

Date: 2022-11-23

Subject: **Delegation of Regional Tax Ratio Setting 2023**

Contact: Nash Damer, Treasurer
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Report Number: Corporate Support Services-2023-003

Recommendations:

1. THAT the report titled: **Delegation of Regional Tax Ratio Setting 2023** to the Committee of Council Meeting of January 18, 2023 be received; and;
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 2022 tax year; and.
3. THAT a certified copy of the resolution be forwarded to the Region of Peel before March 1, 2023

Overview:

- **The Region of Peel intends to enact a By-law on January 12, 2023 to delegate to each lower-tier municipality the authority to pass a By-law establishing the 2023 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, 2023.**

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, 2023.

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 have remained consistent since 2003. 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	
Property Class	Current Tax Ratio
Residential	1.0000
New Multi-Residential	1.0000
Multi-Residential	1.7050
Commercial	1.2971
Industrial	1.4700
Pipeline	0.9239
Farmlands	0.2500
Managed Forest	0.2500

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 2023 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 15th of the year. A regulation must be in force by April 1st 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 12, 2023. 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 2023 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

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:

The 2023 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.

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Attachments: