

Date: December 12, 2022

To: Chair and Members of General Committee

From: Shari Lichterman, CPA, CMA, Commissioner of  
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:  
January 11, 2023

## Subject

**Delegation of Regional Tax Ratio Setting Authority for 2023**

## Recommendation

1. That Council consent to the enactment of a Regional By-law delegating tax ratio setting in accordance with Section 310 of the *Municipal Act, 2001* for the 2023 property tax year as outlined in the corporate report dated December 12, 2022 from the Commissioner of Corporate Services and Chief Financial Officer, entitled, "Delegation of Regional Tax Ratio Setting Authority for 2023".
2. That Council consent to the apportionment methodology in place in the 2022 taxation year updated for 2023 assessments.

## Executive Summary

- Section 310 of the *Municipal Act, 2001* provides for the delegation of tax ratio setting from the upper-tier municipality to its lower-tier municipalities.
- Delegation of tax ratio setting authority provides the Council of a lower-tier with the autonomy to establish tax ratios for both lower-tier and upper-tier purposes specific to lower-tier tax policy initiatives.
- The Region of Peel is currently the only upper-tier to delegate tax ratio setting authority, delegating this authority since property tax legislation was reformed in 1998.
- All lower-tier municipalities must consent to the delegation before the upper-tier municipality can pass its annual By-law. This By-law also establishes the apportionment methodology for the upper-tier levy to the lower-tier municipalities.
- If consent is not received then the Minister of Municipal Affairs and Housing may make regulations prescribing how tax ratios will be established for both the upper and lower-tier municipalities.

## Background

Section 310 of the *Municipal Act, 2001* provides for the Council of an upper-tier municipality to delegate to the Council of each of its lower-tier municipalities, the authority to pass a By-law establishing tax ratios within the lower-tier municipality for both the upper-tier and lower-tier tax levies for the year. Legislation also states that the apportionment methodology must be established through the upper-tier By-law authorizing the delegation of tax ratio setting.

All lower-tier municipalities must consent by resolution to this By-law establishing delegation and the apportionment methodology by the last day of February each year. If consent is not received then a delegated authority By-law cannot be enacted and legislation then provides for the Minister to make regulations determining how tax ratios will be set within the Region of Peel in the absence of delegation.

An upper-tier that passes a By-law shall provide a copy of the By-law and lower-tier resolutions to the Minister of Municipal Affairs and Housing by March 15 each year, a provincial regulation must be in force by April 1 designating the upper-tier for the purposes of delegating tax ratio authority in order for the upper-tier By-law to come into force. A By-law under section 310 may not be amended or repealed after the last day of February.

The Region of Peel has delegated tax ratio setting since property tax legislation was reformed in 1998. Currently, the Region of Peel is the only upper-tier municipality to delegate tax ratio setting authority. The tax ratios established by a lower-tier municipality must be the same for both the upper-tier and the lower tier.

## Comments

Delegation of tax ratio setting authority provides the Council of a lower-tier municipality with the autonomy to establish tax ratios for both lower-tier and upper-tier purposes.

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 the municipality. Changing tax ratios is revenue neutral and does not generate additional tax revenue; it does result in a shift of the tax burden among the different property classes. Adjustments to 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.

The deadline for consent by the lower-tier municipalities and the passing of the Regional By-law is February 28, 2023. The Minister of Municipal Affairs and Housing must approve the delegation and the apportionment formula before it can take effect.

Staff are proposing to continue with delegation for the 2023 property tax year, utilizing the 2022 apportionment formula updated to 2023 assessments.

The apportionment formula used in 2022 and proposed for the 2023 taxation year is:

- Waste costs allocated based upon number of households in each municipality as determined by the Municipal Property Assessment Corporation (MPAC);
- Police costs split out with Caledon paying for Ontario Provincial Police (OPP) service and Mississauga and Brampton paying for Peel Regional Police based on weighted current value assessment;
- All other costs apportioned based on weighted current value assessment.

Any changes to the apportionment methodology would need to be approved by Regional Council and then enacted through the tax ratio setting delegation By-law with all lower-tier municipalities consenting to the change in methodology.

The Regional Council report on the delegation of tax ratio setting authority and the apportionment formula will be presented to Regional Council on January 12, 2023.

## Engagement and Consultation

Regional staff request confirmation from local municipal staff that there is consent to continue with delegation of tax ratio setting authority.

## Financial Impact

There is no financial impact for this report.

## Conclusion

Delegation of the tax ratio setting authority provides lower-tier municipalities flexibility in determining their own tax ratios. Staff are recommending that delegation of tax ratio setting from the Region of Peel to Mississauga, Brampton and Caledon continue for the 2023 property tax year. The Regional Levy apportionment plan would remain the same as in 2022 updated to 2023 assessments.

All lower-tier municipalities must consent to the delegation for the upper-tier municipality to be able to pass a By-law. If consent is not received to continue with delegated authority of tax ratios then the Minister may make regulations prescribing how tax ratios will be established for both the upper and lower-tier municipalities.



---

Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer  
Prepared by: Angela Li, Manager, Revenue & Taxation