

City of Mississauga  
**Corporate Report**



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| <p>Date: April 8, 2024</p> <p>To: Chair and Members of General Committee</p>           | <p>Originator's files:</p>           |
| <p>From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer</p> | <p>Meeting date:<br/>May 8, 2024</p> |

## Subject

### 2024 Tax Ratios, Tax Rates and Due Dates

## Recommendation

1. That the 2024 net operating municipal property tax levy for the City of Mississauga be approved at \$681,965,790.
2. 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 |
3. That the 2024 tax rates for the City of Mississauga be established as outlined in Appendix 1 of this report dated April 8, 2024 and titled "2024 Tax Ratios, Tax Rates and Due Dates" from the City Manager and Chief Administrative Officer.
4. That the levy amounts for the 2024 taxation year for colleges and universities, public hospitals and correctional facilities ("Heads and Beds" levy) be based on the current legislated rates.
5. That the 2024 residential property tax due dates be set for July 4, August 1 and September 5, 2024.
6. That the 2024 non-residential property tax due date be set for August 1, 2024.
7. That the 2024 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 tax rates to levy the 2024 tax levy requirement for the Clarkson, Cooksville, Malton, Port Credit and Streetsville Business Improvement Areas (BIA) be established as set out in Appendix 2 of this report.
9. That the 2024 operating budget be adjusted to reflect a transfer to the Fiscal Stability Reserve Fund (#30125) in the amount of \$2,510,101.
10. That all necessary by-laws be enacted.

## Executive Summary

- Approval is being sought for the City's 2024 net property tax levy, tax ratios, tax rates, tax due dates and the 2024 tax rates for the Clarkson, Cooksville, Malton, Port Credit and Streetsville BIAs.
- A Budget adjustment of \$2,510,101 is proposed to reflect the final assessment growth compared to the estimated growth to be allocated to the Fiscal Stability Reserve Fund.
- The 2024 tax rebate amount for low-income seniors and low-income persons with disabilities be adjusted to \$523.00 reflecting the increase based on the blended tax impact.
- The 2024 taxes on a typical single family residential dwelling will increase by \$464.55; \$149.01 relating to the increase in City taxes and \$315.54 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 2024 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

The City's 2024 budget was adopted on December 18, 2023, which provided a 6.3 percent budget increase on the City's portion of the tax bill and equates to an average 2.34 percent increase on the total residential tax bill. The Region of Peel Council approved its 2024 budget with a 10.6 percent budget increase for residents in Peel. The combined average blended tax impact for the City and Region is 7.21 percent on the total residential tax bill.

City Council also approved the 2024 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 tax levy funding required for each BIA is as follows:

| <b>BIA</b>   | <b>2024 Tax Levy Requirement</b> |
|--------------|----------------------------------|
| Clarkson     | \$115,000                        |
| Cooksville   | \$300,050                        |
| Malton       | \$250,000                        |
| Port Credit  | \$1,038,985                      |
| Streetsville | \$457,695                        |
| <b>Total</b> | <b>\$2,161,730</b>               |

The Province of Ontario prescribes the tax rates for education 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 2024 and authorize the final tax levy.

As of 2023 the Region has exited the previous capping regime for the commercial, industrial and multi-residential classes. Therefore, no properties remain capped, and all properties are taxed at full CVA tax level.

## Comments

### Property Assessment

The province continues to delay the province wide reassessment that had been planned for 2020. Property assessments for the 2024 taxation year continue to be based on a valuation date of January 1, 2016. This is the same valuation date as used since the 2017 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 2024.

### 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 2024, the proposed tax ratios remain the same as 2023.

For 2024, the residential education tax rate remains unchanged from 2020 as the property assessment values for the 2024 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.

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 2024 final levy for residential properties with regular instalment due dates be payable in three instalments on July 4, August 1 and September 5, 2024, and that the 2024 final levy for commercial, industrial and multi-residential properties on the regular instalment plan be payable in a single instalment on August 1, 2024. The final levy due dates recommended are consistent in time and number of instalments with previous years.

The 2024 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 2024 budget was prepared in the fall of 2023, assessment growth for 2023 was projected at 0.50%. With receipt of the 2024 assessment roll, final assessment growth has been determined at 0.894%. 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 2024 levy by \$2,510,101 to reflect the final assessment growth. It is proposed that the additional funds be allocated to the Fiscal Stability Reserve Fund.

#### 2024 BIA Budgets and Levy

City Council approved the 2024 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 2024 taxation year for the properties within each of the BIA boundaries in order to raise the required revenues.

### Heads and Beds Levy

Section 323 of the *Municipal Act* provides local municipalities may by by-law levy an annual PILT on provincial institutions such as public hospitals, universities, community colleges and correctional facilities. The current rate as established in O. Reg. 384/98 is \$75 per hospital bed, full time student enrolled or resident place. The levy calculation is based on institution capacity information for the previous year as provided by the Ministry of Municipal Affairs and Housing.

The revenue collected in 2023 was approximately \$1.6M. The rate has not changed since 1987, when it was increased from \$50. If this rate had been increased to reflect the Consumer Price Index in each year since 1987, the current rate would be in excess of \$170. If the rate had been inflated the estimated revenue in 2024 would be \$3.7M, a shortfall of \$2.1M. This current underfunding adds a financial burden on the City by providing municipal services to these properties. All Ontario municipalities with facilities that qualify for the Heads and Beds Levy are affected by this underfunding.

While these facilities provide economic benefit and contribute to the community, updating the Heads and Beds levy would more accurately reflect the municipal costs associated with demand placed on local infrastructure by these facilities, increase demand for public transit and other municipal services. Advocacy to the Provincial government to increase this rate by inflation has been ongoing for many years and continues to be a key ask of all impacted municipalities. To date there has been no commitment from the province to review this rate.

### Minimum tax

In accordance with Section 355 of the *Municipal Act*, the municipality may pass a by-law providing that where the total final tax levy to be imposed on a property would be less than the tax amount specified by the municipality, the amount of actual taxes payable shall be zero. Therefore, it is recommended that where the total final levy taxes to be imposed on a property would be less than twenty-five dollars (\$25), the amount of actual taxes shall be zero.

## **Financial Impact**

Adjusting the 2024 operating budget to reflect the final assessment growth will result in an increase of \$2,510,101. It is proposed that the additional funds be allocated to the Fiscal Stability Reserve Fund.

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

|                                    |                    |
|------------------------------------|--------------------|
| 2023 taxes on \$730,000 assessment | \$ 6,445.98        |
| City tax increase                  | 149.01             |
| Region tax increase                | <u>315.54</u>      |
| 2024 taxes on \$730,000 assessment | <u>\$ 6,910.53</u> |

## Conclusion

The 2024 tax rates have been calculated, as shown in Appendix 1, to raise the required property tax revenue for City and Region of Peel services. The tax rates in Appendix 1 also reflect the tax rates as established by the Province of Ontario for the funding of education. The proposed final levy due dates are consistent with prior years.

2024 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: 2024 Final Tax Rates

Appendix 2: 2024 Business Improvement Area Tax Rates



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

Prepared by: Louise Cooke, Manager, Revenue and Taxation