
REPORT TITLE: 2020 Final Levy By-law

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

RECOMMENDATION

That the Region of Peel adopt the property tax rate calculation adjustment described in the report of the Commissioner of Finance and Chief Financial Officer, titled “2020 Final Levy By-law”;

And further, that the 2020 Operating Budget be adjusted to include the property tax rate calculation adjustment by means of a reserve contribution as outlined in the subject report;

And further, that a by-law be presented for enactment, to both adopt the property tax rate calculation adjustment, and to apportion the 2020 Regional net levy requirement of \$1,135,026,099 to the Cities of Brampton and Mississauga and the Town of Caledon, in accordance with the apportionment calculations attached as Appendix I to the subject report.

REPORT HIGHLIGHTS

- Regional and local municipal finance staff recommend that Regional Council adopt a property tax rate calculation adjustment for 2020.
- The property tax rate calculation adjustment reduces fluctuations in the assessment base used by the 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 would enable the Region to levy an additional \$734,278 of revenue for 2020 without changing the 3.6 percent impact of the Council approved 2020 Regional budget.
- The resultant net property tax levy requirement of \$1.135 billion for 2020 would then be apportioned to the lower-tier municipalities in accordance with the apportionment formula approved by Council when it enacted By-law 1-2020 to delegate tax ratio setting authority to the local municipalities.
- The Regional property tax levy due dates identified in this report (the “2020 tax instalment plan”) correspond with the lower-tier municipalities’ tax collection dates including amendments due to the Covid-19 Pandemic Relief.
- Regional and local municipal finance staff have agreed on the 2020 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 2020 net levy requirements of the Region.

2020 Final Levy By-law

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 for reconsideration, post roll amended notices, and special advisory notices. 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 would result in Regional assessment growth related revenue of \$0.734 million more than was approved through the 2020 Budget Process. This additional revenue would be dealt with by means of a technical adjustment to the 2020 Tax Supported Budget described below.

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. Regional and local municipal Finance staff recommend that Regional Council adopt the property tax rate calculation adjustment in the course of enacting the annual levy by-law.

2. Final Tax Levy

At its meeting held on December 19, 2019 Regional Council approved the 2020 Operating Budget and authorized the Commissioner of Finance and Chief Financial Officer to present the necessary levy by-law to Regional Council.

2.1. Technical Adjustment to the 2020 Operating Budget

The approved 2020 Operating Budget included a projected assessment growth of 0.80 percent and a notional property tax rate technical adjustment in the amount of \$800,000, as determined using MPAC data at that time. The finalized property tax rate calculation adjustment is in the amount of \$1,534,278, resulting in an additional assessment growth related revenue of \$734,278. It is proposed that this additional revenue be used to support the following technical adjustment to the 2020 Tax Supported Budget, which will maintain the 3.6 per cent budget impact approved by Council.

	Total Budget (\$000's)	Net Levy (\$000's)
Budget approved December 19, 2019	\$2,566,195	\$1,134,292
<u>Technical Adjustment</u>		
• Contribution to Rate Stabilization Reserve - Assessment Services (R1213):	734	734
 Revised 2020 Operating Budget*	<u>\$2,566,930</u>	<u>\$1,135,026</u>

*Numbers may not add due to rounding

2020 Final Levy By-law

2.2. Apportionment Plan

The allocation of the 2020 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) 2020 Regional Tax Levy Apportionment

After deducting the value of funds that have been raised through the interim levy of \$542.7 million, the final tax levy by-law is required to raise the remaining 2020 balance of \$592.3 million as shown in the following table:

Final Levy Payment to the Region of Peel

	<u>2020 Net Levy</u>	<u>Less Interim Levy</u>	<u>Final Levy</u>
Mississauga	\$ 671,755,181	\$ 321,848,454	\$ 349,906,727
Brampton	410,096,493	195,446,264	214,650,229
Caledon	<u>53,174,425</u>	<u>25,404,417</u>	<u>27,770,008</u>
Total	<u>\$ 1,135,026,099</u>	<u>\$ 542,699,135</u>	<u>\$ 592,326,964</u>

b) Property Tax Levy Due Dates

It is proposed that the final levy payments to the Region of Peel be amended in accordance with the instalment schedules set by the lower-tier municipalities and further based on the Regional Council recommendation in the report from the Commissioner of Finance and Chief Financial Officer, titled "Regional Measures to Provide Financial Relief for Taxpayers and Ratepayers and to Support Local Municipal Measures (Covid-19 Pandemic)", as adopted by Regional Council during its special meeting on March 26, 2020.

The Region's regular payment schedule as shown in Appendix III to this report was amended to support the local tax collection decisions made in light of the Covid-19 Pandemic. As a result, the City of Mississauga will have a total of six 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 three 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 2020 final levy payment schedule is shown in the following table.

2020 Final Levy By-law

<u>Due Date to Region</u>	<u>City of Mississauga</u>	<u>City of Brampton</u>	<u>Town of Caledon</u>
September 4, 2020		---	\$13,885,004
September 24, 2020		\$71,550,076	
October 2, 2020	\$46,537,595	---	---
October 15, 2020	27,992,538	---	---
October 22, 2020		71,550,076	---
November 6, 2020	149,760,079	---	13,885,004
November 16, 2020	39,189,554	---	---
November 19, 2020	---	71,550,077	---
December 4, 2020	47,237,407	---	---
December 15, 2020	<u>39,189,554</u>	<u>---</u>	<u>---</u>
Total	<u>\$349,906,727</u>	<u>\$214,650,229</u>	<u>\$27,770,008</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 2020 for the purposes of the Regional Corporation, and to provide a general levy and special levies to be raised from the lower-tier municipalities.

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. Additionally, 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. The final levy installment dates have been deferred to align to the adjustments provided by the local municipalities in response to relief provisions during the Covid-19 pandemic.

APPENDICES

- Appendix I - 2020 Property Tax Apportionment Calculations
- Appendix II - Current Value Assessment for 2020 Taxation and Weighted Assessment for 2020 Apportionment
- Appendix III - 2020 Final Levy Payment Schedule (before amendments)

2020 Final Levy By-law

For further information regarding this report, please contact Stephanie Nagel, Ext. 7105, stephanie.nagel@peelregion.ca.

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Reviewed and/or approved in workflow by:
Department Commissioner, Division Director and Legal Services.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink, reading "Nancy Polsinelli". The signature is written in a cursive style with a large initial "N" and a long, sweeping underline.

N. Polsinelli, Interim Chief Administrative Officer