



STAFF REPORT ACTION REQUIRED

2016 Heads and Beds Levy on Institutions

| | |
|--------------------------|---|
| Date: | June 14, 2016 |
| To: | Executive Committee |
| From: | Treasurer |
| Wards: | All |
| Reference Number: | P:\2016\Internal Services\rev\ec16012rev (AFS22567) |

SUMMARY

This report requests Council authority to adopt a by-law to levy amounts for the 2016 taxation year for colleges and universities, public hospitals, and correctional facilities (the “institutions”), estimated at approximately \$17.8 million (annual “Heads and Beds” levy).

RECOMMENDATIONS

The Treasurer recommends that:

1. City Council authorize the levy and collection of amounts for the 2016 taxation year on colleges and universities, public hospitals, 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.

Financial Impact

Estimated revenue of approximately \$17.8 million will be raised through the 2016 levy on institutions. The Province has provided 2016 final capacity figures for colleges and universities, hospitals and correctional facilities in a letter dated June 10, 2016 (Attachment 1). The estimated levy amount for 2016 is similar to the range of the levy amounts reported for the past three (3) years (2013 -2015), which vary from \$16 to \$18 million (Table 1).

Table 1

Payments in Lieu Levy on Institutions 2013 – 2016

| Taxation Year | Universities | | Colleges | | Hospitals | | Correctional Facilities | | Total | |
|---------------|------------------|--------------|------------------|-------------|------------------|-------------|-------------------------|-------------|------------------|--------------|
| | Capacity Figures | Amount (\$) | Capacity Figures | Amount (\$) | Capacity Figures | Amount (\$) | Capacity Figures | Amount (\$) | Capacity Figures | Amount (\$) |
| 2016 | 145,806 | \$10,935,450 | 74,397 | \$5,579,775 | 15,469 | \$1,160,175 | 1,372 | \$102,900 | 237,044 | \$17,778,300 |
| 2015 | 142,003 | \$10,650,225 | 71,447 | \$5,358,525 | 15,082 | \$1,131,150 | 1,152 | \$86,400 | 229,684 | \$17,226,300 |
| 2014 | 139,105 | \$10,432,875 | 69,849 | \$5,238,675 | 15,069 | \$1,130,175 | 1,748 | \$131,100 | 225,771 | \$16,932,825 |
| 2013 | 137,021 | \$10,276,575 | 66,716 | \$5,003,700 | 15,050 | \$1,128,750 | 1,617 | \$121,275 | 220,404 | \$16,530,300 |

The Non-Program 2016 Operating Budget includes an estimate of 2016 revenues of approximately \$17.23 million.

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

DECISION HISTORY

At its meeting held on July 7, 8 and 9, 2015, Toronto City Council, while considering item EX7.22: "2015 Heads and Beds Levy on Institutions," dated June 15, 2015, adopted the recommendations authorizing the levy and collection of amounts for 2015 and amended the recommendation by adding the following recommendations:

4. *City Council again forward the 2014 report on the Heads and Beds Levy on Institutions to the Premier of Ontario, Minister of Finance with the request that the \$75.00 levy be increased annually by the rate of inflation.*
5. *City Council forward this Item to the Association of Municipalities of Ontario (AMO).*

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

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.22>

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, public 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 2016. This is an annual levy that applies each year to colleges and universities, public hospitals, and correctional institutions. The levy amounts in the report were calculated using the actual capacity figures for colleges and universities, hospitals and correctional facilities received from the Ministry of Municipal Affairs and Housing (Attachment 1). The total revenue for all institutions has been calculated to approximately \$17.8 million.

Adopting the by-law at this time will authorize and allow staff to issue and collect the 2016 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, 2016. Assuming that the City's by-law is enacted by Toronto City Council at its meeting of July 12, 2016, it is anticipated that the taxes levied on institutions will be billed in August and will become due and payable on or before September 2, 2016.

Delaying the adoption of the levy by-law will delay collection of approximately \$17.8 million to the last quarter of 2016.

Council's request for regulatory amendments

Based on Section 285 of the *City of Toronto Act, 2006* and as prescribed by *Ontario Regulation 121/07*, the City of Toronto levies a maximum of \$75 per provincially rated hospital bed, full time student, or resident place.

In 1970, the fixed rate for universities per full time student was \$25. In 1973, the rate increased to \$50 and included hospitals and provincial correctional facilities and in 1987, the rate increased to its current level of \$75.

As early as 1998, Toronto City Council has consistently maintained that the Heads and Beds rate should be increased to a level that reflects what these properties would pay if they were taxed based on current value assessment (CVA) and the applicable tax rates, or at a minimum, be increased annually to reflect inflation.

In 2001, Toronto City Council again recommended that the Heads and Beds rates be increased annually to reflect inflation and that increases to the rate be phased-in over time until these institutions pay the equivalent of property taxes. Council adopted similar recommendations in 2004, 2005 and 2006.

In July 16, 2013, Toronto City Council adopted a recommendation requesting that the Province of Ontario enact regulations to prescribe a rate of not less than \$135.29 for each full time student, provincially rated bed, or resident place for the 2013 taxation year, which reflects inflationary increases since 1987 when the current \$75 rate was enacted. In addition, Council approved that the Heads and Beds rate should be adjusted annually in each future year to reflect an average annual inflationary increase.

In August 2013, in accordance with Council's July 2013 amended recommendations for the "2013 Heads and Beds Levy on Institutions" report, City staff requested that the Province consider the above noted legislative/regulatory changes in the taxation of these institutions.

Most recently in July 2015, Toronto City Council directed that the 2014 report be forwarded to the Premier of Ontario and the Minister of Finance, requesting that the \$75 levy be increased annually by the rate of inflation. To date, the Province has not committed to any review of the legislative or regulatory provisions that govern the levy on provincial institutions. If the rates had been increased to reflect increases in the Consumer Price Index in each year from 1987 to 2016 (such that the 2016 rate would be \$142.44 for each full time student, provincially rated bed, or resident place), an additional \$16.0 million in tax revenue would be received in 2016.

Toronto City Council's approved position has been identified to the Province as part of the City's 2015 review of the *City of Toronto Act, 2006*.

CONTACT

Casey Brendon, Director, Revenue Services

Phone: (416) 392-8065, Fax: (416) 696-4230, E-mail: cbrendo@toronto.ca

SIGNATURE

Mike St. Amant
Treasurer

ATTACHMENTS

Attachment 1: Letter dated June 10, 2016 from the Ministry of Municipal Affairs and Housing, Municipal Programs & Education Branch headed: "Capacity of Institutions Information for the year 2016".

Attachment 1

**Ministry of
Municipal Affairs
and Housing**

Municipal Programs &
Education Branch
777 Bay Street, 16th Floor
Toronto ON M5G 2E5
Phone: (416) 585-6096
Fax: (416) 585-7292

**Ministère des
Affaires municipales
et du Logement**

Direction des programmes municipaux
et de la formation du personnel
777, rue Bay, 16^e étage
Toronto ON M5G 2E5
Téléphone: (416) 585-6096
Télécopieur: (416) 585-7292



June 10, 2016

Sent by email : mstaman@toronto.ca

Mike St. Amant
Treasurer
City of Toronto
55 John St, 14th Floor Metro Hall
Toronto, ON M5V 3C6

Dear Mike St. Amant:

Re: Capacity of Institutions Information for the year 2016

I am pleased to provide you with updated capacity of institution(s) information in your municipality provided to us by the particular ministry designated for each institution.

In accordance with the current regulations, your municipality may levy an amount up to \$75 per rated capacity designated for each institution listed below. The levy amount is provided in the right-hand column.

| <u>Institutions</u> | <u>Capacity</u> | <u>Levy Amount</u> |
|---|-----------------|--------------------|
| Baycrest Hospital | 300 | \$22,500 |
| Bloorview Kids Rehab | 75 | \$5,625 |
| Bridgepoint Hospital | 784 | \$58,800 |
| Casey House - St Mikes | 13 | \$975 |
| Centennial College - Ashtonbee Campus | 2108 | \$158,100 |
| Centennial College - Centennial Science and Technology Centre | 2996 | \$224,700 |
| Centennial College - Centre for Creative Communications | 1143 | \$85,725 |
| Centennial College - Progress Campus | 8104 | \$607,800 |
| Centre For Addiction & Mental Health | 654 | \$49,050 |
| East General Hospital (The) | 650 | \$48,750 |
| Emmanuel College | 89 | \$6,675 |
| George Brown College - Casa Loma | 5449 | \$408,675 |
| George Brown College - Hospitality and Tourism Centre | 3202 | \$240,150 |
| George Brown College - Main Campus / St. James | 7536 | \$565,200 |
| George Brown College - Waterfront Campus | 2684 | \$201,300 |
| George Brown College - Young Centre for the Performing Arts | 99 | \$7,425 |
| Glendon College | 2457 | \$184,275 |
| Hospital For Sick Children | 699 | \$52,425 |

| <u>Institutions</u> | <u>Capacity</u> | <u>Levy Amount</u> |
|--|-----------------|--------------------|
| Humber College - Lakeshore & Robert A. Gordon Learning Centre .. | 9141 | \$685,575 |
| Humber College - North Campus | 15355 | \$1,151,625 |
| Humber River Regional Hospital (Church Site) | 355 | \$26,625 |
| Humber River Regional Hospital (Wilson) | 656 | \$49,200 |
| Humber River Regional Hospital (York-Finch site) | 303 | \$22,725 |
| Knox College..... | 76 | \$5,700 |
| Mount Sinai Hospital | 574 | \$43,050 |
| North York General | 898 | \$67,350 |
| Ontario College of Art & Design..... | 3491 | \$261,825 |
| Ottawa - Toronto(Glendon) campus | 34 | \$2,550 |
| Regis College..... | 66 | \$4,950 |
| Rouge Valley Health System | 575 | \$43,125 |
| Runnymede Healthcare Centre | 200 | \$15,000 |
| Ryerson University | 28159 | \$2,111,925 |
| Salvation Army Grace Hospital | 117 | \$8,775 |
| Scarborough Hospital, The | 1072 | \$80,400 |
| Scarborough Providence Healthcare..... | 344 | \$25,800 |
| Seneca College - Jane Campus | 194 | \$14,550 |
| Seneca College - Newnham Campus..... | 11154 | \$836,550 |
| Seneca College - Seneca @ York Campus..... | 5232 | \$392,400 |
| St. Augustine's College | 55 | \$4,125 |
| St. Joseph's Health Centre | 611 | \$45,825 |
| St. Michael's | 701 | \$52,575 |
| St. Michael's College (Theology only)..... | 60 | \$4,500 |
| Sunnybrook Health Sciences Centre | 1527 | \$114,525 |
| Toronto East Detention Centre | 368 | \$27,600 |
| Toronto School of Theology..... | 1 | \$75 |
| Toronto South Detention Centre..... | 1004 | \$75,300 |
| Trillium Health Partners - Queensway Health Centre..... | 429 | \$32,175 |
| Trinity College (Theology only) | 55 | \$4,125 |
| University Health Network..... | 2470 | \$185,250 |
| University of Guelph - Humber Campus | 4202 | \$315,150 |
| University of Toronto (includes federated Arts Colleges) | 53930 | \$4,044,750 |
| University of Toronto Scarborough (formerly Scarborough College) | 11770 | \$882,750 |
| West Park Hospital | 463 | \$34,725 |
| William Osler (Etobicoke Site) | 508 | \$38,100 |
| Women's College Hospital | 491 | \$36,825 |
| Wycliffe College | 138 | \$10,350 |
| York University | 41223 | \$3,091,725 |

The appropriate tax bill should be sent directly to each institution for payment. Please note that in accordance with Section 323 of the Municipal Act, institutions do not have to remit payment until July 1, 2016.

Should you have any question regarding the information provided, please do not hesitate to contact Subanki Lingendran at 416-585-6159.

Yours sincerely,



Karen Partanen
Manager, Information and Analysis Unit
Municipal Programs and Education Branch
Ministry of Municipal Affairs and Housing