

**Property Taxes: 2010 Interim Levy By-law**

<b>Date:</b>	October 15, 2009
<b>To:</b>	Executive Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2009\Internal Services\rev\ec09027rev (AFS#8956)

**SUMMARY**

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This report requests Council authority to adopt the necessary by-law to levy interim property taxes for all property classes for 2010 and to prescribe applicable interim bill payment due dates. The 2010 interim levy will provide for the cash requirements of the City until such time as the 2010 Operating Budget and 2010 final property tax levy are approved by Council.

**RECOMMENDATIONS**

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**The Treasurer recommends that:**

1. the 2010 interim levy for all property classes be based on 50 per cent of the total 2009 taxes billed for each property, adjusted, as necessary, to reflect any additional taxes added to the previous year's taxes as a result of assessment added to the tax roll;
2. the 2010 interim levy by-law provide that the interim levy will apply to assessments added to the tax roll for 2009 that were not on the assessment roll when the by-law was passed;
3. the Interim Bill payment due dates for property tax accounts paid on the eleven (11) instalment pre-authorized payment plan be: February 16, March 15, April 15, May 17, and June 15, 2010;
4. the Interim Bill payment due date for the two (2) instalment pre-authorized payment plan be March 1, 2010;

5. the Interim Bill payment due dates for all other property tax accounts on the regular instalment option or on the six (6) instalment pre-authorized payment plan be: March 1, April 1, and May 3, 2010;
6. Council provide authority for:
  - a. the collection of interim taxes;
  - b. imposing a penalty charge for non-payment of interim taxes at a rate of 1.25 per cent of taxes due and unpaid and the addition of such charges on the first day of default; and
  - c. imposing an interest charge on all outstanding taxes accruing from the first day of default at a rate of 1.25 per cent per month;
7. authority be granted for the introduction of the necessary bill in Council on November 30 and December 1, 2009, providing for the levying and collection of the 2010 interim taxes prior to the adoption of the estimates for 2010, which by-law, when enacted, will be effective as of January 1, 2010; and
8. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

### **Financial Impact**

This is an annual report which is procedural in nature. Enacting a by-law that establishes an interim tax levy will permit the City to raise the property tax revenues needed to fund its operations until such time as the 2010 Operating Budget and 2010 final tax levy are approved by Council.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

### **COMMENTS**

Section 281 of the *City of Toronto Act, 2006* provides municipalities the authority to enact a by-law establishing an interim property tax levy at no more than fifty per cent of the preceding year's taxes for each property in each tax class.

It is recommended that the interim levy for 2010 for all property classes be based on 50 per cent of the total 2009 taxes for each property. Where the property taxes for a property have increased for a part of the previous year due to an increase in assessed value (e.g., to reflect building improvements or new construction), the interim levy for the following year is based on 50 per cent of the previous year's taxes as though the tax increase had applied to the entire year. This ensures that the interim levy reflects, as nearly as possible, 50 per cent of the taxes that will be levied in the coming year.

The interim levy by-law also provides that the interim levy will apply to assessments added to the tax roll for the current year that were not on the assessment roll when the by-law was passed.

Properties eligible for tax deferral or cancellation in 2009 pursuant to the City's tax deferral and cancellation programs for low-income seniors and low-income homeowners with a disability will be subject to a 2010 interim levy based on 50 per cent of the total 2009 billed taxes for each property, excluding any amounts deferred or cancelled in 2009. Should an application to the tax deferral and/or cancellation program meet the respective entitlement criteria, qualified seniors and disabled persons will have their final 2010 property taxes adjusted to reflect whatever deferral or cancellation benefit is due them. This approach reflects the fact that the deferral and cancellation programs have yearly enrolment requirements. Experience has taught that personal circumstances can and do change to the extent that a successful applicant in one year may not qualify in a subsequent year.

Revenue Services staff recommend that where taxpayers have elected and have been approved under the eleven instalment (11) pre-authorized payment plan, interim tax bills be issued beginning in the middle of January 2010, with proposed payment due dates as follows: February 16, March 15, April 15, May 17, and June 15, 2010.

For the option to pay the interim and final tax bill via two single pre-authorized payments, the proposed due date for the interim tax bill is March 1, 2010. For all other property tax accounts, including those remitted via the six instalment (6) pre-authorized payment plan, the 2010 interim tax bills will be mailed at the end of January and installments are recommended to be due March 1, April 1, and May 3, 2010.

In order to meet the City's 2010 financial obligations, to provide sufficient time for the interim tax bill production, and to give taxpayers timely notice of payment due dates, the City's 2010 interim tax bills must be produced and mailed by the end of the January 2010. The *City of Toronto Act, 2006* provides that an interim levy by-law may be enacted in the year that the amounts are to be levied or may be passed in November or December of the previous year, if the interim levy becomes effective on a specified date in the following year. The Act does not permit for the interim levy by-law to be enacted prior to November of the preceding year.

Any delay in enacting the interim levy by-law will adversely affect the City's ability to generate the needed revenue to fund its early to mid 2010 operations.

## **CONTACT**

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## **SIGNATURE**

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Giuliana Carbone  
Treasurer