

City of Mississauga
Corporate Report



<p>Date: September 4, 2024</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: November 6, 2024</p>

Subject

2025 Interim Property Tax Levy

Recommendation

1. That a by-law be enacted to provide for a 2025 interim property tax levy based on 50 percent of the previous year's taxes.
2. That the 2025 residential interim property tax due dates be set for March 6, April 3 and May 1, 2025.
3. That the 2025 non-residential interim property tax due date be set for March 6, 2025.
4. That the 2025 interim due dates for properties enrolled in the City's pre-authorized tax payment plan, in a due date plan, be payable in three instalments for residential properties on March 6, April 3 and May 1, 2025, and in one instalment for non-residential properties on March 6, 2025.
5. That the 2025 interim due dates for properties enrolled in the City's pre-authorized tax payment plan, 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 2025.

Executive Summary

- Section 317 of the *Municipal Act, 2001* provides municipalities with the ability to levy interim property taxes.
- An interim levy is required so that the City can meet its financial obligations during the first half of the year prior to the final billing of annual property taxes.
- 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.
- Legislation requires property tax bills to be mailed at least 21 days before the first due date.

- For properties enrolled in the monthly pre-authorized tax plan (PTP) with a due date on the 1st, interim tax bills must be mailed by December 10, 2024.
- Any budgetary impacts are incorporated into the final tax rates used to calculate the final tax levy billing.

Background

Annually, 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 for both the City and the Region of Peel, and the education tax rates as determined by the province. The complete list of information required to determine the final annual tax rates is usually not available until the spring.

As municipalities require property tax revenue in order to meet their financial obligations prior to the setting of the annual tax rates, Section 317 of the *Municipal Act, 2001*, provides municipalities with the ability to pass a by-law to levy interim property taxes. This section stipulates that an interim levy by-law may be passed in November or December of the previous year as long as it does not come into force until a specified date in the following year. The By-law will come into force on January 1, 2025.

It also states that the interim levy may not exceed 50 percent of the previous year's levy. For new properties the interim levy is calculated to approximate 50 percent of a full year's taxes had the property been included in the tax roll for the previous year.

Section 343(1) of the *Municipal Act, 2001*, states that tax bills must be mailed at least 21 days before the first due date. For example, for taxpayers enrolled in the City's PTP plan with monthly withdrawals on the 1st of the month, the interim bill must be mailed by December 10, 2024, to meet the requirement of at least 21 days before January 1, 2025.

Previously, the City of Mississauga enacted two interim levy by-laws, one for accounts on PTP and one for all other accounts. This report is requesting one interim levy by-law for all properties. Staff have consulted with Legal Services and determined that a consolidated interim levy by-law is permitted under the *Municipal Act, 2001*.

Comments

Section 317 of the *Municipal Act, 2001* allows municipalities to levy interim property taxes. An interim levy allows the City to meet its financial obligations including payment of the levy requirements for the Region of Peel and school boards.

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.

A calculation of 50 percent of the previous year's levy is used for all properties that exist on the assessment roll used for the 2024 taxation year and continue to exist on the assessment roll for the 2025 taxation year. For new properties, added to the tax roll for the 2025 taxation year, the interim levy is calculated to approximate 50 percent of a full year's taxes had the property been included in the tax roll for the previous year.

Property taxes are billed with payments due on the prescribed instalment due dates. Property owners can opt to enroll in a PTP plan throughout the year, for a monthly plan to begin withdrawals in January 2025. The deadline to enroll is November 1, 2024. There are currently about 31 percent of residential and 25 percent of non-residential properties enrolled in one of the City's PTP plans.

In order to adhere to the legislated notification period, the 2025 interim tax bills for accounts enrolled in a monthly PTP plan must be issued by December 10th, 2024, and a by-law enacted prior to this date.

It is proposed that the 2025 interim levy for residential properties (residential, farm, managed forest and pipeline property classes) on regular instalments or enrolled in the PTP due date plan be payable in three instalments, on March 6, April 3, and May 1, 2025. It is also proposed that the 2025 interim levy for non-residential properties (commercial, industrial, new multi-residential and multi-residential property classes) on regular instalments or enrolled in the PTP due date plan be payable in a single instalment on March 6, 2025. For all properties enrolled in the PTP 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 2025.

Financial Impact

An interim tax levy allows the municipality to meet its financial obligations during the first half of the year including payment of the Region of Peel and school board levy requirements.

Conclusion

A 2025 interim levy is required so that the City can meet its financial obligations. The 2025 interim levy will be calculated pursuant to Section 317 of the *Municipal Act, 2001*, to be 50 percent of the annualized taxes levied on a property in the previous year or approximate 50 percent if the property had been in the tax roll for the previous year. The By-law will come into force on January 1, 2025.

Instalment due dates for residential properties will be March 6, April 3, and May 1, 2025, including residential properties enrolled in the PTP due date plan. The instalment due date for commercial, industrial or multi-residential properties will be March 6, 2025, including non-residential properties enrolled in the PTP due date plan.

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 2025.

Attachments

Appendix 1: 2025 Interim Property Tax By-law



Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer

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