
REPORT TITLE: 2021 Final Levy By-law and Dedicated Provincial Gas Tax Update

FROM: Julie Pittini, Acting Commissioner of Finance and Chief Financial Officer

RECOMMENDATION

That a by-law to adopt the property tax rate calculation adjustment, and to apportion the 2021 Regional net levy requirement of \$1,173,606,221 to the Cities of Brampton and Mississauga and the Town of Caledon, in accordance with the apportionment calculations attached as Appendix I to the report of the Interim Commissioner of Finance and Chief Financial Officer, listed on the April 8, 2021 Regional Council agenda, titled “2021 Final Levy By-law and Dedicated Provincial Gas Tax Update”, be presented for enactment.

REPORT HIGHLIGHTS

- The property tax rate calculation adjustment reduces fluctuations in the assessment base used by the Region of Peel (Region) to levy for its requirements by permitting the Region to effectively disregard certain in year changes to property assessments.
- The property tax rate calculation adjustment of \$2.871 million was included in the Region's 2021 Operating Budget for an overall budget impact of 2.5 per cent.
- The resultant net property tax levy requirement of \$1.174 billion for 2021 is apportioned to the lower-tier municipalities in accordance with the apportionment formula approved by Council when it enacted By-law 1-2021 to delegate tax ratio setting authority to the local municipalities.
- The Regional property tax levy due dates identified in this report (the “2021 tax instalment plan”) correspond with the local municipalities’ tax collection schedule.
- Regional and local municipal finance staff have agreed on the 2021 tax instalment plan.
- A by-law is required to be enacted pursuant to section 311 of the *Municipal Act, 2001* to adopt the property tax rate adjustment and to levy the resultant 2021 net levy requirements of the Region.
- The Region's 2020/2021 dedicated gas tax funds allocation is \$494,598.
- The Region of Peel executed the letter of agreement with the Province, under the Dedicated Gas Tax Funds for Public Transportation Program, in accordance with By-law 2-2021.
- The dedicated gas tax funds will be used to fund both capital and operating expenditures that will support TransHelp ridership growth.

DISCUSSION

1. Property Tax Rate Calculation Adjustment

The provincially authorized property tax rate calculation adjustment is designed to ensure that when calculating tax rates, municipalities are able to address any unintended effects due to in-year assessment changes such as: assessment review board decisions, requests

2021 Final Levy By-law and Dedicated Provincial Gas Tax Update

for reconsideration, post roll amended notices, special advisory notices and equity reset events as provided by the Municipal Property Assessment Corporation. The in-year assessment change listing used to calculate the adjustment is provided by the Province's Online Property Tax Analysis system.

The implementation of the property tax rate calculation adjustment resulted in Regional assessment growth related revenue of \$2,871,229. This additional revenue does not require a technical adjustment to the 2021 Tax Supported Budget as it was already approved through the budget process.

The authority to apply the property tax rate calculation adjustment has been provided by the Province to upper/single-tier municipalities pursuant to Ontario Regulation 73/03 as amended, under the *Municipal Act, 2001*, as amended. The Regulation requires that a by-law be enacted by the Region if it intends to implement the tax adjustment.

2. Final Tax Levy

At its meeting held on February 11, 2021 Regional Council approved the 2021 Operating Budget and authorized the Commissioner of Finance and Chief Financial Officer to present the necessary levy by-law to Regional Council.

2.1. 2021 Operating Budget and Property Tax Rate Calculation Adjustment

The approved 2021 Operating Budget included an assessment growth of 0.91 percent, including a notional property tax rate adjustment in the amount of \$2,871,229 as determined using MPAC data at that time. The finalized notional property tax rate calculation adjustment remains the same as what was included in the 2021 Operating Budget. As previously stated, the amount of \$2,871,229 does not require a technical adjustment to the 2021 Tax Supported Budget as it was already approved through the budget process.

2.2. Apportionment Plan

The allocation of the 2021 levy has been developed in accordance with the Regional apportionment plan. Waste management costs are apportioned based on the relative lower-tier municipal household counts according to the returned assessment roll data provided by the Municipal Property Assessment Corporation (MPAC). Peel Regional Police costs, as well as any grant costs for policing at community events, are apportioned between Brampton and Mississauga based on transition ratio weighted Current Value Assessment (CVA). Caledon fully assumes the costs of the Ontario Provincial Police contract. The remaining Regional services are apportioned among the lower-tier municipalities according to relative shares of transition ratio weighted CVA. The apportionment of all the costs is outlined in Appendix I and Appendix II (as attached) and shows the weighted CVA used to establish the apportionment shares.

a) 2021 Regional Tax Levy Apportionment

After deducting the value of funds that have been raised through the interim levy of \$567.5 million, the final tax levy by-law is required to raise the remaining 2021 balance of \$606.1 million as shown in the following table:

2021 Final Levy By-law and Dedicated Provincial Gas Tax Update

Final Levy Payment to the Region of Peel

	<u>2021 Net Levy</u>	<u>Less Interim Levy</u>	<u>Final Levy</u>
Mississauga	\$ 691,491,402	\$ 335,877,590	\$ 355,613,812
Brampton	426,882,422	205,048,246	221,834,176
Caledon	55,232,397	26,587,212	28,645,185
Total	<u>\$ 1,173,606,221</u>	<u>\$ 567,513,048</u>	<u>\$ 606,093,173</u>

b) Property Tax Levy Due Dates

It is proposed that the final levy payments to the Region of Peel be made in accordance with the instalment schedules set by the lower-tier municipalities. The City of Mississauga will have a total of nine instalments which reflect its final tax bill instalment due dates plus the monthly pre-authorized payment plan receipts. The City of Brampton will have a total of five instalments, while the Town of Caledon will have a total of two instalments. The lower-tier final levy payment dates to the Region are one day after the local instalment due dates, and on the 15th of each month for the pre-authorized payment plan dates in the City of Mississauga. The Region's 2021 final levy payment schedule is shown in the following table.

<u>Due Date to Region</u>	<u>City of Mississauga</u>	<u>City of Brampton</u>	<u>Town of Caledon</u>
July 9, 2021	\$47,296,637	---	\$14,322,593
July 15, 2021	8,534,731	---	---
July 23, 2021	---	\$42,813,996	---
August 6, 2021	152,202,712	---	---
August 16, 2021	19,914,373	---	---
August 20, 2021	---	43,479,498	---
September 3, 2021	48,007,867	---	14,322,592
September 15, 2021	19,914,373	---	---
September 24, 2021	---	43,479,498	---
October 15, 2021	19,914,373	---	---
October 22, 2021	---	54,349,373	---
November 15, 2021	19,914,373	---	---
November 17, 2021	---	37,711,811	---
December 15, 2021	<u>19,914,373</u>	<u>---</u>	<u>---</u>
Total	<u>\$355,613,812</u>	<u>\$221,834,176</u>	<u>\$28,645,185</u>

2.3. Final Levy By-law

As per section 311 of the *Municipal Act, 2001*, as amended, a by-law needs to be passed to adopt estimates of all sums required during the year 2021 for the purposes of

2021 Final Levy By-law and Dedicated Provincial Gas Tax Update

the Regional Corporation, and to provide a general levy and special levies to be raised from the lower-tier municipalities.

3. Dedicated Provincial Gas Tax Update

In January 2021, the Ministry of Transportation advised the Region of Peel that it will be eligible to receive funding for 2020/2021 from the Provincial government under the Dedicated Gas Tax Funds for Public Transportation Program. The Region of Peel's allocation for the 2020/2021 period is \$494,598. The first \$370,949 is payable upon execution of the agreement with the remaining amount payable thereafter. The Region of Peel executed the letter of agreement with the Province in accordance with By-law 2-2021. Subsequently, the executed letter of agreement and reporting documents were submitted to the Province as set out in the Dedicated Gas Tax Funds for Public Transportation Program, 2020/2021 Guidelines and Requirements.

CONCLUSION

The implementation of the property tax rate calculation adjustment is to address any unintended effects of certain in-year assessment changes in the calculation of tax rates. Furthermore, the proposed timing and instalment method for the final Regional levy provides for the timely payment of funds to the Region of Peel by the lower-tier municipalities so that it may meet its program funding obligations. Additionally, the dedicated gas tax funds will be used to fund both capital and operating expenditures that will support TransHelp ridership growth.

APPENDICES

Appendix I - 2021 Property Tax Apportionment Calculations

Appendix II - Current Value Assessment for 2021 Taxation and Weighted Assessment for 2021 Apportionment

For further information regarding this report, please contact Stephanie Nagel, Treasurer and Director of Corporate Finance, Ext. 7105, stephanie.nagel@peelregion.ca.

Authored By: Kavita McBain, Supervisor, Financial Policy & Development Financing

Reviewed and/or approved in workflow by:

Department Commissioner, Division Director and Legal Services.