changes to modernize the entire process and provide transparency to municipalities and property owners.

We will continue to provide municipalities with updates and additional information on our progress. If you have any questions, please contact your Municipal and Stakeholder Relations Account Manager, Anthony Fleming at anthony.fleming@mpac.ca.

Thank you,

Mary Dawson-Cole
Director, Municipal and Stakeholder Relations

Copy:
Carmelo Lipsi, Vice President,
Valuation and Customer Relations and Chief Operating Officer

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Municipal Property Assessment Corporation