

## 2000 Interim Levy By-law

*(City Council on December 14, 15 and 16, 1999, amended this Clause adding thereto the following:*

*“It is further recommended that the report dated December 15, 1999, from the Chief Financial Officer and Treasurer, embodying the following recommendations, be adopted:*

*‘It is recommended that authority be granted for the introduction of a Bill in Council substantially in the form of the by-law attached hereto, providing for the levying and collection of 2000 interim realty taxes, prior to the adoption of the estimates for 2000, as follows:*

- (1) for the residential property class, based on a rate equivalent to 50 percent of the 1999 tax rate for residential properties, applied against the assessed values as returned on the assessment roll for the taxation year 2000;*
- (2) for the capped property classes (commercial, industrial and multi-residential), based on 50 percent of the total 1999 taxes billed for each property; and*
- (3) that the effective date of Section 4 of the draft by-law, relating to capped classes, be the date the regulation is signed by the Minister of Finance and filed with the Registrar of Regulations.’ ”)*

**The Policy and Finance Committee recommends the adoption of the following report (November 29, 1999) from the Chief Financial Officer and Treasurer:**

Purpose:

To provide information regarding the 2000 interim levy and to recommend that the Chief Financial Officer and Treasurer be directed to report directly to Council at its meeting of December 14, 1999.

Financial Implications:

None.

Recommendation:

It is recommended that the Chief Financial Officer and Treasurer report directly to City Council at its meeting of December 14, 1999 regarding the 2000 interim levy.

Background:

The 2000 interim levy by-law must be passed by Council in 1999 to ensure that sufficient time exists for printing of tax bills and associated administrative requirements necessary to provide taxpayers with sufficient notice for interim bill payment. Current legislative authority to bill interim taxes for the 2000 interim levy prohibits the City from levying an amount based on 50 percent of the prior year's levy by property. Due to complications and time restraints resulting from provincially legislated requirements with respect to properties subject capping and phase-in provisions, the City is seeking provincial changes to permit it (and other Ontario municipalities) to base the 2000 interim levy on 50 percent of the prior year's levy on a property basis.

#### Comments:

Current Provincial legislation for the levy of interim taxes requires that it be based on a rate. For the residential class, the interim levy must be based on a rate applied against assessment for municipal purposes that does not generate more than 50 percent of the total amount raised in the prior year for all purposes in that class (ie. take 50 percent of the 1999 tax rate and apply it to the new 2000 assessed value). For property classes subject to capping provisions (multi-residential commercial, industrial), the levy is determined by applying 50 percent of the prior year's adjusted rate to the assessment in the frozen assessment listing.

There are a number of problems and concerns with the application of the current interim billing provisions. Details regarding these concerns will be included in the report to Council in December.

#### Residential:

It would be easier for taxpayers to understand their 2000 interim tax bill if it was simply 50 percent of their total 1999 taxes billed rather than 50 percent of the tax rate applied against the 2000 assessment.

#### Capped Classes:

The main concern for the interim levy relates to properties in the capped classes – commercial, industrial and multi-residential. In 1999, the interim levy for capped classes was based on applying the 1998 adjusted rates to the frozen assessment listing. Incorrect CVA values and incorrect coding as returned on the assessment roll from OPAC, particularly for properties in the commercial class, resulted in incorrect frozen assessment values and as a result incorrect interim levy amounts. In many instances, the interim levy was considerably higher than should have been. Subsequently, adjustments to accounts were required.

The problem is the timing of the receipt of the assessment roll in late December and the legislated requirement to update the frozen assessment listing for interim billing. Based on the 1999 experience, and the extremely limited time to update the frozen assessment listing, it is impossible that the listing can be updated to reflect correct CVA data. If the data on the returned roll is erroneous, interim bills based on incorrect assessment data will be issued. To ensure sufficient time for taxpayers to pay the 2000 interim bill with as minimal confusion as possible, the levy should be based on 50 percent of the 1999 taxes billed for each property. This will be

allowed once a new regulation is signed by the Minister. If the current legislated requirement is maintained for the 2000 interim (ie 50 percent of the prior year's rate applied to the frozen assessment listing), it is likely many interim tax bills will be based on incorrect assessment information which will add to taxpayer confusion and frustration.

The impact for the residential class is not as serious as with the capped classes as no frozen assessment listing needs to be maintained. However, it would be ideal if the same policy of the 2000 interim based on 50 percent of the prior year's levy for individual properties, apply to all property classes for consistency. The calculation of the 2000 levy in a manner consistent with the capped classes will reduce taxpayer confusion, particularly for mixed use properties which have a portion in the residential class and a portion in the commercial class. The City has been in contact with Provincial staff in an attempt to resolve these issues and it is expected that such concerns will be finalized in December prior to Council's meeting.

Conclusion:

Due to issues and concerns noted in this report and the need for Council to pass the 2000 interim levy by-law in 1999, it is recommended that the Chief Financial Officer and Treasurer report directly to City Council at its meeting of December 14, 1999.

Contact Names:

Giuliana Carbone, 392-8065  
Paul Wealleans, 397-4475

*(City Council on December 14, 15 and 16, 1999, had before it, during consideration of the foregoing Clause, the following report (December 15, 1999) from the Chief Financial Officer and Treasurer:*

Purpose:

*To obtain Council authority for the adoption of a by-law for the levying and collection of 2000 interim realty taxes.*

Financial Implications:

*The approval of the by-law will provide for the cash requirements of the City until the final 2000 operating budget is approved by Council in April 2000.*

Recommendation:

*It is recommended that authority be granted for the introduction of a bill in Council substantially in the form of the by-law attached hereto, providing for the levying and collection of 2000 interim realty taxes, prior to the adoption of the estimates for 2000, as follows:*

1. *For the residential property class, based on a rate equivalent to 50% of the 1999 tax rate for residential properties, applied against the assessed values as returned on the assessment roll for the taxation year 2000;*
2. *For the capped property classes (commercial, industrial and multi-residential), based on 50% of the total 1999 taxes billed for each property; and,*
3. *That the effective date of Section 4 of the draft by-law, relating to capped classes, be the date the regulation is signed by the Minister of Finance and filed with the Registrar of Regulations.*

*Background:*

*At its meeting held on December 7, 1999 the Policy and Finance Committee adopted a report (November 29, 1999) from the Chief Financial Officer and Treasurer recommending that the Chief Financial Officer and Treasurer report directly to City Council at its meeting of December 14, 1999 regarding the 2000 interim levy.*

*The 2000 interim levy bylaw must be adopted by Council in 1999 in order to permit sufficient time for processing and production of tax bills and provide taxpayers with due notice for interim bill payment.*

*Discussion:*

*Section 370 of the Municipal Act as amended (the "Act"), provides that a municipal council may pass a by-law, prior to the adoption of the estimates for the year, to levy interim taxes for 2000. Similarly, section 447.30 of the Act provides that a municipal council may pass a by-law levying interim taxes for 2000, prior to the adoption of estimates, on any property classes for which the municipal council adopted the 2.5% cap on tax increases for 1998, 1999 and 2000.*

*The Minister of Finance must sign a regulation to permit the City of Toronto with the option of levying interim taxes for the capped property classes at 50% of 1999 taxes for individual properties. Although the regulation has not yet been signed by the Minister of Finance, the City has been informed that it will be signed on December 15, 1999. To ensure Council provides authority to bill 2000 interim taxes for the capped classes, this report recommends that the effective the date of Section 4 of the draft by-law, relating to the capped classes, be the date the regulation is signed by the Minister and filed with the Registrar of Regulations. As noted above, Council authority must be provided in 1999.*

*The draft by-law attached hereto has been prepared in accordance with the foregoing and in accordance with the Act and the proposed regulation.*

*Capped Property Classes:*

*In 1999, the interim levy for capped classes was based on applying the 1998 adjusted rates to the frozen assessment listing. Incorrect CVA values and incorrect coding as returned on the*

*assessment roll from OPAC, particularly for properties in the commercial class, resulted in incorrect frozen assessment values and as a result incorrect interim levy amounts. In many instances, the interim levy was considerably higher than should have been.*

*The problem is the timing of the receipt of the assessment roll in late December and the legislated requirement to update the frozen assessment listing for interim billing. In order to ensure that the interim bills are correct, the frozen assessment listing would have to be updated to reflect all changes in assessment (such as vacancy changes, property class changes, new construction, etc.) by January 1, 2000. Given the number of changes that occur on the assessment roll from one year to the next, it is impossible to update the frozen assessment listing by January 1, 2000 to reflect correct CVA data. To ensure sufficient time for taxpayers to pay the 2000 interim bill with as minimal confusion as possible, the interim levy for capping properties should be based on 50% of the 1999 taxes billed for each property, the authority for which will be included in the draft regulation currently before the Minister.*

#### *Residential Property Class:*

*Current provincial legislation for the levy of interim taxes requires that it be based on a rate. For the residential property class, the interim levy must be based on a rate applied against the assessed value for the property. The total amount raised cannot be more than 50% of the total amount raised in the prior year for all properties in that class. This means that for the residential/ farm property class the interim taxes for 2000 are calculated by applying 50% of the 1999 tax rate against the assessed value as returned on the 2000 assessment roll. This method is consistent with how we calculated interim taxes for residential properties in 1999.*

*It would be ideal to use a consistent method to bill all properties in the City (i.e. 50% of 1999 taxes). The calculation of the 2000 interim levy in a manner consistent with the capped classes would reduce taxpayer confusion, particularly for mixed used properties which have a portion of the property in the residential class and a portion in the commercial/industrial class. There are approximately 11,600 properties in this situation. To reduce confusion in interpreting the interim tax bill for multi-use properties, the bill separates the residential portion from the non-residential portion and clearly indicates how the interim levy for each portion is calculated.*

*The City Solicitor has reviewed current provincial legislation and advises that the current legislation does not allow the City to levy interim taxes for the residential/farm property class at 50% of 1999 taxes on a per property basis.*

*Accordingly, the 2000 interim taxes as reported in the attached draft by-law will generate no more than 50% of the total 1999 revenue in the residential/farm property class. A rate for the new multi-residential class, for which capping does not apply, is also included in the by-law.*

#### *Conclusion:*

*The Interim Levy by-law will provide for the cash requirements of the City until Council approves the 2000 operating budget in April, 2000.*

*Due to issues and concerns noted in this report and the need for Council to pass the 2000 interim levy by-law in 1999, it is recommended that the draft by-law attached hereto as Appendix A, which has been prepared in accordance with the Act and the draft regulation be enacted with the effective date for the capped classes being the date the draft regulation is signed by the Minister and filed with the Registrar of Regulations. The attached by-law provides for the levying and collection of interim taxes for the year 2000 as follows:*

- a. Residential Property Class: Interim taxes for residential properties will be based on 50% of the 1999 tax rate for the residential class applied against the assessed value of the property as returned on the assessment roll for taxation year 2000. This is the same method by which 1999 interim taxes were levied; and,*
- b. Capped Property Classes: Interim taxes for commercial, industrial and multi-residential property classes will be based on 50% of the 1999 taxes billed for each property. This is different than the method used to calculate 1998 and 1999 interim taxes. In 1999 the interim taxes for the capped property classes were determined by applying 50% of the 1998 adjusted rates to the frozen assessment listing. This method resulted in incorrect interim levy amounts for many properties due to incorrect CVA values, incorrect coding on the assessment roll, and incorrect frozen assessment values.*

Contact Names:

*Paul Wealleans, 397-4775  
Giuliana Carbone, 392-8065)*

*(Authority: Policy and Finance Committee Report No. 11, Clause No. 21, as adopted by Council on December 14, 15 and 16, 1999*

*Enacted by Council: December 16, 1999*

**CITY OF TORONTO**

**BY-LAW No.**

*To provide for the levy and collection of 2000 interim realty taxes  
and penalties for non-payment thereof.*

*WHEREAS subsection 370(1) of the Municipal Act, as amended (the "Act"), provides that for 2000, the council of a local municipality, before the adoption of the estimates for the year, may pass a by-law levying a separate tax rate, as specified in the by-law (the "interim levy by-law"), on the assessment in each property class in the municipality rateable for local municipality purposes (the "taxes"); and*

*WHEREAS subsection 2(2) of the City of Toronto Act, 1997, provides that the City of Toronto is a local municipality for all purposes; and*

*WHEREAS section 370 of the Act provides in subsection 3 thereof that the interim taxes are subject to the following restrictions:*

- 1. The rate on a property class must be set so that the total amount raised, when the tax rate is levied on the applicable assessment rateable for local municipality purposes, does not exceed 50 per cent of the total amount raised for all purposes for the previous year by the levying of tax rates on all properties that, in the current year, are in the property class,*
- 2. The rates must be set so that the amount raised does not exceed any limit in a regulation under section 371 of the Act,*
- 3. The rates on the different classes of property must be in the same proportion to each other as the tax ratios established under section 363 of the Act for the property classes are to each other,*
- 4. For the purposes of calculating the total amount raised for all purposes for the previous year, if any tax rates were levied for only part of the previous year because assessment was added to the collector's roll during the year, an amount shall be added equal to the additional taxes that would have been levied if the tax rates had been levied for the entire year;*
- 5. The total amount raised for all purposes for the previous year shall be adjusted in accordance with the following:*
  - (i) the amount shall be decreased by the costs, for the previous year, of deferrals, cancellations or other relief to low-income seniors and low-income disabled persons under a by-law passed pursuant to subsection 373(1) of the Act,*
  - (ii) the amount shall be increased by any taxes deferred by low-income seniors or low-income disabled persons under a by-law passed pursuant to subsection 373(1) that were due in the previous year; and*

*WHEREAS the total amount raised, when the tax rate for each property class set out in Column II of section 2 of this by-law is levied on the applicable assessment rateable for local municipality purposes, does not exceed 50 per cent of the total amount raised for all purposes in the 1999 by the levying of tax rates on all the properties that, in 2000, are in the property class; and*

*WHEREAS no percentages have been prescribed for the purposes of the section 371; and*

*WHEREAS section 370 of the Act, provides in subsection 4.1 thereof that if an interim levy by-law is passed before the tax ratios for the current year are established, the tax ratios for the year for the purposes of levying the interim taxes, shall be deemed to be the tax ratios for the previous year; and*

*WHEREAS section 370 of the Act provides in subsection 4 thereof, that if an interim levy by-law is passed before the assessment roll for taxation in the current year is returned the interim taxes shall be levied on the assessment according to the assessment roll for taxation in the previous year as most recently revised before the by-law is passed or a preliminary assessment roll provided by the assessment commissioner for the purpose; and*

*WHEREAS section 370 of the Act, provides in subsection 4.2 thereof, that an interim levy by-law may provide for the levying of tax rates on assessment added, after the by-law is passed, to the collector's roll for the current year that was not on the assessment roll upon which the tax rates are levied; and*

*WHEREAS section 370 of the Act provides in subsection 7.1 thereof, that if the council of the municipality is of the opinion that the interim taxes levied on a property are too high or too low in relation to its estimate of the total taxes that will be levied on the property, the council may, by by-law, adjust the interim taxes on the property to the extent it considers appropriate; and*

*WHEREAS section 447.30 of the Act provides in subsection 1 thereof that section 447.30 applies rather than section 370 of the Act, for the 1999 and 2000 taxation years, with respect to properties to which Part XXII.1 of the Act applies; and*

*WHEREAS pursuant to By-law No. 473-1998, Part XXII.1 of the Act applies to the commercial, industrial and multi-residential property classes in the City of Toronto; and*

***WHEREAS it is anticipated that Ontario Regulation No. 434/98 will be amended by further regulation to provide that the application of section 447.30 of the Act is varied, in respect of 2000, in accordance therewith, so that the taxes otherwise levied under subsection 447.30 are limited to 50 per cent of the final 1999 taxes.***

*The Council of the City of Toronto (the "Council") HEREBY ENACTS as follows:*

*1. In this by-law:*

*"1998 Assessment-Related Tax Increase" means a "1998 Assessment-Related Tax Increase" as defined in By-law No. 472-1998;*

*"1998 Assessment-Related Tax Decrease" means a "1998 Assessment-Related Tax Decrease" as defined in By-law No. 472-1998;*

*"Tax Collector" means any person who was a collector or tax collector appointed, pursuant to the provisions of the Act, by by-law of a former area municipality in force on December 31, 1997, or any person subsequently appointed by Council to hold that office, and*

*"Treasurer" means the Chief Financial Officer and Treasurer of the City of Toronto;*  
*and*



2. Before the adoption of the estimates for 2000, there shall be levied as taxes on the assessment of all property in the City of Toronto rateable for local municipality purposes according to the assessment roll as most recently revised before this by-law is enacted, in amounts calculated for each property class set out in Column I, by applying the interim tax rate set out in Column II to the assessment set out in the assessment roll as most recently revised and on any assessment added to the collector's roll for 2000 after this by-law is passed that was not on the assessment roll as most recently revised:

<i>Column I (Property Class/Subclass)</i>	<i>Column II (Interim Tax Rate)</i>
<i>Residential/Farm</i>	<i>0.606851%</i>
<i>New Multi-Residential</i>	<i>0.606851%</i>
<i>Farmlands</i>	<i>0.151713%</i>
<i>Pipelines</i>	<i>1.7836535%</i>

3. (1) The interim taxes levied by section 2 hereof on all real property in the residential/farm property class for which there is a 1998 Assessment-Related Tax Increase are deemed by City Council to be too high and shall be adjusted by subtracting therefrom 50 per cent of the amount of the 1998 Assessment-Related Tax Increase remaining, if any, to be phased-in in the 2001, and 2002 taxation years pursuant to subsection 3(2) of By-law No. 472-1998; and

(2) The interim taxes levied by section 2 hereof on all real property in the residential/farm property class for which there is a 1998 Assessment-Related Tax Decrease are deemed by City Council to be too low and shall be adjusted by adding thereto 50 per cent of the amount of the 1998 Assessment-Related Tax Decrease remaining, if any, to be phased-in in the 2001 and 2002 taxation years pursuant to subsection 4(2) of By-law No. 472-1998.

4. (1) The taxes that would otherwise have been levied on the commercial, industrial and multi-residential property classes are varied in accordance with Ontario Regulation No. 434/98, as amended, so that the taxes on all property in the commercial, industrial and multi-residential property classes are limited to 50 per cent of the final 1999 taxes.

(2) If the 1999 taxes were levied for only part of the 1999 taxation year because assessment was added to the collector's roll during the year, for the purposes of subsection 4(1) hereof, the final 1999 taxes shall be deemed to equal to what the final 1999 taxes would have been if the 1999 tax rates had been levied for the entire year.

(3) Subsection 4(1) hereof does not apply with respect to a parcel if no taxes were levied on the parcel for 1999.

5. *The taxes levied by section 2 as adjusted by section 3, and the taxes levied by section 4 hereof, shall be paid in three installments which shall be equal or as nearly equal as practicable, and shall be due and payable on or before the respective dates set out below:*

*Installment 1 – March 1, 2000*

*Installment 2 – April 3, 2000*

*Installment 3 - May 1, 2000*

6. *The payment of taxes, or any instalment thereof, may be made at the following locations:*

*850 Coxwell Avenue*

*399 The West Mall*

*5100 Yonge Street*

*150 Borough Drive*

*100 Queen Street West*

*2700 Eglinton Avenue West*

7. *Taxes shall be payable to the Treasurer, City of Toronto.*

8. *When not in default, the payment of taxes, or any instalment thereof, may also be made at any financial institution permitted by the Act, and the Treasurer is hereby authorized to determine, in accordance with the provisions of the Act, the financial institutions where payment may be made.*

9. *The Treasurer or Tax Collectors may mail, or caused to be mailed, all notices of taxes required in accordance with the provisions of the Act, to the address of the residence or place of business of the person taxed pursuant to this by-law. Notices will not be mailed to tenants. It is the responsibility of the person taxed to notify and collect taxes from tenants or other persons.*

10. *The Treasurer or the Tax Collectors shall be and they are hereby authorized to accept part payment from time to time on account of any taxes due, and to give a receipt for such part payment provided that acceptance of any such part payment does not affect the collection of any percentage charge imposed or collectable under section 11 in respect to non-payment of any taxes or any class of taxes or of any instalment thereof.*

11. *A penalty for non-payment of taxes shall be added at the rate of 1.25 percent on the 1st day of default, and on the 1st day of each calendar month thereafter in which default continues, but not after December 31, 2000.*

12. *The Treasurer or the Tax Collectors shall add interest at the rate of 1.25 percent per month on the 1st day of each calendar month from the 31<sup>st</sup> day of December, 2000 until the taxes are paid.*

13. *Except in the case of taxes payable under sections 33 and 34 of the Assessment Act, as amended, the percentage charge imposed by section 11 as a penalty for non-payment of*

*taxes and monies payable as taxes shall be added to every tax or assessment, rent or rate or any instalment or part thereof remaining unpaid on the first day of defau*

*It and on the first day of each calendar month thereafter in which such default continues but not after December 31, 2000; and it shall be the duty of a Tax Collector, immediately after the several dates named in section 6 to collect at once, by distress or otherwise under the provisions of the applicable statutes all such taxes, assessments, rents, rates or instalments or parts thereof as shall not have been paid on or before the several dates named as aforesaid, together with the said percentage charges as they are incurred.*

14. *In respect of taxes payable under sections 33 and 34 of the Assessment Act, as amended, the percentage charge imposed by section 11 as a penalty for non-payment of taxes and moneys payable as taxes shall be added to every amount of taxes so payable remaining unpaid on the first day after twenty-one days from the date of mailing by the Treasurer or a Tax Collector of a demand for payment thereof and on the first day of each calendar month thereafter in which default continues but not after December 31, 2000; and it shall be the duty of a Tax Collector immediately after the expiration of the said twenty-one days to collect at once by distress or otherwise under the provisions of the applicable statutes, all such taxes as shall not have been paid on or before the expiration of the said twenty-one-day period, together with the said percentage charges as they are incurred.*

15. *Nothing herein contained shall prevent the Tax Collectors from proceeding at any time with the collection of any rate, tax or assessment, or any part thereof, in accordance with the provisions of the statutes and by-laws governing the collection of taxes.*

16. *Where the sum of the total annual taxes for which any person is chargeable in the year 1999 for municipal, school, local improvement and other purposes, upon any real property assessed in one parcel to the same owner would according to the assessment thereon be less than \$10.00, the sum of such taxes shall be deemed to be \$10.00 and shall be so entered on the collector's roll and the difference between the sum that would have been entered but for this section and the sum of \$10.00 shall form part of the general funds of the City of Toronto and such levy shall be deferred to the issuance of the final tax bill.*

17. *Where tenants of land owned by the Crown or in which the Crown has an interest are liable for the payment of taxes and where any such tenant has been employed either within or outside the municipality by the same employer for not less than thirty days, such employer shall pay over to the Treasurer or Tax Collectors on demand out of any wages, salary or other remuneration due to such employee, the amount then payable for taxes under this by-law and such payment shall relieve the employer from any liability to the employee for the amount so paid.*

18. *Except as otherwise provided for, this By-law shall come into force on the 1st day of January, 2000.*

19. Section 4 of this by-law and the provisions of section 5 related thereto, shall come into force on the date that the regulation amending Ontario Regulation No. 434/98 limiting taxes otherwise levied under subsection 447.30 of the Act for 2000 to 50 per cent of the final 1999 taxes is filed.

*ENACTED AND PASSED this 16th day of December, A.D. 1999.*

*CASE OOTES,           NOVINA WONG,  
Deputy Mayor City Clerk*

*(Corporate Seal)*