

# City of Mississauga Corporate Report



9.7

Date: November 23, 2020	Originator's files:
To: Chair and Members of General Committee	
From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: January 13, 2021

## Subject

Delegation of Regional Tax Ratio Setting Authority for 2021

## Recommendation

1. That the report of the Commissioner of Corporate Services and Chief Financial Officer dated November 23, 2020 entitled Delegation of Regional Tax Ratio Setting Authority for 2021 be received.
2. That Council consent to the enactment of a Regional by-law delegating tax ratio setting from the Region of Peel to Mississauga, Brampton and Caledon in accordance with Section 310 of the *Municipal Act, 2001* for the 2021 property tax year.
3. That Council consent to the apportionment methodology in place in the 2020 taxation year updated for 2021 assessments.

## Report Highlights

- Section 310 of the *Municipal Act, 2001* provides for delegation of tax ratio setting from the upper-tier municipality to its lower-tier municipalities;
- Delegation of tax ratio setting authority provides the Council of a lower-tier municipality with the autonomy to establish tax ratios for both lower-tier and upper-tier purposes;
- The Region of Peel has delegated tax ratio setting since property tax legislation was reformed in 1998;
- All lower-tier municipalities must consent to the delegation before the upper-tier municipality can pass its by-law;
- The upper-tier by-law also establishes the apportionment methodology for the upper-tier levy between 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.

Legislation also states that the apportionment methodology must be established through an 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. An upper-tier that passes a by-law shall provide a copy of the by-law and lower-tier resolutions to the Minister of Municipal Affairs and Housing by March 15 each year, a 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. A by-law under section 310 may not be amended or repealed after the last day of February. The tax ratios established by a municipality must be the same for both the upper-tier and the lower tier.

## Comments

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.

Delegation of tax ratio setting authority provides the Council of a lower-tier municipality with the autonomy to establish tax ratios for both lower-tier and upper-tier purposes. The Region of Peel has delegated tax ratio setting since property tax legislation was reformed in 1998.

All lower-tier municipalities must consent to the delegation of tax ratio setting. If consent is not received then a delegated authority by-law cannot be enacted and legislation then provides for the Minister to make regulations determining how tax ratios will be set within the Region of Peel in the absence of delegation.

The deadline for consent by the lower-tier municipalities and the passing of the Regional by-law is February 28, 2021. 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 2021 property tax year, utilizing the 2020 apportionment formula updated to 2021 assessments.

The apportionment formula used in 2020 and proposed for the 2021 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.

The Regional Council report on the delegation of tax ratio setting authority and the apportionment formula will be presented to Regional Council on January 14, 2021. The Region's by-law must also contain the method by which the upper-tier levy is apportioned between the lower-tier municipalities. 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.

## 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 2021 property tax year. The Regional Levy apportionment plan would remain the same as in 2020 updated to 2021 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.

## Attachments

N/A



---

Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer  
Prepared by: Louise Cooke, Manager, Revenue and Taxation