



STAFF REPORT ACTION REQUIRED

2014 Heads and Beds Levy on Institutions

Date:	June 12, 2014
To:	Executive Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2014\Internal Services\rev\ec14021rev (AFS18865)

SUMMARY

This report requests Council authority to adopt a by-law to levy amounts for the 2014 taxation year for public hospitals, universities and colleges, and correctional facilities (the “institutions”), estimated at approximately \$16.7 million (annual “Heads and Beds” levy).

RECOMMENDATIONS

The Treasurer recommends that:

1. City Council authorize the levy and collection of amounts for the 2014 taxation year on hospitals, colleges and universities and correctional facilities as authorized by Section 285 of the *City of Toronto Act, 2006*.
2. City Council direct that the maximum prescribed amount of \$75 be applied per provincially rated hospital bed, full time student, or resident place as prescribed by Ontario Regulation 121/07.
3. City Council authorize the Treasurer to report directly to Council at its scheduled meeting of July 8 and 9, 2014 on the final 2014 “Heads and Beds” levy should the final 2014 capacity figures for Colleges be received from the Province prior to this Council meeting.
4. City Council grant authority for the introduction of the necessary bill in Council to levy amounts for the 2014 taxation year on hospitals, colleges and universities and correctional facilities.

Financial Impact

Estimated revenue of approximately \$16.7 million will be raised through the 2014 levy on institutions. While the Province has provided 2014 final capacity figures for universities, hospitals and correctional facilities, the 2014 capacity figures for colleges have not been received to date from the Province, therefore, the 2014 levy for colleges has been estimated using 2013 capacity figures. The estimated levy amount for 2014 is similar to the range of the levy amounts reported for the past three (3) years (2011-2013), which vary from \$15 to \$17 million. (Table 1)

**Table 1
Payments in Lieu Levy on Institutions 2011 – 2014**

Taxation Year	Universities		Colleges (i)		Hospitals		Correctional Facilities		Total	
	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)
2011	124,640	\$9,348,000	65,346	\$4,900,950	15,156	\$1,136,700	1,734	\$130,050	206,876	\$15,515,700
2012	126,770	\$9,507,750	68,630	\$5,147,250	15,198	\$1,139,850	1,617	\$121,275	212,215	\$15,916,125
2013	137,021	\$10,276,575	66,716	\$5,003,700	15,050	\$1,128,750	1,617	\$121,275	220,404	\$16,530,300
2014	139,105	\$10,432,875	66,716 (ii)	\$5,003,700 (ii)	15,069	\$1,130,175	1,748	\$131,100	222,638 (ii)	\$16,697,850 (ii)

- i. The 2014 capacity figures for colleges have not been received from the Province, therefore the levy has been estimated using the 2013 capacity figures.
- ii. Estimated totals, to be confirmed once final 2014 capacity figures for colleges are received.

The Non-Program 2014 Operating Budget includes an estimate of 2014 revenues of approximately \$15.5 million.

Should the final 2014 capacity figures for colleges be received from the Province prior to Council's scheduled meeting of July 8 and 9, 2014, the Treasurer will report directly to Council at that meeting on the revenues associated with the final 2014 "Heads and Beds" levy. If the capacity figures are not received by the July Council meeting, the actual 2014 Heads and Beds revenues will be reported by way of the third quarter operating budget variance report, reflecting any difference between the actual and budgeted amounts for 2014.

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

DECISION HISTORY

At its meeting held on July 16, 17, 18 and 19, 2013, City Council, while considering report EX33.24: "2013 Heads and Beds Levy on Institutions," dated June 14, 2013, adopted the recommendations authorizing the levy and collection of amounts for the 2013 and amended the recommendation by adding the following recommendations:

4. City Council request the Province of Ontario to enact regulations to prescribe a rate of not less than \$135.29 for each full time student, provincially-rated bed or resident place for the 2013 taxation year, reflecting inflationary increases since 1987 when the current \$75 rate was enacted.

5. City Council request the Province of Ontario to adjust the heads and beds rate annually in each future year to reflect an average annual inflationary increase.
6. City Council, should the Province enact a new rate applicable for 2013, authorize staff to bring an amending by-law to Council to enact the new rates.

The staff report and Council decision document can be accessed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.24>

ISSUE BACKGROUND

Section 285 of the *City of Toronto Act, 2006* provides the authority for the City of Toronto to pass by-laws to levy amounts payable on colleges and universities, hospitals and correctional institutions in an amount not to exceed the prescribed amount.

Section 15 of Ontario Regulation 121/07 made under the *City of Toronto Act, 2006* prescribes a rate of \$75 for each full time student, provincially-rated bed or resident place respectively as determined by the owner Ministry of each facility.

COMMENTS

The by-law associated with this report provides for levies on institutions in Toronto for 2014. This is an annual levy that applies each year to universities and colleges, public hospitals and correctional facilities. While the Ministry of Municipal Affairs and Housing has provided 2014 final capacity figures for universities, hospitals and correctional facilities, the capacity figures for colleges needed to calculate the final 2014 levy have not been received from the Ministry to date. The 2014 Heads and Beds revenues for colleges is being estimated using the capacity figures received for 2013. The total revenue for all institutions has been estimated at approximately \$16.7 million. The letter dated June 2, 2014 from the Ministry of Municipal Affairs and Housing (Attachment 1) provides an explanation as to why the Ministry is not providing capacity figures for colleges at this time.

The by-law authorizing the levy for the 2014 taxation year can be passed in advance of receiving the actual confirmed capacity figures for colleges from the Ministry of Municipal Affairs and Housing. The actual levy for all institutions will be determined and billed once the confirmed 2014 capacity figures for colleges are received from the Ministry.

Given that we anticipate receiving the capacity figures for colleges from the Province in July, adopting the by-law at this time will authorize and allow staff to issue and collect the 2014 Heads and Beds tax bills over the summer months. The *City of Toronto Act, 2006* provides that the annual amounts are payable by each institution on or after July 1, 2014. Assuming that the City's by-law is enacted by Council at its meeting of July 8 and 9, 2014, it is anticipated that the taxes levied on institutions will be billed in August and will become due and payable on or before September 2, 2014.

Delaying the adoption of the levy bylaw will delay collection of approximately \$16.7 million to the last quarter of 2014

Council's Request for Regulatory Amendments

Based on Section 285 of the *City of Toronto Act, 2006* and as prescribed by *Ontario Regulation 121/07*, the City of Toronto levies a maximum of \$75 per provincially rated hospital bed, full time student, or resident place.

In 1970, the fixed rate for universities per full time student was \$25. In 1973, the rate increased to \$50 and included hospitals and provincial correctional facilities and in 1987, the rate increased to its current level of \$75.

As early as 1998, Toronto City Council has consistently maintained that the "heads and beds" rate should be increased to a level that reflects what these properties would pay if they were taxed based on current value assessment (CVA) and the applicable tax rates, or at a minimum, be increased annually to reflect inflation.

In 2001, Toronto Council again recommended that the "heads and beds" rates be increased annually to reflect inflation and that increases to the rate be phased-in over time until these institutions pay the equivalent of property taxes. Council adopted similar recommendations in 2004, 2005 and 2006.

On July 16, 2013, Toronto City Council adopted a recommendation requesting that the Province of Ontario enact regulations to prescribe a rate of not less than \$135.29 for each full time student, provincially-rated bed or resident place for the 2013 taxation year which reflects inflationary increases since 1987 when the current \$75 rate was enacted. In addition, the "heads and beds" rate should be adjusted annually in each future year to reflect an average annual inflationary increase.

Most recently in August 2013, in accordance with Council's July 2013 amended recommendations for the "2013 Heads and Beds Levy on Institutions" report, City staff requested that the Province consider the above noted legislative/regulatory changes in the taxation of these institutions.

To date, the Province has not committed to any review of the legislative or regulatory provisions that govern the levy on provincial institutions.

CONTACT

Casey Brendon, Director, Revenue Services

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SIGNATURE

Giuliana Carbone
Treasurer

ATTACHMENTS

Attachment 1: Letter from Ministry of Municipal Affairs and Housing, Municipal Programs and Education Branch dated June 2, 2014 headed: Capacity of Institutions Information for the Year 2013.

Attachment 1

**Ministry of
Municipal Affairs
and Housing**

Municipal Programs &
Education Branch
777 Bay Street, 16th Floor
Toronto ON M5G 2E5
Phone: (416) 585-6096
Fax: (416) 585-7292

**Ministère des
Affaires municipales
et du Logement**

Direction des programmes municipaux
et de la formation du personnel
777, rue Bay, 16^e étage
Toronto ON M5G 2E5
Téléphone: (416) 585-6096
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June 2, 2014

Guilana Carbone
Treasurer
City of Toronto
City Hall, 100 Queen St. W.,
Toronto, ON M5H 2N2

Dear Guilana Carbone:

Re: Capacity of Institutions Information for the year 2013

I am pleased to provide you with updated capacity of institutions information in your municipality provided to us by the particular Ministry designated for each institution. Please note that the following listing excludes capacity data for colleges in your municipality. The Ministry of Training, Colleges and Universities (MTCU) has advised that the capacity data for colleges will be finalized by the end of June, and we will provide the information to you once it is available.

In accordance with the current regulations, your municipality may levy an amount up to \$75 per rated capacity designated for each institution listed below. The levy amount is provided in the right-hand column.

<u>Institutions</u>	<u>Capacity</u>	<u>Levy Amount</u>
Baycrest Hospital.....	300.....	\$22,500
Bloorview Kids Rehab.....	75.....	\$5,625
Bridgepoint Hospital.....	784.....	\$58,800
Casey House - St Mikes.....	13.....	\$975
Centre For Addiction & Mental Health.....	654.....	\$49,050
East General Hospital (The).....	650.....	\$48,750
Emmanuel College (U. Of T.).....	90.....	\$6,750
Hospital For Sick Children.....	699.....	\$52,425
Humber River Regional Hospital (Downsview).....	927.....	\$69,525
Knox College (U. Of T.).....	75.....	\$5,625
Mount Sinai Hospital.....	561.....	\$42,075
North York General.....	898.....	\$67,350
Ont. College Of Art & Design (O.C.A).....	3555.....	\$266,625
Regis College (U. Of T.).....	78.....	\$5,850
Rouge Valley Health System.....	575.....	\$43,125
Runnymede Healthcare Centre.....	200.....	\$15,000

<u>Institutions</u>	<u>Capacity</u>	<u>Levy Amount</u>
Ryerson University.....	24008.....	\$1,800,600
Salvation Army Grace Hospital.....	117.....	\$8,775
Scarborough College (U. Of T.).....	10827.....	\$812,025
Scarborough Hospital, The.....	1072.....	\$80,400
Scarborough Providence Healthcare.....	344.....	\$25,800
St. Augustine's College (U. of T.)	53.....	\$3,975
St. Joseph's Health Centre	611.....	\$45,825
St. Michael's.....	701.....	\$52,575
St. Michael's College (U. Of T.)	74.....	\$5,550
Sunnybrook Health Sciences Centre.....	1527.....	\$114,525
Toronto East Detention Centre.....	348.....	\$26,100
Toronto South Detention Centre.....	804.....	\$60,300
Toronto West Detention Centre.....	596.....	\$44,700
Trillium Health Partners - Queensway Health Centre	429.....	\$32,175
Trinity College (U. of T.)	54.....	\$4,050
University Health Network	2470.....	\$185,250
University of Guelph (Humber).....	3602.....	\$270,150
University Of Toronto.....	51711.....	\$3,878,325
West Park Hospital	463.....	\$34,725
William Osler (Etobicoke Site).....	508.....	\$38,100
Women's College Hospital.....	491.....	\$36,825
Wycliffe College (U. Of T.).....	139.....	\$10,425
York University (includes Atkinson and Glendon)	44839.....	\$3,362,925

The appropriate tax bill should be sent directly to each institution for payment. Please note that in accordance with Section 323 of the Municipal Act, institutions do not have to remit payment until July 1, 2014.

Should you have any question regarding the information provided, please do not hesitate to contact me at (416) 585-6096.

Yours sincerely,



Andrew Tang
 Manager, Information and Analysis Unit
 Municipal Programs and Education Branch
 Ministry of Municipal Affairs and Housing