

City of Mississauga Corporate Report



9.7

Date: April 5, 2021

To: Chair and Members of General Committee

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

Originator's files:

Meeting date:
May 12, 2021

Subject

2021 Tax Ratios, Rates and Due Dates

Recommendation

1. That the report of the Commissioner of Corporate Services and Chief Financial Officer dated April 5, 2021 entitled "2021 Tax Ratios, Rates and Due Dates" be received.
2. That the 2021 net operating municipal property tax levy be approved at \$555,050,439.
3. That the tax ratios for the City of Mississauga be approved as follows:

Residential	1.000000
Commercial	1.516977
Industrial	1.615021
Multi-Residential	1.265604
New Multi-Residential	1.000000
Pipeline	1.313120
Farmland	0.250000
Managed Forest	0.250000
4. That the 2021 tax rates for the City of Mississauga be established as outlined in Appendix 1 of this report.
5. That the 2021 residential property tax due dates be set for July 8, August 5 and September 2, 2021.
6. That the 2021 non-residential property tax due date be set for August 5, 2021.
7. That the 2021 due dates for properties enrolled in the City's pre-authorized Tax Payment Plan be set based on their chosen withdrawal date.
8. That the 2021 budgets for the Clarkson, Cooksville, Malton, Port Credit and Streetsville Business Improvement Areas (BIAs) as set out in Appendix 2 requiring tax levies of \$73,000, \$273,000, \$146,140, \$801,000 and \$406,750 respectively, be approved as submitted and that the necessary budget adjustments be made.

9. That the rates to levy the 2021 taxes for the Clarkson, Cooksville, Malton, Port Credit and Streetsville BIAs be established as set out in Appendix 3 to this report.
10. That the 2021 operating budget be adjusted to reflect a transfer to the Capital Reserve Fund (#33121) in the amount of \$709,431.
11. That all necessary by-laws be enacted.

Executive Summary

- Approval is being sought for the City's 2021 net levy, tax ratios, tax rates, tax due dates and budgets submitted by the Clarkson, Cooksville, Malton, Port Credit and Streetsville BIAs.
- A Budget adjustment of \$709,431 is proposed to reflect the final assessment growth compared to the estimated growth to be allocated to the Capital Reserve Fund.
- The 2021 tax rebate amount for low-income seniors and low-income persons with disabilities be adjusted to \$445 reflecting the increase based on the blended tax impact.
- The 2021 taxes on a typical single family residential dwelling will increase by \$124.83, \$59.12 relating to the increase in City taxes and \$65.71 relating to the tax increase for the Region of Peel.
- In response to the COVID-19 pandemic, the Province of Ontario delayed the provincial wide reassessment in 2020. The assessment values used for 2021 taxes remain based on a valuation date of January 1, 2016. Therefore property owners will not experience a tax change relating to the phase-in of assessment changes.
- The uptake in the 2021 Tax Deferral Program is 897 applications (793 residential, 104 non-residential) approved to defer all 2021 taxes to December 15, 2021.
- The total interim taxes deferred is approximately \$9.3 million, \$2.3 million residential and \$7.0 million non-residential (City \$2.5 million, Region \$3.1 million and Education \$3.7 million).
- Applications to defer final taxes will be accepted from June 1 to August 31, 2021.
- The proposed tax due dates remain consistent with prior years (excluding 2020) in the number and timing.

Background

City Council approved the 2021 budget on February 24, 2021 which provided for a 2.7 percent average tax increase on the City's portion of the tax bill and equates to an average 1.0 percent increase on the total residential tax bill. The Region of Peel Council approved its 2019 budget with a 2.5 percent average tax levy increase for residents in Peel. The combined average blended tax impact for City and Regional services is 2.1 percent on the total residential tax bill. The Province of Ontario prescribes the education rates by regulation. There is one Province-wide rate for residential taxpayers.

Section 310 of the *Municipal Act, 2001* requires Council to establish tax ratios for property classes annually.

The Clarkson, Cooksville, Malton, Port Credit and Streetsville BIAs have submitted their 2021 budget requests. In accordance with section 205 of the *Municipal Act, 2001*, Council must approve the BIA budgets annually. Section 208 of the *Municipal Act, 2001* requires a special charge to be levied upon the BIA members to provide the revenues as identified in each of the BIA budgets.

This report outlines the decisions necessary by Council to establish the tax ratios and tax rates for 2021 and authorize the final tax levy.

Comments

Property Assessment

In response to the COVID-19 pandemic, the Province postponed the planned 2020 provincial wide reassessment. Property assessments for the 2021 taxation year continue to be based on a valuation date of January 1, 2016. This is the same valuation date as used for the 2020 taxation year. As the assessment increases from the 2016 reassessment were fully phased-in for the 2020 taxation year, there is no phase-in assessment adjustment for 2021.

For non-residential properties, the existing capping regime for commercial properties continues. The capping tools adopted by the Region has resulted in the Region exiting the capping regime for the industrial and multi-residential classes. In 2021, the preliminary capping calculation indicate that of the approximately 10,000 non-residential properties in Mississauga, only one commercial property remains capped and one will be clawed back to fund the cap. The remainder of commercial properties will pay taxes at CVA.

Tax Ratios and Rates

Typically tax ratios are adjusted to address shifts in tax burden between property classes resulting from the phase-in of assessment changes. As there is no phase-in impact in 2021, the proposed tax ratios remain the same as 2020.

For 2021, the residential education rate remains unchanged from 2020 as the property assessment values for the 2021 taxation year will continue to be based on the same valuation date that was in effect for the 2020 taxation year. As announced in the 2020 Budget, the Province has reduced the tax rate for businesses to 0.88 percent for 2021 in all municipalities where the 2020 rate was higher than 0.88 percent. To ensure municipalities are not negatively impacted by the business education tax (BET) reduction, the Province is maintaining the 2020 BET rates for properties whose payments in lieu (PILT) of education taxes is retained by the municipality. Since the assessment values continue to be based on the same valuation date that was in effect for the 2020 taxation year, there is no shift in education taxes normally relating to the phase-in of assessment increases.

Attached as Appendix 1 are the tax rates based upon these ratios. Education tax rates as set by the Province through regulation are included in Appendix 1 for information purposes.

Levy Due Dates

It is proposed that the 2021 final levy for residential properties with regular instalment due dates be payable in three instalments on July 8, August 5 and September 2, 2021 and that the 2021 final levy for commercial, industrial and multi-residential properties on the regular instalment plan be payable in a single instalment on August 5, 2021. The final levy due dates recommended are consistent in time and number of instalments with previous years excluding 2020 where the instalments were deferred in response to the pandemic.

Levy Adjustment

When the 2021 budget was prepared in the fall of 2020, assessment growth for 2020 was projected at 0.40%. With receipt of the 2021 assessment roll, final assessment growth has been determined at 0.53%. The previous year's assessment forms the base for the current year's tax levy. Because the budget was approved before the final growth numbers were calculated, it is necessary to amend the budget and the 2021 levy by \$709,431 to reflect the final assessment growth. It is proposed that the additional funds be allocated to the Capital Reserve Fund.

2021 BIA Budgets and Levy

The Clarkson, Cooksville, Malton, Port Credit, and Streetsville BIAs have submitted their 2021 budget requests which are summarized in Appendix 2. Staff have reviewed the submissions to ensure that adequate provisions have been made for audit fees. In keeping with past practice, other elements of the budgets have not been reviewed in detail. The BIA tax rates have been calculated as indicated in Appendix 3 using the CVA provided by the Municipal Property Assessment Corporation (MPAC) for the 2021 taxation year for the properties within each of the BIA boundaries in order to raise the required revenues.

2021 Tax Deferral

Council approved an application based tax deferral program allowing property owners to defer their 2021 taxes to a due date of December 15, 2021. During the first application window of February 1 to March 31, 2021 897 applications have been approved. 793 are for residential properties and 104 are for non-residential properties. The total interim taxes deferred is \$9.3 million, \$2.3 million residential and \$7.0 million non-residential. The total interim taxes deferred is shared \$2.5 million in City taxes, \$3.1 million in Region taxes and \$3.7 million in Education taxes. This does not reflect any partial payments that may have been received on these accounts since the instalments were deferred.

Once the final taxes are billed, the final tax instalments for these applicants will also be deferred. There is a second window from June 1 to August 31, 2021 that will allow additional property owners to defer their final tax instalments to a due date of December 15, 2021.

To date we have not received confirmation that the Region and Province will participate in the deferral program. We will continue to work with them on the distribution of their tax payments.

Tax Collections

At the end of every month staff monitor the balance of outstanding taxes billed and due as a means to ensure that tax payments are being received. The table below shows the percentage of outstanding taxes for the current year taxes billed and due as at March 31 for the last four years. As indicated the percentage of outstanding taxes billed and due is consistent with the prior years.

2021	2020	2019	2018
3.94%	3.88%	3.85%	3.55%

Staff are also currently tracking arrears by ward and by property type. This includes tax arrears, penalty and interest and outstanding fees and charges. Staff will continue to monitor the balance of outstanding taxes billed and due and tax arrears. Collection activities have resumed for all outstanding tax arrears, this will include Overdue notices in October for any outstanding balances following the last 2021 final tax due date in September. A reminder notice will also be sent in October to all participants in the 2021 Tax Deferral Program indicating the balance due on December 15, 2021.

The table below by property type shows the arrears for 2021 interim, 2020 and the arrears for all years as of April 16, 2021. The arrears outstanding for 2021 interim when compared to the total taxes that will be billed of \$1.78 billion for 2021 is approximately 2.9%. The arrears outstanding for 2020 when compared to total taxes billed in 2020 is approximately 2.0%.

	16-Apr-21			
Property Type	Property Count	Arrears for 2021	Arrears for 2020	Arrears for All Years
Single Family Dwelling	22,569	\$ 26,208,532	\$ 22,639,990	\$ 58,971,437
Residential Condominium	12,006	\$ 6,413,955	\$ 5,446,775	\$ 14,560,804
Multi-Residential	22	\$ 818,964	\$ 118,543	\$ 937,507
Shopping Centres	40	\$ 1,838,097	\$ 347,107	\$ 2,185,203
Retail	47	\$ 740,000	\$ 523,348	\$ 1,496,366
Office	71	\$ 1,211,861	\$ 316,378	\$ 1,528,259
Hotels	14	\$ 489,557	\$ 233,152	\$ 722,709
Restaurants	13	\$ 183,036	\$ 109,747	\$ 390,865
Airport Tenants	78	\$ 2,727,589	\$ 552,465	\$ 3,722,245
Automotive	35	\$ 474,277	\$ 129,850	\$ 604,128
Other Commercial	771	\$ 1,720,023	\$ 967,735	\$ 2,919,007
Industrial	927	\$ 7,847,733	\$ 2,745,991	\$ 13,461,070
Vacant Land	331	\$ 1,343,370	\$ 1,291,327	\$ 3,200,755
Total	36,924	\$52,016,994	\$35,422,408	\$ 104,700,355

The table below shows the same information by ward.

	16-Apr-21			
Ward	Property Count	Arrears for 2021	Arrears for 2020	Arrears for All Years
1	2,705	\$ 5,570,201	\$ 3,443,305	\$ 10,191,043
2	2,676	\$ 4,630,840	\$ 3,226,272	\$ 9,310,116
3	2,071	\$ 2,301,616	\$ 1,480,221	\$ 6,416,139
4	4,105	\$ 3,137,534	\$ 2,682,926	\$ 7,012,974
5	5,579	\$ 13,411,735	\$ 7,117,028	\$ 23,089,540
6	3,152	\$ 3,677,994	\$ 2,739,510	\$ 7,733,993
7	4,062	\$ 4,375,567	\$ 3,240,289	\$ 9,121,248
8	3,379	\$ 4,355,227	\$ 3,451,552	\$ 9,304,182
9	2,495	\$ 2,963,885	\$ 1,749,121	\$ 5,445,001
10	3,620	\$ 3,577,443	\$ 3,212,810	\$ 8,567,565
11	3,077	\$ 4,000,802	\$ 3,079,374	\$ 8,494,403
33 *	3	\$ 14,150		\$ 14,150
Total	36,924	\$ 52,016,994	\$ 35,422,408	\$ 104,700,355

Ward 33 is hydro, pipeline properties that are not ward specific

Engagement and Consultation

As per legislation, in a two-tier municipality all tax policy decisions are the responsibility of the upper-tier municipality with the exception of setting tax ratios as this has been delegated to the lower-tier municipalities in the Region of Peel. City tax staff along with tax staff from Brampton and Caledon work with tax policy staff at the Region in establishing tax policy options on an annual basis.

Financial Impact

Adjusting the 2021 operating budget to reflect the final assessment growth will result in an increase of \$709,431. It is proposed that the additional funds be allocated to the Capital Reserve Fund.

The tax levy changes affecting a typical single family home are as follows:

2020 taxes on \$730,000 assessment	\$5,737.52
City tax increase	59.12
Region tax increase	<u>65.71</u>
2021 taxes on \$730,000 assessment	<u>\$5,862.35</u>

Conclusion

The 2021 tax rates have been calculated as shown in Appendix 1. The proposed final levy due dates are consistent with prior years excluding 2020 where due dates were deferred at the onset of the pandemic.

The 2021 budgets submitted by the Clarkson, Cooksville, Malton, Port Credit and Streetsville BIAs provide sufficient funds for audit fees. 2021 BIA tax rates have been calculated as shown in Appendix 3 to raise the required revenue for the purposes of the BIA Boards of Management specified in Appendix 2.

The uptake in the 2021 Tax Deferral Program is 897 applications (793 residential, 104 non-residential) approved to defer all 2021 taxes to December 15, 2021. The total taxes deferred is \$9.3 million (City \$2.5 million, Region \$3.1 million and Education \$3.7 million). This does not reflect any partial payments that may have been received on these accounts since the taxes were deferred. There is a second application window from June 1 to August 31, 2021 that will allow additional property owners to defer their final tax instalments to a due date of December 15, 2021.

Attachments

Appendix 1: 2021 Final Tax Rates

Appendix 2: 2021 Business Improvement Area Budget Submissions

Appendix 3: 2021 Business Improvement Area Tax Rates



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

Prepared by: Louise Cooke, Manager, Revenue and Taxation