

Date: 2020-07-17

Subject: 2020 Levy By-law per Section 323 of the Municipal Act, 2001

Secondary Title: Annual Levy on Universities/Colleges, Correctional Institutions, and Public Hospitals

Contact: Yvonne Kwiecien, Manager, Taxation and Assessment

Report Number: Corporate Support Services-2020-100

Recommendations:

1. THAT the report titled: **2020 Levy By-law per Section 323 of the *Municipal Act, 2001* (Annual Levy on Universities/Colleges, Correctional Institutions, and Public Hospitals)** to the Committee of Council meeting of September 23, 2020 be received; and
2. That a By-law be passed for the annual levy on Universities/Colleges, Correctional Institutions, Public Hospitals for the year 2020 as per Section 323 of the *Municipal Act, 2001* in accordance with this report.

Overview:

- An annual By-law is required to levy an amount on Universities or Colleges, Correctional Institutions and Public Hospitals pursuant to Section 323 of the *Municipal Act, 2001*. The levy remains at \$75.00 per full-time students enrolled, residents placed and provincially rated beds, the same rate that has been in effect since 1987.
- Council passed Resolution C335-2019 resulting in the Mayor's letter sent on July 31, 2020 to the Minister of Municipal Affairs and Housing and the Minister of Finance requesting an appropriate rate for the year 2021, reflective of current municipal fiscal demands.

Background:

The purpose of the accompanying By-law is to levy an amount based on the number of full-time students enrolled, residents placed and provincially rated beds on each of Sheridan College – Davis Campus, Algoma University – Brampton, Ontario Correctional Institute, Roy McMurtry Youth Centre, and William Osler (Brampton - Civic Site). The number of full-time students enrolled, residents placed and provincially rated beds is supplied to the City by the Ministry of Municipal Affairs and Housing per “Capacity of Institutions Information” letter (Appendix A). The current rate prescribed by the Province, \$75 per full-time student enrolled, resident placed and provincially rated bed, has been unchanged since 1997.

At the Committee of Council Meeting of September 4, 2019, Council passed Resolution C335-2019 (adopting Recommendation CW328-2019). The directive from Council was for the Mayor to communicate with the Minister of Municipal Affairs and Housing and the Minister of Finance highlighting the dated nature of the rate and to strenuously request a more appropriate figure reflective of the current day municipal fiscal demands. Attached as Appendix B is a copy of the letter that was delivered to the Ministers outlining three proposed options (below) that would result in appropriate compensation for municipalities.

1. Amend the currently prescribed rate (\$75 per “head or bed”) to reflect increases in the Consumer Price Index (CPI) in each year from 1987 to 2020. The 2019 rate would have escalated to \$152.20 for each full time student, provincially rated bed, or prisoner. As a result, Brampton’s revenue from this source would have doubled in 2019 from \$393,592 to \$798,729.
2. Adjust the CPI revised rate to account for the increased revenue colleges and universities generate for international student tuition fees. Certain educational institutions in Brampton have a high volume of international students in relation to domestic. The extra revenue received by municipalities can be directed towards affordable housing projects which is also a current objective of provincial policy. New affordable housing for students will assist in alleviating the demand for illegal second units and lodging houses that have become a challenge in Brampton.
3. Alternatively, the Province could require these payment-in-lieu (PIL) properties to be calculated based on their current value assessment (CVA), equivalent to other federal, provincial and municipal PIL properties. This action would require legislative amendments to the **Assessment Act, 1990** and the **Municipal Act, 2001**. Under this scenario, the City portion of the PILs in Brampton would rise to between \$1.95 million using the 2019 residential tax rate to \$2.5 M should the properties be classified in the commercial (default) class.

Current Situation:

The City is required to share the levy with the Region of Peel. The sharing percentage is calculated using the commercial class municipal tax base. For 2020, the sharing ratio is 54.06343% to the City and 45.93657% to the Region of Peel. The total levy is \$728,700 and the City will retain \$ \$393,960. The Region will receive \$ \$334,740.

The table below sets out the number of full-time students enrolled, residents placed or provincially rated beds and resulting levies as supplied by the Ministry of Municipal Affairs and the Ministry of Housing.

| Name | # of Occupants | \$75 per Occupant / Bed | Levy |
|---------------------------------------|----------------|-------------------------|-----------|
| Algoma University - Brampton | 521 | \$75 | \$39,075 |
| Ontario Correction Inst. | 186 | \$75 | \$13,950 |
| Roy McMurtry Youth Centre | 192 | \$75 | \$14,400 |
| Sheridan College- Davis Campus | 8,140 | \$75 | \$610,500 |
| William Osler (Brampton - Civic Site) | 677 | \$75 | \$50,775 |
| TOTAL | | | \$728,700 |

Corporate Implications:

Financial Implications:

As required by the *Municipal Act, 2001*, a By-law is necessary in the form which accompanies this report. As such, the City's Legal Services Department will be solicited to review and approve the accompanying By-law. The approval of this report and By-law is necessary to support the budget requirements of the City and the Region of Peel.

Other Implications:

N/A

Strategic Plan:

This report achieves the Strategic Plan priority of Good Government by practicing proactive, effective and responsible management of finances, policies and service delivery and promotes transparency in the reporting of the City's financial affairs.

Term of Council Priorities:

This report fulfils the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

Subject to enactment of the attached By-law, invoices will be prepared and sent to each of the aforementioned institutions. The Standard Operating Procedure for the collection of General Accounts Receivable establishes the payment terms per organization type. Other levels of government are given 90 days before interest will be charged as per user fee By-law 380-2003. Therefore, the due date for payment will be December 29, 2020.

Authored by:

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Reviewed by:

Mark Medeiros, Interim Treasurer

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Michael Davidson, Commissioner,
Corporate Support Services

Submitted by:

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Attachments:

Appendix A: Ministry of Municipal Affairs and Housing "Capacity of Institutions Information" Letter

Appendix B: Mayor's letter to Minister of Finance and Minister of Municipal Affairs and Housing

2020 By-law for Annual Levy on Universities/Colleges, Correctional Institutions, and Public Hospitals