

EX13.1

Decision Letter

Budget Committee

Meeting No.	16 (Special)	Contact	Julie Amoroso, Council Administrator
Meeting Date	Tuesday, February 4, 2020	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU16.1	ACTION	Adopted		Ward: All
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2020 Property Tax Rates and Related Matters

Committee Decision

The Budget Committee recommends that:

1. In respect of calculations to establish 2020 tax rates and tax ratios, City Council elect the following in order to determine the notional tax rates to raise the previous year's levies:

a. subject to receiving the necessary amendment to Ontario Regulation 121/07 for the 2020 taxation year, to exclude the assessment of a property in a property class from the calculation of the total assessment of the properties in that property class if the current value of the property has increased by 100 percent or more or decreased by 25 percent or more, in accordance with subsection 2.2(4), paragraph 2 of Ontario Regulation 121/07 ("Ontario Regulation 121/07"); and

b. to adjust the total assessment for property in a property class so that the assessment excludes changes to the tax roll for the previous year resulting from eligible assessment-related losses from prior years, in accordance with an election under subsection 19 (4) of Ontario Regulation 121/07 to make subsections 19 (4.2), (4.3) and (4.4) apply.

2. City Council adopt the 2020 tax ratios shown in Column II for each of the property classes set out below in Column I:

Column I	Column II (to be adopted)	Column III (for information only)
Property Class	2020 Recommended Tax Ratios (before Graduated Tax Rates)	2020 Ending Ratios (after Graduated Tax Rates and Levy Increases)
Residential	1.000000	1.000000
Multi-Residential	2.178843	2.105163
New Multi-Residential	1.000000	1.000000

Commercial General	2.700000	2.654348
Residual Commercial –Band 1	2.619000	2.432193
Residual Commercial –Band 2	2.619000	2.654348
Industrial	2.683811	2.623306
Pipeline	1.923563	1.923563
Farmlands	0.250000	0.250000
Managed Forests	0.250000	0.250000

3. Subject to receiving the necessary amendment to Ontario Regulation 121/07 for the 2020 taxation year, City Council elect to raise the tax rates on the restricted property classes as follows:

- i. on the Commercial Property Classes, by one-half of the percentage tax rate increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests);
- ii. on the Industrial Property Classes, by one-third of the percentage tax rate increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests); and
- iii. on the Multi-Residential Property Classes, no tax increase.

4. City Council continue the previous adoption of 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 2020 as set out in the Enhancing Toronto's Business Climate initiative, and setting such bands of assessment for each band shown in Column II at the amount shown in Column III, and setting the ratio of the tax rates for each band in relation to each other at the ratio shown in Column IV.

Column I	Column II	Column III	Column IV
Property Class	Bands	Portion of Assessment	Ratio of Tax Rate to Each Other
Residual Commercial	Lowest Band 1	Less than or equal to \$1,000,000	0.916305
Residual Commercial	Highest Band 2	Greater than \$1,000,000	1.000000

5. City Council adopt:

- a. the tax rates set out below in Column V, which rates will raise a local municipal general tax levy for 2020 of \$4,509,055,431 inclusive of a 2.0 percent residential, new multi-residential, pipeline, farmlands and managed forest tax rate increase, a 1.0 percent

commercial tax rate increase, and a 0.66 percent industrial tax rate increase; and

b. the additional tax rates set out below in Column VI, which rates will raise an additional special general tax levy of \$47,573,413 dedicated for priority transit and housing capital projects (the "City's Building Fund levy"), in accordance Part 6 of City Council's decision on Item 2017.EX.22.2 headed 2017 Capital and Operating Budgets and Item [EX11.26](#) headed "City Building Fund".

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Property Class	2020 Tax Rate for General Local Municipal Levy before Graduated Tax Rates	2020 Tax Rate for General Local Municipal Levy After Graduated Tax Rates	2020 Additional Tax Rate to Fund Budgetary Levy Increase	2020 Municipal Tax Rate	2020 Additional Tax Rate to Fund City Building	2020 Municipal Tax Rate Inclusive of City Building Fund Rate
				(excluding Charity rebates)		(excluding Charity rebates)
				(Column III+IV)		(Column V+VI)
Residential	0.431598 percent	0.431598 percent	0.008632 percent	0.440230 percent	0.006474 percent	0.446704 percent
Multi-Residential	0.940384 percent	0.940384 percent	0.000000 percent	0.940384 percent	0.000000 percent	0.940384 percent
New Multi-Residential	0.431598 percent	0.431598 percent	0.008632 percent	0.440230 percent	0.006474 percent	0.446704 percent
Commercial General	1.165314 percent	1.165314 percent	0.011653 percent	1.176967 percent	0.008740 percent	1.185707 percent
Residual Commercial – Band 1	1.130354 percent	1.067783 percent	0.010678 percent	1.078461 percent	0.008008 percent	1.086469 percent
Residual Commercial – Band 2	1.130354 percent	1.165314 percent	0.011653 percent	1.176967 percent	0.008740 percent	1.185707 percent
Industrial	1.158327 percent	1.158327 percent	0.007722 percent	1.166049 percent	0.005792 percent	1.171841 percent
Pipelines	0.830205 percent	0.830205 percent	0.016604 percent	0.846809 percent	0.012453 percent	0.859262 percent

Farmlands	0.107899 percent	0.107899 percent	0.002158 percent	0.110057 percent	0.001618 percent	0.111675 percent
Managed Forests	0.107899 percent	0.107899 percent	0.002158 percent	0.110057 percent	0.001618 percent	0.111675 percent

6. City Council determine that the 2020 Non-Program Tax Account for Rebates to Charities in the Commercial and Industrial Property Classes be set in the amount of \$7,732,710 to fund the mandatory 2020 property tax rebates to registered charities in the commercial and industrial property classes, which provision is to be funded, for a net impact on the 2020 operating budget of zero, by the following:

- a. the additional tax rates set out below in Column III be levied as part of the general local municipal levy on the commercial classes set out in Column I and Column II to raise a further additional local municipal tax levy of \$7,573,960 to fund the total estimated rebates to registered charities for properties in the commercial classes in 2020; and

Column I	Column II	Column III
Commercial Property Classes	Bands	Additional Tax Rate to Fund Rebates to Eligible Charities
Commercial General	Unbanded	0.006102 percent
Residual Commercial	Lowest Band	0.005591 percent
Residual Commercial	Highest Band	0.006102 percent

- b. An additional tax rate of 0.001825 percent be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of \$158,750 to fund the total estimated rebates to registered charities for properties in the industrial class in 2020.

7. City Council allocate \$878,700, equivalent to 15 percent of all incremental municipal tax revenue arising from commercial and residential assessment growth in the Tax Increment Financing Zones for 2019, net of any Imagination, Manufacturing, Innovation and Technology Grants attributable to this assessment growth, to the SmartTrack Funding Reserve Fund XR173, in accordance with Part 19.e. of City Council's decision on Item EX33.1 headed Implementation of the SmartTrack Stations Program and the Metrolinx Regional Express Rail Program.

8. City Council direct the Chief Financial Officer and Treasurer to report in April to Executive Committee, or directly to Council or a special meeting of Council if necessary, on the 2020 tax rates for school purposes, and the 2020 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 2020 'clawback' rates).

9. City Council determine that:

a. the instalment dates for the 2020 final tax bills be set as follows:

- I. the regular instalment dates be July 2, August 4, and September 1 of 2020;
- ii. for taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be July 15, August 17, September 15, October 15, November 16 and December 15 of 2020; and
- iii. for taxpayers who are enrolled in the two installment program, the final instalment date be July 2, 2020; and

b. the collection of taxes for 2020, other than those levied under By-law No. 1673-2019 (the interim levy by-law) be authorized.

10. City Council adopt the application of the Creative Co-location Facilities subclasses for the Commercial, Commercial Residual and Industrial property classes for 2020, and

- a. the tax rate for municipal purposes for the Creative Co-location Facility subclass of the Commercial and Commercial Residual Property classes be set at a 50 percent reduction of the Commercial and Commercial Residual Property class tax rate for 2020; and
- b. the tax rate for municipal purposes for the Creative Co-location Facility subclass of the Industrial Property class be set at a 50 percent reduction of the Industrial Property class tax rate for 2020.

Origin

(January 6, 2020) Report from the Chief Financial Officer and Treasurer

Summary

The Budget Committee at its meeting of January 28, 2020 deferred consideration of Item 15.1 - 2020 Property Tax Rates and Related Matters to the February 4, 2020 meeting of the Budget Committee.

This report recommends the 2020 municipal tax ratios and tax rates arising from the concurrent adoption of the City of Toronto's 2020 tax supported Operating and Capital Budgets.

The 2020 tax rate increases arising from the 2020 tax supported Operating and Capital Budgets and the tax policy decisions recommended by the Budget Committee are as follows:

Table 1 - 2020 Recommended Property Tax Rate Increases

Property Class	2020 Tax Rate Increase for Operating Budget	2020 City Building Fund Tax Rate Increase	2020 Total Tax Rate Increase
Residential, New Multi-Residential, Farmland, Managed Forest, and Pipelines	2.00 percent	1.50 percent	3.50 percent

Multi- Residential	0.00 percent	0.00 percent	0.00 percent
Commercial	1.00 percent	0.75 percent	1.75 percent
Industrial	0.66 percent	0.50 percent	1.17 percent
Total Tax Rate Increase	1.43 percent	1.07 percent	2.50 percent

The report from the Chief Financial Officer and Treasurer on 2020 Property Tax Rates and Related Matters was distributed to all Members of Council on January 10, 2020 as part of the agenda for the Budget Committee meeting of January 15, 16 and 17, 2020.

Background Information

(January 6, 2020) Report from the Chief Financial Officer and Treasurer on 2020 Property Tax Rates and Related Matters

(<http://www.toronto.ca/legdocs/mmis/2020/bu/bqrd/backgroundfile-145410.pdf>)

Communications

(January 24, 2020) E-mail from Thomas Currie (BU.Main.BU16.1.1)

(January 24, 2020) E-mail from Christopher White (BU.Main.BU16.1.2)

(January 28, 2020) Letter from Mike Major, President, and Heather Nicolson-Morrison, Executive Director. COTAPSA (BU.Main.BU16.1.3)

(<http://www.toronto.ca/legdocs/mmis/2020/bu/comm/communicationfile-100818.pdf>)

(January 24, 2020) E-mail from Robert Vogel (BU.Main.BU16.1.4)

(January 27, 2020) E-mail from Jasmine Pickel, Interim Ontario Director, Canadian Taxpayers Federation (BU.Main.BU16.1.5)

(January 28, 2020) Multiple Communications from 122 individuals (BU.Main.BU16.1.6)

(<http://www.toronto.ca/legdocs/mmis/2020/bu/comm/communicationfile-100815.pdf>)

(January 24, 2020) E-mail from Jeff Mount (BU.Main.BU16.1.7)

(January 29, 2020) E-mail from Hamish Wilson (BU.Supp.BU16.1.8)