



2015 Heads and Beds Levy on Institutions

Date:	June 15, 2015
To:	Executive Committee
From:	Acting Treasurer
Wards:	All
Reference Number:	P:\2015\Internal Services\rev\ec15016rev (AFS20250)

SUMMARY

This report requests Council authority to adopt a by-law to levy amounts for the 2015 taxation year for public hospitals, universities and colleges, and correctional facilities (the “institutions”), estimated at approximately \$17.1 million (annual “Heads and Beds” levy).

RECOMMENDATIONS

The Acting Treasurer recommends that:

1. City Council authorize the levy and collection of amounts for the 2015 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 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 Acting Treasurer to report directly to Council at its scheduled meeting of July 7, 2015 on the final 2015 “Heads and Beds” levy amount should the final 2015 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 2015 taxation year on hospitals, colleges and universities and correctional facilities.

Financial Impact

Estimated revenue of approximately \$17.1 million will be raised through the 2015 levy on institutions. While the Province has provided 2015 final capacity figures for universities, hospitals and correctional facilities, the 2015 capacity figures for colleges have not been received to date from the Province. Therefore, the 2015 levy for colleges has been estimated using 2014 capacity figures. The estimated levy amount for 2015 is similar to the range of the levy amounts reported for the past three (3) years (2012-2014), which vary from \$15 to \$17 million. (Table 1)

Table 1
Payments in Lieu Levy on Institutions 2012 – 2015

Taxation Year	Universities		Colleges (i)		Hospitals		Correctional Facilities		Total	
	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)
2015	142,003	\$10,650,225	(i)69,849	(ii)\$5,238,675	15,082	\$1,131,150	1,152	\$86,400	(ii)228,086	(ii)\$17,106,450
2014	139,105	\$10,432,875	69,849	\$5,238,675	15,069	\$1,130,175	1,748	\$131,100	225,771	\$16,932,825
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
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

- i. The 2015 capacity figures for colleges have not been received from the Province, therefore the levy has been estimated using the 2014 capacity figures.
- ii. Estimated totals, to be confirmed once final 2015 capacity figures for colleges are received.

The Non-Program 2015 Operating Budget includes an estimate of 2015 revenues of approximately \$16.7 million.

Should the final 2015 capacity figures for colleges be received from the Province prior to Council's scheduled meeting of July 7, 2015, the Acting Treasurer will report directly to Council at that meeting on the revenues associated with the final 2015 "Heads and Beds" levy. If the capacity figures are not received by the July Council meeting, the actual 2015 Heads and Beds revenues will be reported by way of the 2015 third quarter operating budget variance report, reflecting any difference between the actual and budgeted amounts for 2015.

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

DECISION HISTORY

At its meeting held on July 8, 9, 10 and 11, 2014, City Council, while considering item EX43.24: "2014 Heads and Beds Levy on Institutions," dated June 12, 2014, adopted the recommendations authorizing the levy and collection of amounts for the 2014 and amended the recommendation by adding the following recommendations:

4. *City Council again forward the 2013 report on Heads and Beds Levy on Institutions to the Premier of Ontario and the Minister of Finance and request that the \$75.00 levy be increased annually by the rate of inflation.*
5. *City Council direct that a copy of this Item be forwarded to the Association of Municipalities of Ontario (AMO) for their information.*

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

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX43.24>

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 2015. 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 2015 final capacity figures for universities, hospitals and correctional facilities, the capacity figures for colleges needed to calculate the final 2015 levy have not been received from the Ministry to date. The 2015 Heads and Beds revenues for colleges is being estimated using the capacity figures received for 2014. The total revenue for all institutions has been estimated at approximately \$17.1 million. The letter dated May 19, 2015 from the Ministry of Municipal Affairs and Housing (Attachment 1) explains that the Ministry is not providing capacity figures for colleges at this time.

The by-law authorizing the levy for the 2015 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 2015 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 bylaw at this time will authorize and allow staff to issue and collect the 2015 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, 2015. Assuming that the City's by-law is enacted by Council at its meeting of July 7, 2015, 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, 2015.

Delaying the adoption of the levy bylaw will delay collection of approximately \$17.1 million to the last quarter of 2015.

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.

In 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, Council approved that the "heads and beds" rate should be adjusted annually in each future year to reflect an average annual inflationary increase.

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.

Most recently in July 2014, Toronto City Council directed that the 2013 report be forwarded to the Premier of Ontario and the Minister of Finance, requesting that the \$75.00 levy be increased annually by the rate of inflation. To date, the Province has not committed to any review of the legislative or regulatory provisions that govern the levy on provincial institutions.

Council's approved position will also be included in the forthcoming City of Toronto submission to the Province for the 5-year review of proposed amendments to the *City of Toronto Act, 2006*.

CONTACT

Casey Brendon, Director, Revenue Services

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SIGNATURE

Mike St. Amant
Acting Treasurer

ATTACHMENTS

Attachment 1: Letter dated May 19, 2015 from Ministry of Municipal Affairs and Housing, Municipal Programs and Education Branch headed: "Capacity of Institutions Information for the Year 2014".

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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May 19, 2015

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

Dear Giuliana Carbone:

Re: Capacity of Institutions Information for the year 2014

I am pleased to provide you with updated capacity of institutions information in your municipality provided to us by the 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 June 2015, 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.

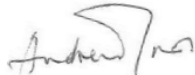
<u>Institutions</u>	<u>Capacity</u>	<u>Levy Amount</u>
Baycrest Hospital	300	\$22,500
Bloorview Kids Rehab.....	75	\$5,625
Bridgepoint Hospital.....	784	\$58,800
Casey House - St Mikes	13	\$975
Centre For Addiction & Mental Health	654	\$49,050
East General Hospital (The)	650	\$48,750
Emmanuel College (U. Of T.).....	77	\$5,775
Glendon College.....	2396.....	\$179,700
Hospital For Sick Children	699.....	\$52,425
Humber River Regional Hospital (Downsview).....	927	\$69,525
Knox College (U. Of T.).....	66	\$4,950
Mount Sinai Hospital	574	\$43,050
North York General	898	\$67,350
Ont. College Of Art & Design (O.C.A).....	3525	\$264,375
Regis College (U. Of T.).....	70	\$5,250

<u>Institutions</u>	<u>Capacity</u>	<u>Levy Amount</u>
Rouge Valley Health System	575	\$43,125
Runnymede Healthcare Centre	200	\$15,000
Ryerson University	26462	\$1,984,650
Salvation Army Grace Hospital	117	\$8,775
Scarborough College (U. Of T.)	11393	\$854,475
Scarborough Hospital, The	1072	\$80,400
Scarborough Providence Healthcare	344	\$25,800
St. Augustine's College (U. of T.)	40	\$3,000
St. Joseph's Health Centre	611	\$45,825
St. Michael's	701	\$52,575
St. Michael's College (U. Of T.)	59	\$4,425
Sunnybrook Health Sciences Centre	1527	\$114,525
Toronto East Detention Centre	348	\$26,100
Toronto South Detention Centre	804	\$60,300
Trillium Health Partners - Queensway Health Centre	429	\$32,175
Trinity College (U. of T.)	55	\$4,125
University Health Network	2470	\$185,250
University of Guelph (Humber)	3823	\$286,725
University Of Toronto	52560	\$3,942,000
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.)	141	\$10,575
York University (includes Atkinson and Glendon)	41336	\$3,100,200

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, 2015.

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