



## STAFF REPORT ACTION REQUIRED

### 2013 Heads and Beds Levy on Institutions

<b>Date:</b>	June 14, 2013
<b>To:</b>	Executive Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Internal Services\rev\ec13018rev (AFS17012)

#### SUMMARY

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This report requests authority to adopt a by-law to levy amounts for the 2013 taxation year for public hospitals, universities and colleges, and correctional facilities (the “institutions”), estimated at approximately \$16 million (annual “Heads and Beds” levy).

#### RECOMMENDATIONS

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**The Treasurer recommends that:**

1. City Council authorize the levy and collection of amounts for the 2013 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 prescribed 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 Treasurer to report directly to Council at its scheduled meeting of July 16-17, 2013 on the final 2013 “Heads and Beds” levy should the final 2013 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 2013 taxation year on hospitals, colleges and universities and correctional facilities.

## Financial Impact

Estimated revenue of approximately \$16.1 million will be raised through the 2013 levy on institutions. While the Province has provided 2013 final capacity figures for universities, hospitals and correctional facilities, the 2013 capacity figures for colleges have not been received to date from the Province. As such, the 2013 levy for colleges has been estimated using 2012 capacity figures. The total estimated levy amount for 2013 is similar to the range of the levy amounts reported for the past three years (2010-2012), which vary from \$15 to \$16 million. (Table 1).

**Table 1  
Payments in Lieu Levy on Institutions 2010 – 2013**

Taxation Year	Universities		Colleges (i)		Hospitals		Correctional Facilities		Total	
	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)	Capacity Figures	Amount (\$)
2010	121,855	\$9,139,125	62,103	\$4,657,725	15,143	\$1,135,725	1,740	\$130,500	200,841	\$15,063,075
2011	142,267	\$10,670,025	47,719	\$3,578,925	15,156	\$1,136,700	1,734	\$130,050	206,876	\$15,515,700
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
2013	130,028	\$9,752,100	68,630(ii)	\$5,147,250 (ii)	15,050	\$1,128,750	1,617	\$121,275	215,325 (ii)	\$16,149,375(ii)

- i. The 2013 capacity figures for colleges have not been received from the Province, therefore the levy has been estimated using the 2012 capacity figures.
- ii. Estimated totals, to be confirmed once final 2013 capacity figures for colleges are received.

The Non-Program 2013 Operating Budget includes an estimate of 2013 revenues of approximately \$15.9 million, based on the 2012 final levy, which reflected 2012 capacity figures and the rate of \$75 per space.

Should the final 2013 capacity figures for colleges be received from the Province prior to Council's scheduled meeting of July 16-17, 2013, the Treasurer will report directly to Council at that meeting on the revenues associated with the final 2013 "Heads and Beds" levy. If the capacity figures are not received by the July Council meeting, the actual 2013 Heads and Beds revenues will be reported by way of the third quarter operating budget variance report, reflecting any difference between the actual and budgeted amounts for 2013.

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

## DECISION HISTORY

At its meeting held on July 11, 12 and 13, 2012, City Council, while considering report EX21.5: "2012 Heads and Beds Levy on Institutions," dated May 18, 2012, adopted the recommendations authorizing the levy and collection of amounts for the 2012 taxation year on hospitals, colleges and universities and correctional facilities.

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

<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-47365.pdf>  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.5>

## **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 2013. 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 2013 final capacity figures for universities, hospitals and correctional facilities, the capacity figures for colleges needed to calculate the final 2013 levy have not been received from the Ministry to date. The 2013 Heads and Beds revenues for colleges is being estimated using the capacity figures received for 2012. The total revenue for all institutions has been estimated at approximately \$16.1 million. The letter dated June 12, 2013 from the Ministry of Municipal Affairs and Housing (Attachment 1) provides an explanation as to why the Ministry is not providing capacity figures for colleges at this time.

The by-law authorizing the levy for the 2013 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 2013 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 by-law at this time will authorize and allow staff to issue and collect the 2013 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, 2013. Assuming that the City's by-law is enacted by Council at its meeting of July 16 and 17, 2013, it is anticipated that the taxes levied on institutions will be billed in July or August (depending on when the figures are received from the Ministry) and will become due and payable on or before September 3, 2013.

Delaying the adoption of the levy by-law until such time as the college capacity figures are available will delay collection of approximately \$16 million to the last quarter of 2013.

## **CONTACT**

Casey Brendon, Director, Revenue Services

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## **SIGNATURE**

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Giuliana Carbone  
Treasurer

## **ATTACHMENTS**

Attachment 1: Letter dated June 12, 2013 from the Ministry of Municipal Affairs and Housing headed: 2013 Taxes: Institutional Capacity Listing

Attachment 1

Ministry of  
Municipal Affairs  
and Housing  
Municipal Programs &  
Education Branch  
777 Bay Street, 3rd Floor  
Toronto ON M5G 2E5  
Phone: (416) 585-7296  
Fax: (416) 585-7230

Ministère des  
Affaires municipales  
et du Logement  
Direction des programmes municipaux  
et de la formation du personnel  
777, rue Bay, 3<sup>e</sup> étage  
Toronto ON M5G 2E5  
Téléphone: (416) 585-7296  
Télécopieur: (416) 585-7230



June 12, 2013

To: **Municipalities entitled to tax levy under section 323 of the Municipal Act**

Re: **2013 Taxes: Institutional Capacity Listing**

Attached is the listing of institutional capacities for institutions in your municipality, for the purpose of 2013 tax levy under section 323 of the Municipal Act.

This listing excludes capacity data for colleges in your municipality, as this data has not been finalized by the Ministry of Training, Colleges & Universities (MTCU). MTCU has informed us that they are currently in the final stages of implementing a new enrolment reporting system for all colleges of applied arts and technology. They hope to receive the required enrolment data from the colleges by June 30, 2013. Accordingly, we expect to provide you the data for your billing to colleges in July 2013.

We apologise for any delay it may cause for collection of tax levies from the colleges. If you have any questions or concerns, please call Barry McCartan of MTCU at 416-325-9231.

Sincerely,

A handwritten signature in cursive script that reads "Sanjay Sharda".

Sanjay Sharda  
Program & Financial Administration Officer  
Transfer Payment Unit