



STAFF REPORT ACTION REQUIRED

2007 Property Tax Levy By-Laws and Related Matters

Date:	March 8, 2007
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All Wards
Reference Number:	P:\2007\Internal Services\CF\Ec07011Cf – wo (AFS #4465)

SUMMARY

To serve notice that the Deputy City Manager and Chief Financial Officer will be reporting directly to Council at its special meeting scheduled for April 20 and 23, 2007, upon adoption of the City's 2007 Operating Budget, with respect to the 2007 property tax levy by-laws.

The property tax by-laws cannot be finalized until the Operating Budget is adopted.

RECOMMENDATIONS

1. The Deputy City Manager and Chief Financial Officer be authorized and directed to report directly to Council at its meeting scheduled for April 20 and 23, 2007, with respect to the 2007 property tax levy by-law and other related property tax by-laws;

Financial Impact

There are no direct financial implications associated with the adoption of this report.

DECISION HISTORY

The City is required by legislation to enact in each year a by-law establishing tax ratios and the taxes to be levied on each class of rateable property for municipal purposes for the given year, as well as to levy and collect taxes for education purposes as prescribed by the Province.

Last year's property tax levy by-law report can be viewed at:
<http://www.toronto.ca/legdocs/2006/agendas/council/cc060329/c1002.pdf>

ISSUE BACKGROUND

In accordance with the City of Toronto Act and other various legislative requirements, Council must annually adopt the following three by-laws:

- (1) the municipal levy by-law, which sets the tax ratios and municipal tax rates for the taxation year so as to raise a levy sufficient to fund the municipal budget, provides for a penalty charge for non payment of taxes in the taxation year, and provides for interest to be added to tax arrears;
- (2) the education levy by-law, that will set the education tax rates prescribed by the Province in each year; and
- (3) the claw-back rate by-law, that will establish a percentage by which 2007 tax decreases are limited for properties in the commercial, industrial and multi-residential property classes, in an amount sufficient to fund the foregone revenues arising from the 5% cap on tax increases

COMMENTS

Given that the 2007 Operating Budget is scheduled to be adopted by Council at its meeting of April 20 and 23, 2007, it is appropriate that the municipal levy by-law be introduced directly to Council at that meeting. The municipal tax rates for 2007 cannot be set until the 2007 Operating Budget is adopted by Council.

With respect to the education levy by-law, the regulation governing the education tax rates in each year is filed by the Minister of Finance. The Ministry has advised, for 2007, the education tax rates will remain unchanged from 2006. These rates can be viewed at: http://www.e-laws.gov.on.ca/DBLaws/Regs/English/980400_e.htm

Once the municipal and education tax rates are established, the claw-back rates for 2007 can be determined.

Due Dates:

In order to maintain continuity and provide a consistent level of service, the City of Toronto intends to set its 2007 instalment due dates for the final property tax bill in keeping with the schedule established for prior years. For 2007, the regular payment due dates for the final bill will be July 3, August 1, and September 4. Pre-authorized payment dates will continue to be the 15th of each month from July to December inclusively, or the first working day thereafter if the date falls on a weekend or statutory holiday. To ensure that taxpayers receive their bills 30 days prior to the first instalment due date, the final tax bills must be issued no later than May 31, 2007.

Other Related Property Tax By-laws:

At Council's meeting of April 20 and 23, 2007, the Deputy City Manager and Chief Financial Officer will also be recommending the adoption of the following by-laws in respect of property taxation:

- (1) the by-law making the New Multi-Residential class apply in Toronto for 2007, to continue to encourage the construction of new rental accommodation in Toronto by providing that the residential tax rate apply to new multi-residential constructed in 2007 for a period of 35 years;
- (2) a by-law to continue the phase-out of the comparable property tax treatment for new construction by establishing a minimum property tax level for new construction as provided for under legislation and consistent with previously approved direction; and,
- (3) a by-law limiting the cap on assessment related tax increases for the commercial, industrial and multi-residential classes to 5% of the previous year's CVA taxes, as available under legislation and consistent with previously approved direction.

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SIGNATURE

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