TORONTO

STAFF REPORT
ACTION REQUIRED

Supplementary Report - 2011 Clawback Rates By-Laws

Date:	April 11, 2011
To:	City Council
From:	Deputy City Manager and Chief Financial Officer
Wards:	All Wards
Reference Number:	P:\2011\Internal Services\Cf\Cc11012cf (AFS #13776)

SUMMARY

This report recommends the 2011 percentage of the property tax decreases (the 'clawback' rates) required to recover the revenues foregone as a result of the cap limit on CVA increases for properties in the commercial, industrial and multi-residential property classes, as provided for by legislation.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends to Council that:

1. Council enact a by-law for the 2011 taxation year to reduce tax decreases for the 2011 taxation year on properties in the commercial, industrial and multi-residential property classes by the percentage of the tax decrease set out in Column II in order to recover the revenues foregone as a result of capping:

Column I (Property Class)	Column II (Clawback Percentage)	Column III (Allowable Decrease)
Commercial	80.243297%	19.756703%
Industrial	59.971136%	40.028864%
Multi-residential	23.941257%	76.058743%

Financial Impact

There is no direct financial implication to the City of Toronto arising from adoption of the Clawback Rates. The foregone revenue resulting from the legislated limit on Current

Value Assessment (CVA) related tax increase (5% cap) for the commercial, industrial and multi-residential property tax classes is funded by withholding (clawing-back) a portion of the decrease that would otherwise be recognized within each class, with no budgetary funding implications for the City.

DECISION HISTORY

The report from the Deputy City Manager and Chief Financial Officer, headed '2011 Education Property Tax Rates and 2011 Clawback Rates By-Laws (April 5, 2011)' advised that the 2011 clawback rates would be reported directly to Council at its meeting scheduled for April 12-13, 2011.

These clawback rates are calculated immediately in advance of the April Council meeting so that they may reflect the most current information contained in the tax system, including the processing of all assessment appeals on hand at that time.

The report respecting the 2010 Clawback Rates can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX42.2

COMMENTS

Chart 1 below sets out the percentage reductions in the tax decreases for 2011 (the "clawback rate") necessary to fund the foregone revenue resulting from the 5% cap on tax increases for 2011 in each property class. The "allowable decrease" (Column III) represents the percentage of the tax decrease allowed for those properties that are experiencing tax reductions under CVA.

Chart 1 – 2011 Clawback Rates

Column I	Column II	Column III
(Property Class)	(Clawback Percentage)	(Allowable Decrease)
Commercial	80.243297%	19.756703%
Industrial	59.971136%	40.028864%
Multi-residential	23.941257%	76.058743%

Chart 2 below shows the progress to CVA-level of taxation between 2009 and 2011. It shows that, for 2011, 44% of commercial properties have reached their full CVA-level of taxation, and approximately 40% of properties in the industrial and multi-residential classes have reached their full CVA-level of taxation.

Chart 2
Progress to Full-CVA Level of Taxation

		2009 Tax Year		2010 Tax Year		2011 Tax Year	
Tax Class	CVA Status	2009	% of Class Total	2010	% of Class Total	2011	% of Class Total
Commercial							
	Capped	13,540	40%	11,563	34%	9,995	29%
	Clawed-Back	10,497	31%	10,001	29%	9,539	28%
	At CVA	10,140	30%	12,833	37%	15,164	44%
		34,177		34,397		34,698	
Industrial							
	Capped	650	16%	495	12%	409	10%
	Clawed-Back	2,113	50%	2,012	49%	1,936	47%
	At CVA	1,425	34%	1,637	40%	1,704	41%
		4,188		4,144		4,049	
Multi-Residential							
	Capped	354	8%	225	5%	162	4%
	Clawed-Back	2,546	59%	2,472	58%	2,452	57%
	At CVA	1,393	32%	1,570	37%	1,624	38%
		4,293		4,267		4,238	

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SIGNATURE

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Deputy City Manager and Chief Financial Officer