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**REPORT TITLE: 2023 Final Levy By-law**

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

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## **RECOMMENDATION**

**That a by-law to adopt the property tax rate calculation adjustment, and to apportion the 2023 Regional net levy requirement of \$1,323,635,334 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 13, 2023 Regional Council agenda titled “2023 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 \$12,966 of revenue for 2023 without changing the 6.7 per cent impact of the Council approved 2023 Regional budget.
  - The resultant net property tax levy requirement of \$1.324 billion for 2023 is apportioned to the lower-tier municipalities in accordance with the apportionment formula approved by Council when it enacted By-law 2-2023 to delegate tax ratio setting authority to the local municipalities.
  - The Regional property tax levy due dates identified in this report (the “2023 tax instalment plan”) correspond with the local municipalities’ tax collection schedules.
  - Regional and local municipal finance staff have agreed on the 2023 tax instalment plan.
  - A by-law is required to be enacted pursuant to section 311 of the *Municipal Act, 2001*, as amended to adopt the property tax rate adjustment and to levy the resultant 2023 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 \$12,966 more than was approved through the 2023 Budget Process. This additional revenue would be dealt with by means of a technical adjustment to the 2023 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 February 2, 2023 Regional Council approved the 2023 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 2023 Operating Budget

The approved 2023 Operating Budget included an assessment growth of 0.96 per cent, including a notional property tax rate adjustment in the amount of \$1,886,122 as determined using MPAC data at that time. The finalized property tax rate calculation adjustment is in the amount of \$1,899,088, resulting in an additional assessment growth related revenue of \$12,966. It is proposed that this additional revenue be used to support the following technical adjustment to the 2023 Tax Supported Budget, which will maintain the 6.7 per cent budget impact approved by Council.

	<b>Total Budget (\$000's)</b>	<b>Net Levy (\$000's)</b>
<b>Budget approved February 2, 2023</b>	\$3,145,496	\$1,323,622
<b><u>Technical Adjustment</u></b>		
<ul style="list-style-type: none"> <li>Contribution to Rate Stabilization Reserve - Assessment Services (R1213):</li> </ul>	13	13
	_____	_____
Revised 2023 Operating Budget*	<u>\$3,145,508</u>	<u>\$1,323,635</u>

\*Numbers may not add due to rounding

#### b) Apportionment Plan

The allocation of the 2023 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 Household Counts Report 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 Appendix II (as attached) and shows the weighted CVA used to establish the apportionment shares.

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### i) 2023 Regional Tax Levy Apportionment

After deducting the value of funds that have been raised through the interim levy of \$614.6 million, the final tax levy by-law is required to raise the remaining 2023 balance of \$709.0 million as shown in the following table:

#### Final Levy Payment to the Region of Peel

	<u>2023 Net Levy</u>	<u>Less Interim Levy</u>	<u>Final Levy</u>
Mississauga	\$ 777,711,549	\$ 361,156,860	\$ 416,554,689
Brampton	482,845,542	223,982,206	258,863,336
Caledon	<u>63,078,243</u>	<u>29,452,273</u>	<u>33,625,970</u>
Total	<u>\$ 1,323,635,334</u>	<u>\$ 614,591,339</u>	<u>\$ 709,043,995</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 15<sup>th</sup> of each month for the pre-authorized payment plan dates in the City of Mississauga. The Region's 2023 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 7, 2023	\$57,484,547	---	\$16,812,985
July 17, 2023	10,413,865	---	---
July 20, 2023	---	\$49,960,624	---
August 4, 2023	173,286,751	---	---
August 15, 2023	23,327,063	---	---
August 24, 2023	---	50,737,214	---
September 8, 2023	58,734,211	---	16,812,985
September 15, 2023	23,327,063	---	---
September 21, 2023	---	50,737,214	---
October 16, 2023	23,327,063	---	---
October 19, 2023	---	63,421,517	---
November 15, 2023	23,327,063	---	---
November 16, 2023	---	44,006,767	---
December 15, 2023	<u>23,327,063</u>	---	---
<b>Total</b>	<b><u>\$416,554,689</u></b>	<b><u>\$258,863,336</u></b>	<b><u>\$33,625,970</u></b>

### c) Final Levy By-law

## **2023 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 2023 for the purposes of the Regional Corporation, and to provide general 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 - 2023 Property Tax Apportionment Calculations

Appendix II - Current Value Assessment for 2023 Taxation and Weighted Assessment for 2023 Apportionment

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