

March 26, 2010

To: Executive Committee

From: Budget Committee

Subject: 2010 Property Tax Rates and Related Matters

Recommendations:

The Budget Committee recommends to the Executive Committee that:

1. City Council again elect to raise the tax rates on the restricted property classes (commercial, industrial, and multi-residential) by one-third of the percentage tax rate increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests) as adopted by Council as policy during consideration of the "Enhancing Toronto's Business Climate" initiative in October 2005, and in accordance with Provincial Regulation.
2. City Council adopt the 2010 tax ratios shown in Column II of the report (before budgetary levy increase) for each of the property classes set out in Column I of the report, which together with the 2010 municipal budgetary tax levy increase as recommended in Recommendation 4(b), will result in the 2010 ending tax ratios shown in Column III of the report, which meet or exceed Council's tax ratio reduction targets for 2010, shown in Column IV of the report, set out in the "Enhancing Toronto's Business Climate" initiative adopted in October 2005.
3. City Council enact a by-law to establish two bands of assessment of property in the Residual Commercial property class, for the purposes of facilitating graduated tax rates for the Residual Commercial property class in 2010, and setting such bands of assessment for each band shown in Column II of the report at the amount shown in Column III of the report, and setting the ratio of the tax rates for each band in relation to each other at the ratio shown in Column IV of the report.
4. City Council adopt:
 - a. the tax rates set out in Column III of the report, which rates will raise a local municipal general tax levy for 2010 of \$3,471,437,412; and

- b. the tax rates set out in Column IV of the report, which rates represent a 2.90% increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests) and a 0.967% increase on the restricted property classes (commercial, industrial, and multi-residential) and which rates will raise an additional local municipal tax levy for 2010 of \$63,039,664 to fund the 2010 operating budget tax levy increase, as determined in accordance with legislative requirements.**
- 5. An adjustment be made to the 2010 Non-Program Tax Account in the amount of \$6,795,758 to fund the mandatory 2010 property tax rebates to registered charities in the commercial property class, which adjustment is to be funded, for a net impact on the 2010 operating budget of zero, by the following:**
 - a. The additional tax rates set out in Column III of the report be levied as part of the general local municipal levy on the commercial classes set out in Column I of the report and Column II of the report to raise a further additional local municipal tax levy of \$6,795,758 to fund the total estimated rebates to registered charities for properties in the commercial classes in 2010.**
- 6. With respect to the Capping and Clawback of taxes in the commercial, industrial and multi-residential property classes:**
 - a. City Council enact the necessary by-law to continue to limit reassessment-related tax increases for the commercial, industrial, and multi-residential property classes, such a cap limit to be based on 5% of the preceding year's current value taxes, for the 2010 taxation year.**
 - b. City Council enact a by-law to continue to provide for the removal of properties from the capping and clawback system once they have reached their full CVA-level of taxation for the 2010 tax year.**
- 7. The Deputy City Manager and Chief Financial Officer be directed to report directly to Council at its meeting scheduled for April 15 and 16, 2010, on the 2010 tax rates for school purposes, and the 2010 percentage of the tax decreases required to recover the revenues foregone as a result of the cap limit on properties in the commercial, industrial and multi-residential property classes (the 2010 'clawback' rates).**
- 8. City Council again enact a by-law to maintain the phase-out of the comparable property tax treatment for new construction in the commercial, industrial and multi-residential classes by maintaining the minimum property taxes for new construction at 100% of the full uncapped CVA level of taxes for 2010 and future years**
- 9. As in past years, the instalment dates for the 2010 final tax bills be set as follows:**
 - a. The regular instalment dates be the first business days of July, August and September.**
 - b. For taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be the 15th, or first business day thereafter, of each of the months of July to December.**

- c. **For taxpayers who are enrolled in the two installment program, the final instalment date be July 2.**
- 10. a. **The collection of taxes for 2010, other than those levied under By-law 1226-2009 (the interim levy by-law) be authorized.**
 - b. **A penalty charge for non-payment of taxes of 1.25 percent of taxes due and unpaid be added on the first day of default, and interest be charged at a rate of 1.25 percent per month on all outstanding taxes accruing from the first day of default.**
- 11. **The appropriate officials be authorized to take the necessary action to give effect thereto and authority be granted for the introduction of the necessary bills in Council.**

Decision Advice and Other Information:

The Deputy City Manager and Chief Financial Officer gave a presentation on the 2010 Property Tax Rates and Implementing 'Enhancing Toronto's Business Climate'.

Background:

The Budget Committee on March 26, 2010, considered the report (March 22, 2010) from the Deputy City Manager and Chief Financial Officer, entitled "2010 Property Tax Rates and Related Matters".

for City Clerk

Merle MacDonald/tk

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Background Information

2010 Property Tax Rates and Related Matters

(<http://www.toronto.ca/legdocs/mmis/2010/bu/bgrd/backgroundfile-28637.pdf>)

Presentation from Deputy City Manager and Chief Financial Officer on CVA

(<http://www.toronto.ca/legdocs/mmis/2010/bu/bgrd/backgroundfile-28760.pdf>)