

Date: 2021-04-09

Subject: **2021 Final Tax Levy and By-law**

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Report Number: Corporate Support Services-2021-411

Recommendations:

1. THAT the report titled: **2021 Final Tax Levy and By-law** to the Committee of Council Meeting of May 12, 2021 be received; and,
2. THAT a By-law be passed for the levy and collection of 2021 Final Property Taxes.

Overview:

- **An annual By-law is required for the Final Levy and Collection of Property Taxes. This report details the background for 2021 tax year.**

Background:

To provide for the levy and collection of annual realty taxes, a By-law is required each year. The rates set out in the attached schedules for the City and Region are based on 2021 budget requirements while the Education rates are set by the Province through an Ontario Regulation. Taxes are based on the current value assessments (CVA) as provided by the Municipal Property Assessment Corporation (MPAC). In 2016, MPAC undertook a re-assessment updating CVA to reflect the market as of a January 1, 2016 valuation date. Due to COVID-19 pandemic in 2020 the Province suspended the planned province-wide 2021 re-assessment. The values used for the 2021 tax year will be the same as 2020 unless there had been changes to the property causing MPAC to revise the assessment value.

Current Situation:

The attached Schedule “A” itemizes the total amount to be levied in each tax class for City, Region and Education purposes based on the tax rates as listed.

The tax rates indicated in the schedule will generate the total 2021 levy of **\$1,201,691,063** from all the various property classes, allocated as follows:

City	\$488,358,394	40.64%
Region	\$426,882,422	35.52%
Education	\$286,450,247	23.84%

a) 2021 Property Taxes

The overall levy for 2021 will be distributed as follows:

1. Residential (includes pipeline, farm, managed forest)

City	\$378,596,117
Region	\$330,937,412
Education	\$135,690,268

2. Commercial / Industrial / Multi-Residential (“capped” property classes)

<i>Property Class</i>	<i>City</i>	<i>Region</i>	<i>Education</i>
Commercial	\$75,699,434	\$66,170,104	\$118,878,427
Industrial	\$21,003,789	\$18,359,762	\$29,169,064
Multi-Residential	\$13,059,054	\$11,415,144	\$2,712,488
<i>TOTAL</i>	\$109,762,277	\$95,945,010	\$150,759,979

b) Downtown Brampton Business Improvement Area

The Tax Levy By-law has been prepared to include a special charge for the Downtown Brampton Business Improvement Area, pursuant to Section 208(2) of the *Municipal Act, 2001*, to be levied against the business classes of property in the improvement area defined in By-law 276-88. The total 2021 requirement is \$332,459 which is less than the 2020 levy of \$354,104. This levy shortfall is being financed through a City grant in the BIA's 2021 budget. The City has completed several property purchases in the downtown which has reduced the base business assessment for the BIA. As a result, all businesses within the BIA boundary would be required to pay more to realize the previous year levy total. This temporary assistance provided by the City will be re-visited annually until re-development occurs in the downtown and the previous assessment base is returned. The 2021 tax rate will be 0.219535%.

c) New Construction Tax Rates

Ontario Regulation 315/08 was filed on September 11, 2008 creating the "New Construction" classes to facilitate announced Business Education Tax (BET) rate reductions. For 2021 taxation, the province has reduced the target maximum rate to 0.88% from the 2020 target level of 0.98%. Where a municipality's BET rate is already below 0.88%, the lower education tax rate would continue for existing and newly constructed properties.

The BET rate in Brampton for the commercial and industrial property classes in the 2021 taxation year is 0.88%, as set by the Province and announced in the *2020 Budget* announced on November 5, 2020. This uniform tax rate will benefit the business properties and will create annual savings for the commercial and industrial businesses.

In order to qualify for the New Construction BET rate, the following criteria must be met:

- Application for the first building permit must be received by the municipality after March 22, 2007
- Construction must be for either a commercial or industrial property
- For additions or renovations to existing properties, the new construction must increase the current value assessment (CVA) of the property by a minimum of 50%

The New Construction BET rate takes effect once construction is completed, eligibility requirements are met and the new construction commences to be used. Where the municipality's BET rate for the class is below 0.88%, the lower BET rate is to be used for New Construction properties in that class.

The new classes mirror the existing definitions for the commercial and industrial property classes but only apply to new construction. The New Construction property classes are:

New Construction Commercial

New Construction Shopping Centre
New Construction Office Building
New Construction Industrial
New Construction Large Industrial

The attached Schedule A includes any New Construction tax classifications assessed on the 2020 for 2021 assessment roll. The attached Schedule B details the tax rates for all New Construction classes that may be subject to supplementary or omitted assessments in the future.

d) Tax Bill Production and Mailing

2021 Final tax bills will again be produced in the standardized format as required by the Province of Ontario. For residential and other non-capped classes, tax bills will be mailed by mid-June with due dates of July 21st, August 18th, and September 22nd 2021. The tax bills for the Commercial, Industrial, and Multi-Residential (capped classes) will be mailed by mid-July with due dates of August 18th, September 22nd and October 20th 2021. Preauthorized tax accounts (PTP) will have the additional option of payment dates on the 1st or the 15th, or the next business day in the event of a weekend or a statutory holiday, for a maximum of the six (6) months of July through December.

At the March 10th Committee of Council meeting, Council adopted the application-based 2021 Tax Payment Deferral Program. The program defers the property tax due dates from the normal schedule to one due date of December 15th, 2021 for interim and final taxes for eligible applicants. Property owners would still be able to make periodic payments against the balance of taxes owing depending on their own financial situation. These periodic payments would then reduce the total balance due. A due date of December 15th, 2021 for final billing allows time for payments to be applied to the account prior to the processing of the legislated year-end statements for any tax accounts with an outstanding balance as of December 31st annually.

In accordance with Section 355 of the *Municipal Act*, the municipality may pass a by-law providing that where the total final tax levy to be imposed on a property would be less than the tax amount specified by the municipality, the amount of actual taxes payable shall be zero. Therefore it is recommended that where the total final levy taxes to be imposed on a property would be less than twenty-five (25) dollars, the amount of actual taxes shall be zero.

Corporate Implications:

Financial Implications:

The approval of this report and By-law is essential to support the budget requirements of the City, Region of Peel, and the Province for education. An information brochure will accompany the bills with information concerning the 2021 City Budget and the various

payment options. In addition, the City will place an advertisement in local media advising residents of the instalment due dates for the 2021 final billing.

Other Implications:

N/A

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:

This tax levy By-law supports the 2021 budget requirements as previously set by Council. The levy amounts for the Region of Peel and the Education portion are as directed by Regional By-law 28-2021, Ontario Regulation 46/21 and Section 257.12(5) of the *Education Act*. The accompanying tax rates described in Schedule A and Schedule B will be utilized for all tax bill calculations and tax adjustments pertaining to the 2021 tax year.

Authored by:

Reviewed by:

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Approved by:

Submitted by:

Michael Davidson, Commissioner,
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Appendices:

Schedule A – 2021 Tax Rates and Levy
Schedule B – 2021 New Construction Tax Rates
By-law – 2021 Final Tax Levy