



## Decision Letter

### Budget Committee

<b>Meeting No.</b>	21 (Special)	<b>Contact</b>	Merle MacDonald, Committee Administrator
<b>Meeting Date</b>	Monday, January 9, 2012	<b>Phone</b>	416-392-7340
<b>Start Time</b>	9:30 AM	<b>E-mail</b>	buc@toronto.ca
<b>Location</b>	Committee Room 1, City Hall	<b>Chair</b>	Councillor Mike Del Grande

BU21.3	ACTION	No Action		Ward:All
--------	--------	-----------	--	----------

#### 2012 Property Tax Rates and Related Matters

##### Committee Decision

The Budget Committee recommends to the Executive Committee that:

1. City Council again elect to raise the tax rates on the restricted property classes (commercial, industrial, and multi-residential) by one-third of the percentage tax rate increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests) as adopted by Council as policy during consideration of the “Enhancing Toronto’s Business Climate” initiative in October 2005, and in accordance with Provincial Regulation.
2. City Council adopt the 2012 tax ratios shown in Column II (before budgetary levy increase) for each of the property classes set out below in Column I, which together with the 2012 municipal budgetary tax levy increase as recommended in Recommendation 4(b) and the graduated tax rate for the Residual Commercial Class as recommended in Recommendation 3, will result in the 2012 ending tax ratios shown in Column III:

Column I	Column II	Column III
Property Class	2012 Recommended Tax Ratios (before levy increase)	2012 Ending Ratios (after levy increase and graduated tax rates)
Residential	1.000000	1.000000
Multi-Residential	3.316402	3.262476
New Multi-Residential	1.000000	1.000000
Commercial General - Unbanded	3.212000	3.159772
Residual Commercial – Lowest Band	3.070000	2.853527
Residual Commercial – Highest Band	3.070000	3.159772
Industrial	3.212000	3.159772
Pipeline	1.923564	1.923564

Farmlands	0.250000	0.250000
Managed Forests	0.250000	0.250000

3. 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 2012 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	Less than or equal to \$1,000,000	0.9030799
Residual Commercial	Highest Band	Greater than \$1,000,000	1.0000000

4. City Council adopt:

- a. the tax rates set out below in Column III, which rates will raise a local municipal general tax levy for 2012 of \$3,630,021,745; and
- b. the tax rates set out below in Column IV, which rates represent a 2.50% increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests) and a 0.833% increase on the restricted property classes (commercial, industrial, and multi-residential) and which rates will raise an additional local municipal tax levy for 2012 of \$57,633,959 to fund the 2012 operating budget tax levy increase, as determined in accordance with legislative requirements.

Column I	Column II	Column III	Column IV	Column V
Property Class	2012 Tax Rate for Base General Local Municipal Levy Before Graduated Tax rates	2012 Tax Rate for General Local Municipal Levy After Graduated Tax Rates	2012 Additional Tax Rate to Fund Budgetary Levy Increase)	2012 Ending Municipal Tax Rate (excluding Charity rebates)
Residential	0.5367786%	0.5367786%	0.0134195%	0.5501981%
Multi-Residential	1.7801734%	1.7801734%	0.0148348%	1.7950082%
New Multi-Residential	0.5367786%	0.5367786%	0.0134195%	0.5501981%
Commercial General - Unbanded	1.7241328%	1.7241328%	0.0143678%	1.7385006%
Residual Commercial - Lowest Band	1.6479102%	1.5570296%	0.0129752%	1.5700048%
Residual Commercial - Highest Band	1.6479102%	1.7241328%	0.0143678%	1.7385006%
Industrial	1.7241328%	1.7241328%	0.0143678%	1.7385006%
Pipelines	1.0325279%	1.0325279%	0.0258132%	1.0583411%
Farmlands	0.1341947%	0.1341947%	0.0033549%	0.1375495%

Managed Forests	0.1341947%	0.1341947%	0.0033549%	0.1375495%
-----------------	------------	------------	------------	------------

5. The 2012 Non-Program Tax Account for Rebates to Charities in the Commercial and Industrial Property Classes be set in the amount of \$5,329,092 to fund the mandatory 2012 property tax rebates to registered charities in the commercial property classes, which provision is to be funded, for a net impact on the 2012 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 \$5,329,092 to fund the total estimated rebates to registered charities for properties in the commercial classes in 2012.

Column I	Column II	Column III
Commercial Property Classes	Bands	Additional Tax Rate to Fund Rebates to Eligible Charities
Commercial General	Unbanded	0.0070249%
Residual Commercial	Lowest Band	0.0063441%
Residual Commercial	Highest Band	0.0070249%

6. With respect to the Capping and Clawback of taxes in the commercial, industrial and multi-residential property classes:
- a. City Council adopt the continued limiting of reassessment-related tax increases for the commercial, industrial, and multi-residential property classes at a cap of 5% of the preceding year's current value assessment taxes for the 2012 taxation year.
- b. City Council adopt the continued removal of properties from the capping and clawback system once they have reached their full CVA-level of taxation for the 2012 tax year.
7. City Council direct the Deputy City Manager and Chief Financial Officer to report directly to Council at its meeting scheduled for April 10 and 11, 2012, on the 2012 tax rates for school purposes, and the 2012 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 2012 'clawback' rates).
8. City Council again adopt the phase-out of the comparable property tax treatment for new construction in the commercial, industrial and multi-residential classes by maintaining the minimum property taxes for new construction at 100% of the full uncapped CVA level of taxes for 2012 and future years.
9. As in past years, the instalment dates for the 2012 final tax bills be set as follows:
- a. The regular instalment dates be the first business days of July, August and September.

- b. For taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be the 15th, or first business day thereafter, of each of the months of July to December.
  - c. For taxpayers who are enrolled in the two installment program, the final instalment date be July 3, 2012.
10.
  - a. The collection of taxes for 2012, other than those levied under By-law No. 1412-2012 (the interim levy by-law) be authorized, and,
  - b. A penalty charge for non-payment of taxes of 1.25 percent of taxes due and unpaid be added on the first day of default, and interest be charged at a rate of 1.25 percent per month on all outstanding taxes accruing from the first day of default.
11. The appropriate officials be authorized to take the necessary action to give effect thereto and authority be granted for the introduction of the necessary bills in Council.

### **Origin**

(January 3, 2012) Report from the Deputy City Manager and Chief Financial Officer

### **Summary**

This report presents the 2012 municipal tax ratios and 2012 municipal tax rates together with the Current Value Assessment (CVA) changes for 2012. Specifically, the tax ratios and rates recommended in this report provide for:

- continuation of the City's Enhancing Toronto's Business Climate strategy in lowering business tax rates;
- continued property tax assistance for low-income seniors and low-income disabled persons; and
- continued support to encourage the development of purpose-built rental properties.

### **Background Information**

(January 3, 2012) Report from the Deputy City Manager and Chief Financial Officer on 2012 Property Tax Rates and Related Matters

(<http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-43962.pdf>)

(January 3, 2012) Report from the Deputy City Manager and Chief Financial Officer on 2012 Property Tax Rates and Related Matters (Notice of Pending Report)

(<http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-43920.pdf>)

(January 9, 2012) Presentation from the Deputy City Manager and Chief Financial Officer to the Budget Committee meeting on January 9, 2012

(<http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-44278.pdf>)