

**Date:** 2023-12-04

**Subject:** **Delegation of Regional Tax Ratio Setting 2024**

**Contact:** Nash Damer, Treasurer, Finance

**Report Number:** Corporate Support Services-2024-011

**Recommendations:**

1. That the report from Nash Damer, Treasurer, Finance to the Committee of Council Meeting of January 17, 2024, re: **Delegation of Regional Tax Ratio Setting 2024**, be received;
2. That the City of Brampton consents to a By-law delegating the upper tier tax ratio setting authority within the Region of Peel to the lower-tier municipalities and to a continuation of the apportionment methodology in place for the 2023 tax year; and.
3. That a certified copy of the resolution be forwarded to the Region of Peel before March 1, 2024.

**Overview:**

- **The Region of Peel intends to enact a By-law on January 11, 2024 to delegate to each lower-tier municipality the authority to pass a By-law establishing the 2024 tax ratios for both lower and upper-tier purposes, as it has since 1998.**
- **Before the Region's By-law can come into force, the Councils of the lower-tier municipalities must pass a resolution consenting to the delegation of authority before February 28, 2024.**

**Background:**

Section 310 of the *Municipal Act, 2001* (*'the Act'*) 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 of the year. This by-law must also contain the method by which the upper-tier levy is apportioned between the lower-tier

municipalities. All lower tier municipalities must consent to the delegation. The deadline for consent by the lower-tier municipalities and the passing of the Regional by-law is February 28, 2024.

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. However, it can result in a shift of the tax burden among different property classes. Adjustments to tax ratios can be used to prevent large shifts of the tax burden caused by uneven changes in assessment among different property classes as well as to lower the tax rates on a particular class.

**Current Situation:**

The tax ratios used by the City of Brampton remain consistent over the years. This report is to provide the Council of the City of Brampton with the authority to set tax ratios independent of the Region of Peel as permitted under ‘the Act’.

The tax ratios currently used by the City of Brampton are provided in the table below.

**City of Brampton Tax Ratios**

<b>Property Class</b>	<b>Current Tax Ratio</b>
Residential	<b>1.0000</b>
New Multi-Residential	<b>1.0000</b>
Multi-Residential	<b>1.7050</b>
Commercial	<b>1.2971</b>
Industrial	<b>1.4700</b>
Pipeline	<b>0.9239</b>
Farmlands	<b>0.2500</b>
Managed Forest	<b>0.2500</b>

The apportionment of the upper-tier levy to the lower-tier municipalities will be as in prior years:

1. Waste Management costs shall be apportioned according to 2024 household counts as provided by the Municipal Property Assessment Corporation (MPAC).
2. Peel Regional Police (PRP) Costs apportioned only between Mississauga and Brampton based on transition ratio weighted assessment. Caledon assumes all costs for Ontario Provincial Police (OPP) services.
3. All other costs apportioned based on weighted current value assessment.

As per legislation 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 the resolutions of the lower-tiers to the Minister of Municipal Affairs and Housing by March 15<sup>th</sup> of the year. A regulation must be in force by April 1<sup>st</sup> 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 of *'the Act'* 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.

Any changes to the apportionment methodology would require approval by Peel Regional Council and then enacted through the tax ratio setting delegation by-law with all lower-tier municipalities consenting. If unanimous consent is not received, 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 Regional Council report on the delegation of tax ratio setting authority and the apportionment formula will be presented to Regional Council on January 11, 2024. The Minister of Municipal Affairs and Housing must approve the delegation and the apportionment formula before it can take effect.

### **Corporate Implications:**

#### Financial Implications:

Tax ratios must be established before the 2024 tax rate calculations can be finalized. The approval of this report is essential to support the budget requirements of the City, Region of Peel, and the Province for education.

#### Other Implications:

N/A

### **Strategic Focus Area:**

This report supports the strategic focus area of government and leadership, focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

### **Conclusion:**

The 2024 Delegation of Regional Tax Ratio Setting is necessary to ensure the lower-tiers control the ratio setting authority as in previous years and to establish the apportionment methodology for the upper-tier levy to the lower-tier municipalities.

Authored by:

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