

City of Mississauga
Corporate Report



<p>Date: April 5, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA, Acting City Manager and Chief Administrative Officer</p>	<p>Meeting date: April 26, 2023</p>

Subject

2023 Tax Ratios, Rates and Due Dates

Recommendation

1. That the following tax ratios, rates and due dates be approved as outlined in the corporate report dated April 5, 2023 from the Acting City Manager and Chief Administrative Officer entitled "2023 Tax Ratios, Rates and Due Dates":
2. That the 2023 net operating municipal property tax levy be approved at \$636,378,567.
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 2023 tax rates for the City of Mississauga be established as outlined in Appendix 1 of this report.
5. That the 2023 residential property tax due dates be set for July 6, August 3 and September 7, 2023.
6. That the 2023 non-residential property tax due date be set for August 3, 2023.
7. That the 2023 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 rates to levy the 2023 taxes for the Clarkson, Cooksville, Malton, Port Credit and Streetsville Business Improvement Area's (BIA) be established as set out in Appendix 2 to this report.
9. That the 2023 operating budget be adjusted to reflect a transfer to the Capital Reserve Fund (#33121) in the amount of \$1,188,947.
10. That all necessary by-laws be enacted.

Executive Summary

- Approval is being sought for the City's 2023 net levy, tax ratios, tax rates, tax due dates and the 2023 tax rates for the Clarkson, Cooksville, Malton, Port Credit and Streetsville BIAs.
- A Budget adjustment of \$1,188,947 is proposed to reflect the final assessment growth compared to the estimated growth to be allocated to the Capital Reserve Fund.
- The 2023 tax rebate amount for low-income seniors and low-income persons with disabilities be adjusted to \$488 reflecting the increase based on the blended tax impact.
- The 2023 taxes on a typical single family residential dwelling will increase by \$378.15, \$186.12 relating to the increase in City taxes and \$192.03 relating to the tax increase for the Region of Peel.
- The Province of Ontario continues to delay the next province wide reassessment from 2020. The assessment values used for 2023 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.
- Tax due dates consistent with previous years in number and timing are being proposed.

Background

City Council approved the 2023 budget on February 1st, 2023 which provided an 8.3 percent budget increase on the City's portion of the tax bill and equates to an average 3.0 percent increase on the total residential tax bill. The Region of Peel Council approved its 2023 budget with a 6.7 percent budget increase for residents in Peel. The combined average blended tax impact for the City and Region is 6.1 percent on the total residential tax bill.

City Council also approved the 2023 budget submissions for the Clarkson, Cooksville, Malton, Port Credit and Streetsville Business Improvement Areas (BIA's). 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.

The Province of Ontario prescribes the education tax 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. This report outlines the decisions necessary by Council to establish the tax ratios and tax rates for 2023 and authorize the final tax levy.

Comments

Property Assessment

The Province continues to delay the province wide reassessment that had been planned for 2020. Property assessments for the 2023 taxation year continue to be based on a valuation date of January 1, 2016. This is the same valuation date as used for the 2021 and 2022 taxation years. 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 2023.

The capping tool adopted by the Region has resulted in the Region exiting the capping regime for the commercial properties starting in 2023. Previously the Region has exited the capping regime for the industrial and multi-residential classes. Therefore, for 2023 and future taxation years, no properties remain capped and all properties will be taxed at full CVA tax level.

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. This practice is referred to as revenue neutral tax ratios since the adjustments result in the same amount of taxes being collected from each property class prior to any budget adjustments. Tax ratio adjustments can also be made to address policy initiatives such as reducing tax ratios to within the provincially set ranges of fairness. All tax ratio adjustments will result in a shift in tax burden mainly impacting the residential class as the ratio for the residential class is legislated at 1.000. As there is no phase-in impact in 2023, the proposed tax ratios remain the same as 2022.

For 2023, the residential education rate remains unchanged from 2020 as the property assessment values for the 2023 taxation year will continue to be based on the same valuation date that was in effect for the 2020 taxation year.

The Province is also maintaining the same education tax rates for business properties as established for 2021. The rate will remain at 0.88%. To ensure municipalities are not negatively impacted by the business education tax (BET) reduction implemented in 2021, the Province is maintaining the 2020 BET rates for properties whose payments in lieu (PILT) of education taxes is retained by the municipality. Some Federal properties are only paying PILT based on the lower education tax rates. Municipalities significantly impacted by the lower PILT amounts are currently advocating for changes to federal legislation to ensure municipalities continue to receive current PILT revenue.

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 2023 final levy for residential properties with regular instalment due dates be payable in three instalments on July 6, August 3 and September 7, 2023 and that the 2023 final levy for commercial, industrial and multi-residential properties on the regular instalment plan be payable in a single instalment on August 3, 2023. 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.

The 2023 final levy for properties enrolled in the City's Pre-authorized Tax Payment Plan will be payable based on their chosen withdrawal date. The Pre-authorized Tax Payment Plan is available to all taxpayers.

Levy Adjustment

When the 2023 budget was prepared in the fall of 2022, assessment growth for 2022 was projected at 0.601%. With receipt of the 2023 assessment roll, final assessment growth has been determined at 0.801%. 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 2023 levy by \$1,188,947 to reflect the final assessment growth. It is proposed that the additional funds be allocated to the Capital Reserve Fund.

2023 BIA Budgets and Levy

City Council approved the 2023 budget submissions for the Clarkson, Cooksville, Malton, Port Credit and Streetsville Business Improvement Areas (BIA's). The BIA tax rates have been calculated as indicated in Appendix 2 using the CVA provided by the Municipal Property Assessment Corporation (MPAC) for the 2023 taxation year for the properties within each of the BIA boundaries in order to raise the required revenues.

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 2023 operating budget to reflect the final assessment growth will result in an increase of \$1,188,947. 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:

2022 taxes on \$730,000 assessment	\$6,057.09
City tax increase	186.12
Region tax increase	<u>192.03</u>
2023 taxes on \$730,000 assessment	<u>\$6,435.24</u>

Conclusion

The 2023 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.

2023 BIA tax rates have been calculated as shown in Appendix 2 to raise the required revenue for the purposes of the BIA Boards of Management.

Attachments

Appendix 1: 2023 Final Tax Rates

Appendix 2: 2023 Business Improvement Area Tax Rates



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