



## STAFF REPORT ACTION REQUIRED

### Property Taxes: 2015 Interim Levy By-Law

<b>Date:</b>	June 11, 2014
<b>To:</b>	Executive Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2014\Internal Services\rev\ec14019rev (AFS18864)

#### **SUMMARY**

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This report recommends the adoption of the 2015 interim levy and requests authority to introduce the necessary by-law at the inaugural meeting of Council on December 2 and 3, 2014. The 2015 interim levy will raise approximately \$1.89 billion for City purposes, and will provide for the cash requirements of the City until such time as the 2015 Operating Budget and 2015 final property tax levy are approved by Council.

#### **RECOMMENDATIONS**

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**The Treasurer recommends that:**

1. City Council authorize that the 2015 interim levy for all property classes be based on 50 per cent of the total 2014 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. City Council authorize that the interim levy apply to assessments added to the tax roll for 2014 that were not on the assessment roll when the by-law was passed.
3. City Council authorize that:
  - a. the interim bill payment due dates for property tax accounts paid on the eleven (11) instalment pre-authorized tax payment plan be: February 17, March 16, April 15, May 15, and June 15, 2015;
  - b. the interim bill payment due date for the two (2) instalment pre-authorized tax payment plan be March 2, 2015; and

- c. 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 tax payment plan be: March 2, April 1, and May 1, 2015.
4. City Council authorize:
  - 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.
5. City Council grant authority to introduce the necessary bill in Council on December 2 and 3, 2014, providing for the levying and collection of the 2015 interim taxes prior to the adoption of the estimates for 2015, which by-law, when enacted, will be effective as of January 1, 2015.

## **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 early - to mid - 2015 operations until such time as the 2015 Operating Budget and 2015 final tax levy are approved by Council. The interim levy is expected to raise approximately \$2.89 billion, consisting of a municipal share of \$1.89 billion and an education share of \$1.00 billion.

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 50 per cent of the preceding year's taxes for each property in each tax class.

It is recommended that the interim levy for 2015 for all property classes be based on 50 per cent of the total 2014 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 2014 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 2015 interim levy based on 50 per cent of the total 2014 billed taxes for each property, excluding any amounts deferred or cancelled in 2014. 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 2015 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.

Where taxpayers have elected and have been approved under the eleven (11) instalment pre-authorized payment plan, interim tax bills will be issued beginning in the middle of January 2015, with proposed payment due dates as follows: February 17, March 16, April 15, May 15, and June 15, 2015. For the option to pay the interim and final tax bill via two (2) single pre-authorized payments, the proposed interim bill due date is March 2, 2015. For all other property tax accounts, including those remitted via the six instalment pre-authorized payment plan, the 2015 interim tax bills will be mailed by the end of January and instalments are recommended to be due March 2, April 1, and May 1, 2015.

In order to meet the City's 2015 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 2015 interim tax bills must be produced and mailed prior to the end of January 2015. 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.

As a municipal election is to occur on October 27, 2014, and given that the inaugural meeting of the new Council is scheduled for December 2 and 3, 2014, authority is being sought by this report to introduce the 2015 interim levy by-law at the December 2 and 3, 2014 meeting of Council and to make the by-law, once enacted, effective from January 1, 2015.

The interim levy by-law must be enacted in early December to provide the authority for staff to proceed with issuing the interim billing, and to ensure that sufficient time is provided to prepare the bills to allow for mailing in early January. Interim bills must be mailed at least 30 days prior to the first instalment due date, which falls on February 17, 2015 for taxpayers enrolled in the 11-instalment pre-authorized tax payment plan. At least five (5) weeks are required following Council's approval of the by-law to extract the billing data from the City's tax billing system, and to print, proof and mail over 650,000

interim tax bills. In order to allow bills to be mailed by mid-January, Council must enact the interim levy by-law in early December.

Revenue Services staff will prepare and deliver the interim bills consistent with the method described in this report. No further report will accompany the interim levy by-law to the December 2 and 3, 2014 Council meeting.

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 2015 operations.

## **CONTACT**

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## **SIGNATURE**

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Giuliana Carbone  
Treasurer