

City of Mississauga Corporate Report



Date: October 16, 2023

To: Chair and Members of General Committee

From: Shari Lichterman, CPA, CMA, City Manager and Chief
Administrative Officer

Originator's files:

Meeting date:
November 15, 2023

Subject

2024 Interim tax levy for properties enrolled in the pre-authorized payment plan

Recommendation

1. That a by-law be enacted to provide for a 2024 interim tax levy based on 50 percent of the previous year's taxes on those properties subject to an agreement under the City of Mississauga pre-authorized tax payment plan.
2. That the 2024 interim levy for residential properties enrolled in the due date plan be payable in three instalments on March 7, April 4 and May 2, 2024.
3. That the 2024 interim levy for properties in the commercial, industrial and multi-residential property classes enrolled in the due date plan be payable in one instalment on March 7, 2024.
4. That the 2024 interim levy for properties enrolled in a monthly plan be payable in six instalments based on the taxpayer's selected withdrawal day of either 1st, 8th, 15th, or 22nd of the months of January, February, March, April, May and June 2024.

Executive Summary

- Section 317 of the *Municipal Act, 2001* provides municipalities with the ability to levy interim taxes.
- An interim levy is required so that the City can meet its financial obligations during the first half of the year.
- Section 317(3) of the *Municipal Act, 2001* stipulates that the amount levied on a property shall not exceed 50 percent of the total taxes levied on the property in the prior year.
- Budgetary impacts are incorporated into the final tax rates used to calculate the final tax levy billing.

Background

Annual property taxes are calculated by multiplying a property's current value assessment by the applicable tax rate. To determine the annual tax rates, staff require the annual returned roll provided by the Municipal Property Assessment Corporation (MPAC) each December for the following taxation year, the annual municipal levy requirement as determined by the budget process and the education tax rates as determined by the Province.

In a two-tier municipality, the lower-tier municipality also requires the annual levy requirement of the upper-tier. The complete list of information required to determine the annual tax rates is usually not available until the spring. Therefore, the final bill for annual taxes owing is typically issued in June.

As municipalities require property tax revenue in order to meet their financial obligations prior to the setting of the annual tax rates, the *Municipal Act, 2001*, provides municipalities with the ability to levy interim taxes.

The City of Mississauga annually enacts two interim levy by-laws. The first is for taxpayers making payment through one of the City's Pre-authorized Tax Payment (PTP) Plans. The second is for those that receive a bill indicating the prescribed instalment due dates for payment of their taxes.

This report is to establish the interim levy requirements for the taxpayers on a PTP plan. The second report on the interim levy for all other properties will be presented to Council in January 2024.

Separate reports are required to meet the legislated deadline for mailing tax bills at least 21 days before the first due date. For example, for taxpayers on a monthly PTP plan with withdrawals on the 1st of the month, the interim bill must be mailed at least 21 days before January 1. The second report is presented in January following the receipt of the roll return from MPAC, as this is used to determine interim tax rates required for levying interim taxes on new properties.

Comments

Property owners can enroll in a PTP plan throughout the year for a monthly plan to begin withdrawals in January 2024. The deadline to enroll is November 1, 2023. There are currently about 30 percent of residential and 25 percent of non-residential properties enrolled in one of the City's PTP plans.

Section 317 of the *Municipal Act, 2001*, allows municipalities to levy interim taxes. The amount levied on a property may not exceed 50 per cent of the total amount of taxes levied on the property for the previous year, adjusted for the annualized amount of supplementary taxes or

cancellation that applied during the year. Any impact resulting from budgetary increases are applied on the final bill.

Assessment values for the 2024 taxation year continue to be based on a valuation date of January 1, 2016 as the Province has not yet stated when the next reassessment will occur following the cancelation of the planned provincial-wide reassessment in 2020 due to the COVID-19 pandemic.

In order to adhere to the legislated notification period, the 2024 interim tax bills for accounts enrolled in a PTP plan must be issued by December 11th, 2023, and a by-law enacted prior to this date.

It is proposed that the 2024 interim levy for residential properties enrolled in the pre-authorized due date plan be payable in three instalments: on March 7, April 4, and May 2, 2024, and that the 2024 interim levy for commercial, industrial and multi-residential properties enrolled in the pre-authorized due date plan be payable in a single instalment on March 7, 2024.

Alternatively, for properties enrolled in the pre-authorized monthly plan, six instalments are proposed based on the taxpayer's selected withdrawal date of either the 1st, 8th, 15th, or 22nd of the months of January, February, March, April, May and June 2024.

For taxpayers not on one of the pre-authorized payment plans, March 7, April 4, and May 2, 2024 will be the due dates recommended for residential properties and March 7, 2024 will be the due date recommended for commercial, industrial and multi-residential properties. The second interim report and by-law with this recommendation will be brought forward to Council in January 2024.

Financial Impact

An interim levy allows the municipality to meet its financial obligations during the first half of the year.

Conclusion

A 2024 interim levy is required so that the City can meet its financial obligations. The 2024 interim levy for those properties subject to an agreement under a Pre-authorized Tax Payment Plan will be calculated pursuant to Section 317 of the *Municipal Act, 2001*, to be 50 per cent of the annualized taxes levied on a property in the previous year.

Instalment due dates for residential properties enrolled in the due date plan will be March 7, April 4, and May 2, 2024. The instalment due date for commercial, industrial or multi-residential properties enrolled in the due date plan will be March 7, 2024.

All properties enrolled in the monthly due date plan will have instalments due on the taxpayer's selected withdrawal day of either the 1st, 8th, 15th or 22nd of the months of January, February, March, April, May and June, 2024.



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