
REPORT TITLE: Delegation of Tax Ratio Setting Authority

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

RECOMMENDATION

That the tax ratio setting authority for both lower-tier and upper-tier purposes for 2021, be delegated by the Region of Peel to its lower-tier municipalities, as authorized under section 310 of the Municipal Act, 2001;

And further, that the necessary by-law inclusive of the methodology to apportion the Regional levy, be presented to Regional Council for enactment.

REPORT HIGHLIGHTS

- Delegation of the tax ratio setting authority provides the councils of the local municipalities with the autonomy to establish tax ratios for both local municipal and Regional purposes.
 - The Region of Peel ("Region") has delegated its tax ratio setting authority to its local municipalities each year from 1998 through 2020 inclusive.
 - The delegation of authority must be consented to by all three local municipalities.
 - A Regional by-law must be enacted, and each local municipality must pass a resolution consenting to the By-law before February 28, 2021.
 - O. Reg. 103/09, as amended, designates the Region as a municipality authorized to delegate for the purposes of section 310 of the Municipal Act, 2001.
 - Copies of the Regional By-law as well as the local resolutions must be sent to the Minister of Municipal Affairs by March 15, 2021.
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DISCUSSION

1. Background

a) Tax Ratio Setting

Subsection 308(3) of the *Municipal Act, 2001*, as amended ("*Act*") defines tax ratios as the ratios that the tax rate for each property class must be to the tax rate for the residential property class. Subsection 308(5) provides that for tiered municipalities, the upper-tier municipality shall pass a by-law in each year to establish the tax ratios for that year for the upper-tier municipality and its lower-tier municipalities. Notwithstanding subsection 308(5), subsection 310(1) of the *Act* provides that an upper-tier municipality may delegate the tax ratio setting authority to its lower-tier municipalities.

Delegation of Tax Ratio Setting Authority

The Region has delegated its authority to establish tax ratios to its local municipalities in each of the 1998 to 2020 fiscal years. Delegation allows the local municipalities flexibility in determining their own tax ratios. Regional and local municipal Finance staff recommend delegation for the 2021 fiscal year.

Tax ratios reflect how a tax rate for a particular property class compares to the residential tax rate. The different relative tax burdens among property classes are based on the tax ratios set by municipalities. Changing the tax ratios will result in a shift of the tax burden among different property classes. Tax ratios can be used to prevent large shifts of the tax burden caused by proportionally uneven changes in assessment among different property classes as well as to lower the tax rates on a particular class or classes.

b) Apportionment of Regional Levy

In accordance with the *Act*, the proposed delegation By-law contains a method to apportion the Region of Peel 2021 property tax levy among the City of Brampton ("Brampton"), the City of Mississauga ("Mississauga") and the Town of Caledon ("Caledon"). The proposed method remains the same as 2020 and is based on the following three components:

- Waste management costs are apportioned based on relative local municipal household counts according to the assessment roll data provided by the Municipal Property Assessment Corporation ("MPAC") used for the current taxation year.
- Peel Regional Police costs, as well as any grant costs for policing at community events, are apportioned between Brampton and Mississauga based on weighted current value assessment for the current taxation year. Caledon fully assumes the costs of the Ontario Provincial Police.
- Remaining Regional services are apportioned among the local municipalities according to relative shares of weighted current value assessment for the current taxation year.

Regional Council, at its meeting on December 19, 2019, directed staff to report back on the apportionment of Regional costs (including Peel Regional Police and remaining Regional services costs) on the basis other than weighted current value assessment for the taxation year. This initiative was put on hold due to the Region's COVID-19 pandemic priorities as recommended by the Interim Chief Administrative Officer's presentation titled, "The Region of Peel Response to the Impact of the COVID-19 Pandemic", and approved by Regional Council on March 26, 2020 (Resolution SRC-2020-235). This work will resume at a future date at the discretion of Regional Council.

The *Act* sets out a February 28, 2021 deadline for enactment of a by-law by Regional Council and resolutions consenting to the by-law by each of the local municipalities. Local municipal Treasurers will be bringing forward related reports to their respective councils by February 28, 2021.

Delegation of Tax Ratio Setting Authority

The delegation By-law and the necessary local municipal resolutions confirming delegation will then be submitted to the Minister of Municipal Affairs no later than March 15, 2021 as required by subsection 310(3.1) of the *Act*. O. Reg. 103/09, as amended, continues to designate the Region as an upper tier municipality having authority under section 310 of the *Act* to delegate the establishment of tax ratios for 2021 to its lower-tier municipalities. That authority is exercised by passing the delegation by-law recommended in this report which will be brought forward for Council's adoption.

CONCLUSION

Delegation of the upper-tier tax ratio setting authority containing a method to apportion the Region of Peel 2021 property tax levy among Brampton, Caledon and Mississauga is recommended in order to provide the local municipalities with the autonomy to set tax ratios that respond most appropriately to the circumstances in each local municipality.

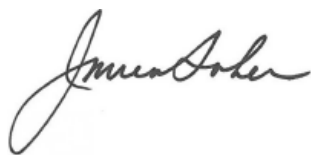
For further information regarding this report, please contact Stephanie Nagel, Ext. 7105, stephanie.nagel@peelregion.ca.

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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.



J. Baker, Chief Administrative Officer