

City of Mississauga  
**Corporate Report**



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| <p>Date: January 23, 2025</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:<br/>February 5, 2025</p> |

## Subject

**Delegation of Regional Tax Ratio Setting Authority for 2025**

## 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 2025 property tax year as outlined in the corporate report dated January 23, 2025, from the City Manager and Chief Administrative Officer, entitled "Delegation of Regional Tax Ratio Setting Authority for 2025".
2. That Council consent to the apportionment methodology in place in the 2024 taxation year updated for 2025 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.
- 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.
- 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.
- 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.

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. 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. A by-law under section 310 may not be amended or repealed after the last day of February. If consent is not received, then a delegated authority by-law cannot be enacted by the upper-tier municipality and legislation then provides for the Minister of Municipal Affairs and Housing 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 the 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.

## Comments

Delegation of tax ratio setting authority provides 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.

Provincial legislation has established ranges of fairness for tax ratios and limits the changes permitted for tax ratios outside the ranges of fairness to adjusting ratios to be closer to the range of fairness. For example, if the tax ratio for commercial properties is greater than the range of

fairness it can only be reduced. The table below shows the provincial ranges of fairness and the 2024 tax ratios in the Region of Peel.

| Property Class        | Ranges of Fairness | Mississauga | Brampton | Caledon |
|-----------------------|--------------------|-------------|----------|---------|
| Residential           | 1.0000             | 1.0000      | 1.0000   | 1.0000  |
| Multi-Residential     | 1.0000 – 1.1000    | 1.2656      | 1.7050   | 1.7223  |
| New Multi-Residential | 1.0000 – 1.1000    | 1.0000      | 1.0000   | 1.0000  |
| Commercial            | 0.6000 – 1.1000    | 1.5170      | 1.2971   | 1.3475  |
| Industrial            | 0.6000 – 1.1000    | 1.6150      | 1.4700   | 1.5910  |
| Pipeline              | 0.6000 – 0.7000    | 1.3131      | 0.9239   | 1.0093  |
| Farmland              | 0.0000 – 0.2500    | 0.2500      | 0.2500   | 0.1708  |
| Managed Forest        | 0.2500             | 0.2500      | 0.2500   | 0.2500  |

The deadline for consent by the lower-tier municipalities and the passing of the Regional by-law is February 28, 2025. 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 2025 property tax year, utilizing the 2024 apportionment formula updated to 2025 assessments.

The apportionment formula used in 2024 and proposed for the 2025 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 was presented to Regional Council on January 23, 2025.

## Engagement and Consultation

Regional staff requested confirmation from local municipal staff that there is consent to continue with the delegation of tax ratio setting authority. Staff from all local municipalities confirmed they would be recommending to their Council's to continue with delegated authority for tax ratio setting.

## 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 2025 property tax year. The Regional Levy apportionment plan would remain the same as in 2024 updated to 2025 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.



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

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