

Budget Committee

Meeting No.	30 (Special)	Contact	Matthew Green, Committee Administrator
Meeting Date	Thursday, February 4, 2021	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Video Conference	Chair	Councillor Gary Crawford

BU30.1	ACTION	Adopted		Ward: All
--------	--------	---------	--	-----------

2021 Property Tax Rates and Related Matters

Committee Decision

The Budget Committee recommends that:

1. In respect of calculations to establish 2021 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. 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 O. Reg. 121/07 to make subsections 19 (4.2), (4.3) and (4.4) apply.
2. City Council adopt the 2021 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	2021 Recommended Tax Ratios (before Graduated Tax Rates)	2021 Ending Ratios (after Graduated Tax Rates and Levy Increases)
Residential	1.000000	1.000000
Multi-Residential	2.098351	2.053182

New Multi-Residential	1.000000	1.000000
Commercial General	2.640000	2.611585
Residual Commercial –Band 1	2.574300	2.431112
Residual Commercial –Band 2	2.574300	2.611585
Industrial	2.623305	2.585658
Pipeline	1.923560	1.923561
Farmlands	0.250000	0.250000
Managed Forests	0.250000	0.250000

3. Subject to receiving the necessary amendment to O.Reg. 121/07 for the 2021 taxation year, City Council elect to raise the tax rates as follows:

a. on the restricted property classes:

i. on the Commercial Property Classes, by one-half of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class, and

ii. on the Multi-Residential Property Classes, no tax increase; and

b. on the Industrial Property Classes, by one-third of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class.

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 2021 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	0.930895
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 2021 of \$4,621,345,185 inclusive of a 0.7% residential, new multi-residential, pipeline, farmlands and managed forest tax rate increase, a 0.35% commercial tax rate increase, and a 0.23% 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 \$49,826,401 dedicated for priority transit and housing capital projects (the "City's Building Fund levy"), in accordance with Council adopted Recommendation 6 of Executive Committee Report EX22.2 (February 15, 2017) and Item EX11.26 (December 17, 2019):

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Property Class	2021 Tax Rate for General Local Municipal Levy before Graduated Tax Rates	2021 Tax Rate for General Local Municipal Levy After Graduated Tax Rates	2021 Additional Tax Rate to Fund Budgetary Levy Increase	2021 Municipal Tax Rate	2021 Additional Tax Rate to Fund City Building	2021 Municipal Tax Rate Inclusive of City Building Fund Rate
				(excluding Charity rebates)		(excluding Charity rebates)

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
				(Column III+IV)		(Column V+VI)
Residential	0.448154%	0.448154%	0.003137%	0.451291%	0.006722%	0.458013%
Multi-Residential	0.940384%	0.940384%	0.000000%	0.940384%	0.000000%	0.940384%
New Multi-Residential	0.448154%	0.448154%	0.003137%	0.451291%	0.006722%	0.458013%
Commercial General	1.183126%	1.183126%	0.004141%	1.187267%	0.008873%	1.196140%
Residual Commercial – Band 1	1.153682%	1.101366%	0.003855%	1.105221%	0.008260%	1.113481%
Residual Commercial – Band 2	1.153682%	1.183126%	0.004141%	1.187267%	0.008873%	1.196140%
Industrial	1.175644%	1.175644%	0.002743%	1.178387%	0.005878%	1.184265%
Pipelines	0.862051%	0.862051%	0.006034%	0.868085%	0.012931%	0.881016%
Farmlands	0.112038%	0.112038%	0.000784%	0.112823%	0.001681%	0.114504%
Managed Forests	0.112038%	0.112038%	0.000784%	0.112823%	0.001681%	0.114504%

6. City Council determine that the 2021 Non-Program Tax Account for Rebates to Charities in the Commercial and Industrial Property Classes be set in the amount of \$5,099,803 to fund the mandatory 2021 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 2021 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 \$5,007,559 to fund the total estimated rebates to registered charities for properties in the commercial classes in 2021:

Column I	Column II	Column III
Commercial Property Classes	Bands	Additional Tax Rate to Fund Rebates to Eligible Charities
Commercial General	Unbanded	0.004046%
Residual Commercial	Lowest Band	0.003767%
Residual Commercial	Highest Band	0.004046%

b. an additional tax rate of 0.001081% be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of \$92,244 to fund the total estimated rebates to registered charities for properties in the industrial class in 2021.

7. City Council allocate \$2,725,395 to the SmartTrack Funding Reserve Fund XR173, in accordance with Item 2018.EX33.1, Part 19.e. (April 24, 25, 26, and 27 2018); this figure is composed of the accumulated base of \$1,813,702 plus \$911,693, equivalent to 15 percent of all incremental municipal tax revenue arising from commercial and residential assessment growth in the Tax Increment Financing Zones for 2020, net of any Imagination, Manufacturing, Innovation and Technology (IMIT) Grants attributable to this assessment growth.

8. City Council direct the Chief Financial Officer and Treasurer to report to Executive Committee, or directly to Council or a special meeting of Council if necessary, on the 2021 tax rates for school purposes, and the 2021 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 2021 ‘clawback’ rates).

9. City Council determine that:

a. the instalment dates for the 2021 final tax bills be set as follows:

i. the regular instalment dates be July 2, August 3, and September 1 of 2021;

ii. for taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be July 15, August 16, September 15, October 15, November 15 and December 15 of 2021; and

iii. for taxpayers who are enrolled in the two installment program, the final instalment date be July 2, 2021; and

b. the collection of taxes for 2021, other than those levied under By-law No. 1038-2020 (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 2021.

11. City Council temporarily suspend the following eligibility criteria requirements for the Creative Co-Location Facilities Subclasses in the Toronto Municipal Code, Chapter 767, Taxation, Property Tax, in 2020 and 2021, in order to assist creative enterprises to remain in the subclass while the COVID-19 pandemic and public health emergency orders are obstructing them from meeting these criteria:

a. for the Tenant-Based Model:

i. that a minimum of 51 percent of the tenants of the property be tenant creative enterprises;

ii. that tenant creative enterprises must occupy at least 51 percent of the property's net rentable area; and

iii. that a minimum of 12 cultural programs be offered free of charge to the public at the property over a minimum of 10 months in each calendar year; and

b. for the Membership-Based Model:

i. that the operator must provide members access to and use of the following shared resources for a minimum of 8 hours per day, 5 days per week:

a. work space consisting of office or production space;

b. meeting or conference space;

c. high-speed wireless internet access that meets minimum standards established by the Canadian Radio-Television and Telecommunication (CRTC); and

d. office equipment;

ii. that a minimum of 25 professional development programs, services or events must be offered to members, in the calendar year.

12. City Council amend the eligibility criteria requirements for the Creative Co-Location Facilities Subclasses in the Toronto Municipal Code, Chapter 767, Taxation, Property Tax, in 2021, to require that property owners pass on tax savings resulting from inclusion in the subclasses to their tenant operators of the live music venue within 12 months of each year's application deadline so as to remain eligible for future years.

13. City Council authorize the appropriate officials to take the necessary actions to give effect to Council's decision and authorize the introduction of the necessary bills in Council.

Origin

(January 25, 2021) Report from the Chief Financial Officer and Treasurer

Summary

This report recommends the 2021 municipal tax ratios and tax rates arising from the concurrent adoption of the City of Toronto's 2021 tax supported Operating and Capital Budgets.

The 2021 tax rate increases arising from the 2021 tax supported Operating and Capital Budgets and the tax policy decisions recommended by the Budget Committee are as follows:

Table 1 - 2021 Recommended Property Tax Rate Increases

Property Class	2021 Tax Rate Increase for Operating Budget	2021 City Building Fund Tax Rate Increase	2021 Total Tax Rate Increase
Residential, New Multi-Residential, Farmland, Managed Forest, and Pipelines	0.70%	1.50%	2.20%
Multi- Residential	0.00%	0.00%	0.00%
Commercial	0.35%	0.75%	1.10%
Industrial	0.23%	0.50%	0.73%
Total Tax Rate Increase	0.51%	1.08%	1.59%

Background Information

(January 25, 2021) Report from the Chief Financial Officer and Treasurer on 2021 Property Tax Rates and Related Matters

(<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-163036.pdf>)

