
REPORT TITLE: 2022 Final Levy By-law

FROM: Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That a by-law to adopt the property tax rate calculation adjustment, and to apportion the 2022 Regional net levy requirement of \$1,229,182,679 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 Chief Financial Officer and Commissioner of Corporate Services, listed on the April 14, 2022 Regional Council agenda titled “2022 Final Levy By-law”, 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 would enable the Region to levy an additional \$321,014 of revenue for 2022 without changing the 3.5 per cent impact of the Council approved 2022 Regional budget.
 - The resultant net property tax levy requirement of \$1.229 billion for 2022 is apportioned to the lower-tier municipalities in accordance with the apportionment formula approved by Council when it enacted By-law 2-2022 to delegate tax ratio setting authority to the local municipalities.
 - The Regional property tax levy due dates identified in this report (the “2022 tax instalment plan”) correspond with the local municipalities’ tax collection schedule.
 - Regional and local municipal finance staff have agreed on the 2022 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 2022 net levy requirements of the Region.
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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, special advisory notices and equity reset events as provided by the Municipal Property Assessment Corporation (MPAC). The in-year assessment change listing used to calculate the adjustment is provided by the Province’s Online Property Tax Analysis system.

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The implementation of the property tax rate calculation adjustment would result in Regional assessment growth related revenue of \$0.321 million more than was approved through the 2022 Budget Process. This additional revenue would be dealt with by means of a technical adjustment to the 2022 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.

2. Final Tax Levy

At its meeting held on December 2, 2021 Regional Council approved the 2022 Operating Budget and authorized the Chief Financial Officer and Commissioner of Corporate Services to present the necessary levy by-law to Regional Council.

a) Technical Adjustment to the 2022 Operating Budget

The approved 2022 Operating Budget included an assessment growth of 1.2 per cent, including a notional property tax rate adjustment in the amount of \$1,782,637 as determined using MPAC data at that time. The finalized property tax rate calculation adjustment is in the amount of \$2,103,651, resulting in an additional assessment growth related revenue of \$321,014. It is proposed that this additional revenue be used to support the following technical adjustment to the 2022 Tax Supported Budget, which will maintain the 3.5 per cent budget impact approved by Council.

	Total Budget (\$000's)	Net Levy (\$000's)
Budget approved December 2, 2021	\$2,743,129	\$1,228,862
<u>Technical Adjustment</u>		
<ul style="list-style-type: none"> Contribution to Rate Stabilization Reserve - Assessment Services (R1213): 	321	321
	\$2,743,450	\$1,229,183

*Numbers may not add due to rounding

b) Apportionment Plan

The allocation of the 2022 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 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

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Appendix II (as attached) and shows the weighted CVA used to establish the apportionment shares.

i) 2022 Regional Tax Levy Apportionment

After deducting the value of funds that have been raised through the interim levy of \$586.8 million, the final tax levy by-law is required to raise the remaining 2022 balance of \$642.4 million as shown in the following table:

Final Levy Payment to the Region of Peel

	<u>2022 Net Levy</u>	<u>Less Interim Levy</u>	<u>Final Levy</u>
Mississauga	\$ 722,313,720	\$ 345,745,701	\$ 376,568,019
Brampton	447,964,413	213,441,211	234,523,202
Caledon	58,904,546	27,616,198	31,288,348
Total	<u>\$ 1,229,182,679</u>	<u>\$ 586,803,110</u>	<u>\$ 642,379,569</u>

ii) 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 2022 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 8, 2022	\$53,096,091	---	\$15,644,174
July 15, 2022	9,790,768	---	---
July 22, 2022	---	\$45,262,978	---
August 5, 2022	154,016,320	---	---
August 16, 2022	21,087,809	---	---
August 26, 2022	---	45,966,548	---
September 2, 2022	54,225,795	---	15,644,174
September 15, 2022	21,087,809	---	---
September 23, 2022	---	45,966,548	---
October 17, 2022	21,087,809	---	---
October 21, 2022	---	57,458,184	---
November 15, 2022	21,087,809	---	---
November 17, 2022	---	39,868,944	---
December 15, 2022	<u>21,087,809</u>	<u>---</u>	<u>---</u>
Total	<u>\$376,568,019</u>	<u>\$234,523,202</u>	<u>\$31,288,348</u>

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c) 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 2022 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. 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.

APPENDICES

Appendix I - 2022 Property Tax Apportionment Calculations

Appendix II - Current Value Assessment for 2022 Taxation and Weighted Assessment for 2022 Apportionment

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