EX13.1

TORONTO

REPORT FOR ACTION

2020 Property Tax Rates and Related Matters

Date: January 6, 2020
To: Budget Committee
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report recommends the 2020 municipal tax ratios and tax rates arising from the concurrent adoption of the City of Toronto's 2020 tax supported Operating and Capital Budgets.

The 2020 tax rate increases arising from the 2020 tax supported Operating and Capital Budgets and the tax policy decisions recommended by the Budget Committee are as follows:

Table 1 - 2020 Recommended Property Tax Rate Increases

Property Class	2020 Tax Rate Increase for Operating Budget	2020 City Building Fund Tax Rate Increase	2020 Total Tax Rate Increase
Residential, New Multi-Residential, Farmland, Managed Forest, and Pipelines	2.00%	1.50%	3.50%
Multi- Residential	0.00%	0.00%	0.00%
Commercial	1.00%	0.75%	1.75%
Industrial	0.66%	0.50%	1.17%
Total Tax Rate Increase	1.43%	1.07%	2.50%

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. In respect of calculations to establish 2020 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) subject to receiving the necessary amendment to O. Reg. 121/07 for the 2020 taxation year, to exclude the assessment of a property in a property class from the calculation of the total assessment of the properties in that property class if the current value of the property has increased by 100 percent or more or decreased by 25 percent or more, in accordance with subsection 2.2(4), paragraph 2 of Ontario Regulation 121/07 ("O.Reg. 121/07"); and

(b) 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 2020 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	2020 Recommended Tax Ratios (before Graduated Tax Rates)	2020 Ending Ratios (after Graduated Tax Rates and Levy Increases)
Residential	1.000000	1.000000
Multi-Residential	2.178843	2.105163
New Multi-Residential	1.000000	1.000000
Commercial General	2.700000	2.654348
Residual Commercial –Band 1	2.619000	2.432193
Residual Commercial –Band 2	2.619000	2.654348
Industrial	2.683811	2.623306
Pipeline	1.923563	1.923563
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 2020 taxation year, City Council elect to raise the tax rates on the restricted property classes as follows:

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

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

(iii) on the Multi-Residential Property Classes, no tax increase.

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 2020 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	0.916305
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 2020 of $4,509,055,431 inclusive of a 2.0% residential, new multi-residential, pipeline, farmlands and managed forest tax rate increase, a 1.0% commercial tax rate increase, and a 0.66% industrial tax rate increase.

(b) the additional tax rates set out below in Column VI, which rates will raise an additional special general tax levy of $47,573,413 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	2020 Tax Rate for General Local Municipal Levy before Graduated Tax Rates	2020 Tax Rate for General Local Municipal Levy After Graduated Tax Rates	2020 Additional Tax Rate to Fund Budgetary Levy Increase	2020 Municipal Tax Rate (excluding Charity rebates)	2020 Additional Tax Rate to Fund City Building	2020 Municipal Tax Rate Inclusive of City Building Fund Rate (excluding Charity rebates)
				(Column III+IV)		(Column V+VI)
Residential	0.431598%	0.431598%	0.008632%	0.440230%	0.006474%	0.446704%
Multi-Residential	0.940384%	0.940384%	0.000000%	0.940384%	0.000000%	0.940384%
New Multi-Residential	0.431598%	0.431598%	0.008632%	0.440230%	0.006474%	0.446704%
Commercial General	1.165314%	1.165314%	0.011653%	1.176967%	0.008740%	1.185707%
Residual Commercial – Band 1	1.130354%	1.067783%	0.010678%	1.078461%	0.008008%	1.086469%
Residual Commercial – Band 2	1.130354%	1.165314%	0.011653%	1.176967%	0.008740%	1.185707%
Industrial	1.158327%	1.158327%	0.007722%	1.166049%	0.005792%	1.171841%
Pipelines	0.830205%	0.830205%	0.016604%	0.846809%	0.012453%	0.859262%
Farmlands	0.107899%	0.107899%	0.002158%	0.110057%	0.001618%	0.111675%
Managed Forests	0.107899%	0.107899%	0.002158%	0.110057%	0.001618%	0.111675%

6. City Council determine that the 2020 Non-Program Tax Account for Rebates to Charities in the Commercial *and* Industrial Property Classes be set in the amount of $7,732,710 to fund the mandatory 2020 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 2020 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 $*7,573,960* to fund the total estimated rebates to registered charities for properties in the commercial classes in 2020.

Column I	Column II	Column III
Commercial Property Classes	Bands	Additional Tax Rate to Fund Rebates to Eligible Charities
Commercial General	Unbanded	0.006102%
Residual Commercial	Lowest Band	0.005591%
Residual Commercial	Highest Band	0.006102%

(b) An additional tax rate of 0.001825% be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of $158,750 to fund the total estimated rebates to registered charities for properties in the industrial class in 2020.

7. Allocate $878,700, equivalent to 15 percent of all incremental municipal tax revenue arising from commercial and residential assessment growth in the Tax Increment Financing Zones for 2019, net of any Imagination, Manufacturing, Innovation and Technology Grants attributable to this assessment growth, to the SmartTrack Funding Reserve Fund XR173, in accordance with Council adopted Recommendation 19 (e) of Executive Committee Report EX33.1 (April 24, 2018).

8. City Council direct the Chief Financial Officer and Treasurer to report in April to Executive Committee, or directly to Council or a special meeting of Council if necessary, on the 2020 tax rates for school purposes, and the 2020 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 2020 'clawback' rates).

9. City Council determine that:

(a) the instalment dates for the 2020 final tax bills be set as follows:

(i) The regular instalment dates be July 2, August 4, and September 1 of 2020.

(ii) For taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be July 15, August 17, September 15, October 15, November 16 and December 15 of 2020.

(iii) For taxpayers who are enrolled in the two installment program, the final instalment date be July 2, 2020.

(b) The collection of taxes for 2020, other than those levied under By-law No. 1673-2019 (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 2020, and

(a) the tax rate for municipal purposes for the Creative Co-location Facility subclass of the Commercial and Commercial Residual Property classes be set at a 50% reduction of the Commercial and Commercial Residual Property class tax rate for 2020.

(b) the tax rate for municipal purposes for the Creative Co-location Facility subclass of the Industrial Property class be set at a 50% reduction of the Industrial Property class tax rate for 2020.

FINANCIAL IMPACT

The tax ratios and rates recommended in this report reflect the policy decisions recommended to Budget Committee and permitted and/or mandated by recent or pending Provincial regulatory changes, including:

- allowing one-half of the tax rate increase on the Residential property class to be applied to the Commercial property class
- continuing the City's tax ratio reduction policy to achieve a business tax ratio target of 2.5-times the residential rate, with a revised target date of 2023 (i.e. policy impact)
- freezing of the tax burden on the Multi-Residential property class for 2020, as mandated by the Province
- making a property tax rate calculation adjustment to reflect the year-end assessment used in the notional property tax rate calculation to offset changes resulting from certain in-year assessment-related changes (i.e. adjustment for appeals)
- making an adjustment to the notional property tax rate calculation to exclude assessment of a property in the calculation if the current value assessment of the property has increased by 100% or more or decreased by 25% or more (i.e. adjustment for outliers)

The recommended local municipal general tax levy for 2020 is summarized as follows:

Table 2 - 2020 Municipal Tax Levy

	Property Tax Levy $ Millions
2019 Levy	4,397.5
Traditional Assessment Growth during 2019	26.8
2019 Year End Levy	4,424.3
Adjustment for Appeals	7.1
Adjustment for Outliers	14.2
2020 General Levy	4,445.6
2020 Budgetary Levy Increase (2%)	63.4
2020 Municipal Levy before CBF	4,509.0
2020 City Building Fund (1.5%)	47.6
2020 Total Municipal Tax Levy	4,556.6

2020 is the fourth year of the current reassessment cycle covering the period 2017-2020. The average residential property value for tax assessment purposes has increased from $664,119 in 2019 to $703,232 for 2020 as a result of the phasing-in of the reassessment change. A summary of the 2020 tax impacts on the average residential property, inclusive of reassessment together with the above noted adjustments and budgetary tax increases is as follows:

Table 3 - Average residential property tax impact in 2020 (home assessed at $703,232)

	Impact on Average Residential Household	
2019 Municipal Tax	$3,014	% Impact
CVA Impact	($16)	(0.52)%
Appeals and Outliers Adjustment Impact	$14	0.48%
Policy Impact	$23	0.78%
Budgetary Levy Increase	$61	2.00%

	Impact on Average Residential Household	
City Building Fund	$45	1.50%
2020 Municipal Tax	$ 3,141	4.24%

The average 2020 impact on the various property classes are as follows:

Table 4 - 2020 average tax impact by property class

	Average CVA Impact	Appeals and Outliers Impact	Average Policy Impact	Budgetary Increase	City Building Fund	Total
Residential	-0.52%	0.48%	0.78%	2.00%	1.50%	4.24%
Multi-Residential	3.14%	0.48%	-3.62%	0.00%	0.00%	0.00%
Commercial Residual	0.58%	0.48%	0.55%	1.00%	0.75%	3.40%
Commercial Large	-0.63%	0.48%	-0.68%	1.00%	0.75%	0.91%
Industrial	-2.29%	0.48%	0.75%	0.66%	0.50%	0.07%
City Average	0.0%	0.48%	0.00%	1.43%	1.07%	2.98%

DECISION HISTORY

In each year, Council must pass a by-law for the purposes of raising the general local municipal levy in an amount Council decides to raise in its budget for that year. The by-law shall establish the tax ratios for that year for the City, and shall specify a separate tax rate on the assessment in each property class in the City rateable for municipal purposes, determined in accordance with legislation and regulations.

The “2019 Property Tax Rates and Related Matters” Report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.1

On December 17, 2019 City Council directed the City Manager and the Chief Financial Officer and Treasurer to develop the 2020 - 2020 tax supported capital plan by incorporating the additional revenue generated by an increase to the City Building Levy by adding 1 percent in 2020 and 2021 to the existing 0.5 percent increment, and an additional 1.5 percent annually from 2022-2025, inclusively (Item EX11.26).
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.26

COMMENTS

This report presents, on a preliminary basis as a result of the 2020 Operating Budget recommended to Budget Committee at its meeting of January 15, 2020, the City's 2020 Tax Ratios, Tax Rates and Levy for municipal purposes.

Council will be considering the City's 2020 Operating Budget and 2020 Tax Levy at a Special Meeting of Council scheduled to be held on February 19, 2020. Upon conclusion of that meeting and adoption of the City's 2020 Operating Budget, the City Solicitor will introduce a Bill in Council to enact the City's 2020 Tax Ratios, Tax Rates and Levy for City purposes.

The Province has indicated that it will maintain the freeze in municipal tax burden on the Multi-Residential property class for the 2020 tax year, for municipalities whose tax ratio for that class is above 2.0. Toronto's 2020 tax ratio for multi-residential is 2.18, therefore the freeze on multi-residential tax burden will apply in 2020.

The tax ratios and tax rates recommended in this report incorporate the permissible property tax rate calculation adjustments, an increase in the commercial tax rate of one-half of the residential tax rate increase, an increase in the industrial tax rate of one-third of the residential tax rate increase, and a freezing of the multi-residential tax burden. All of these measures still require amendments to provincial regulations to allow the City to implement them*,* as is the case with all other municipalities in Ontario*.* Accordingly, this Report recommends that these measures be approved subject to receiving the necessary regulatory amendment*s*.

Assessment Cycle

The assessment of all property in Ontario is carried out by the Municipal Property Assessment Corporation (MPAC), under the Province's Assessment Act. Reassessments are conducted on a four-year cycle with Current Value Assessment (CVA) increases being phased-in in equal increments in each year of the four year phase-in period.

The current reassessment update is for taxation years 2017-2020, with assessments based on a valuation date of January 1, 2016. Table 5 below provides the valuation dates used for each taxation year since the four-year cycle was introduced in 2008.

The next reassessment cycle will start in 2021, reflecting a valuation date of January 1, 2019.

Table 5: Assessment Cycle

Taxation Year	Valuation Date		
2009, 2010, 2011, 2012	January 1, 2008		
2013, 2014, 2015, 2016	January 1, 2012		
2017, 2018, 2019, 2020	**January 1, 2016**	✓	Increases phased in over 4 years
2021, 2022, 2023, 2024	January 1, 2019		

2020 Assessment Changes and Tax shifts

The current reassessment cycle, reflecting a January 1, 2016 valuation date, apply for the period 2017-2020, with increases phased-in over each year of the four-year cycle. 2020 is the last year of the phase-in, with an average city-wide assessment increase of 6.2%. For 2020, the residential property class has appreciated by 5.9%, which is slightly less than the average rate of appreciation for all classes. The Multi-residential class has the highest rate of appreciation of almost 10%, while the Industrial class has experienced the lowest rate of appreciation at 4.1%. In general, tax classes that have appreciated at a rate below the city-wide average will experience a decrease in tax burden (due to CVA changes), as shown in Table 4, and without additional policy impacts, the classes that have appreciated at a rate above the city-wide average will experience an increase in tax burden

Table 6: Re-Assessment Changes

Cycle Valuation Date	‘17-’20 Jan. 1, 2016	‘17 Phased-in	'18 Phased-in	'19 Phased-in	'20 Phased-in
Residential	28.6%	7.0%	6.7%	6.3%	5.9%
Multi-Residential	54.4%	13.1%	12.2%	10.9%	9.8%
Commercial	33.6%	7.8%	7.8%	7.1%	6.4%
Industrial	18.8%	3.3%	4.9%	4.6%	4.1%
City Wide	30.9%	7.5%	7.2%	6.7%	6.2%

2020 Multi-Residential Tax Burden Freeze

As part of the 2016 Economic Outlook and Fiscal Review, the Province of Ontario announced that they were undertaking a review of the taxation of multi-residential properties in response to concerns over the property tax burden borne by multi-residential apartment buildings and the potential effects on rental housing affordability.

The Province has been working in consultation with municipalities and other stakeholders to examine issues related to the tax inequity between multi-residential and other residential properties. As a result of the review, the Province has mandated a continuation of the freeze on property tax burdens on the multi-residential class where the multi-residential tax ratio is greater than 2.0. Since the multi-residential tax ratio in Toronto is 2.18, the full levy restriction applies. As such, the recommended 2020 tax rates and ratios for the multi-residential tax class will generate a total 2020 multi-residential tax levy equal to the 2019 year-end municipal tax levy on that class.

Assessment Adjustments

Appeal Loss Adjustments

In 2016, the Province introduced regulatory amendments that allowed municipalities to include an adjustment for assessment appeal losses from the prior year in the determination of assessment that is used as a starting point to establish the annual maximum property tax levy amount (allowable revenue limit) for the following taxation year.

The adjustment for assessment appeal losses recognizes that reductions in assessment from successful assessment appeals over the course of a year result in property tax reductions. As a consequence, a municipality, once having set tax rates to raise its budgetary requirements, never collects the full amount of the property tax levy due to assessment appeal-related tax reductions that occur after the levy is set. There is an annual shortfall in the amount of property taxes payable and the original tax levy amount. This annual shortfall in tax revenue is compounded each year, and reduces the allowable revenue limit that forms the basis of each subsequent year's levy.

By recognizing increases in assessment growth occurring over the course of a year (from new construction, building improvements, etc.) plus actual assessment appeal losses during the year that reduce taxation revenues, the City more accurately captures the full effect of assessment changes that occurred during the year. Those assessment changes are used in calculating the notional rates and determining a municipality's allowable revenue limit for the following year.

Toronto City Council has elected to apply the adjustment for assessment appeal losses for the first time for the 2017 taxation year. For 2019, the total assessment value attributable to assessment appeal changes is $588.8 million, which, when factored in to the calculation of notional tax rates, will result in an adjustment totalling $7.1 million in the allowable starting revenue limit for 2020.

In order to use the assessment appeal loss adjustment in the calculation of Toronto's notional and final tax rates for 2020, Toronto Council must approve by resolution their intention to have the appeal loss adjustment apply, and the Minister of Finance must be notified. This report recommends that Council approve the inclusion of an assessment appeal loss adjustment in the determination of the final tax rates for 2020.

Assessment Outliers Adjustments
Since 2012, O.Reg. 121/07 has permitted the City, when calculating notional tax rates (the revenue-neutral starting point for the following year's taxes), to exclude the assessment of any properties from the calculation of the total assessment of the properties in that property class if the current value of the property has increased by 100 per cent or more or decreased by more than 25 per cent. The intention of this provision is to temporarily remove extraordinary outliers from the calculation of the notional tax rate which could distort true assessment change for the City.

Toronto City Council opted to apply the adjustment for assessment outliers in each year since 2017. This report recommends Council elect to apply this rule in its notional tax rate calculation for 2020 as well. For 2020, the total assessment value attributable to assessment outliers is about 15 billion, which, when applied in the calculation of the notional tax rates, will result in an adjustment totalling $14.2 million in the allowable starting revenue limit for 2020.

Property Tax Assistance for Multi-residential and Business Tax Classes

In 2005, Council adopted a policy under the 'Enhancing Toronto's Business Climate' initiative to reduce the tax ratios for the commercial, industrial and multi-residential tax classes to 2.5-times the residential tax rate by 2020 (a 15-year plan). The plan also provided for an accelerated reduction in tax rates for small businesses, with a ratio target of 2.5-times the residential rate by 2015.

The policy of reducing tax ratios, implemented since 2006, was accomplished by: (i) limiting the annual budget-related tax increases on the business classes to 1/3 of that for the residential class (below the 1/2 mandated through Provincial legislation); and (ii) actively shifting part of the tax burden from these classes onto the residential class (i.e., a policy shift).

The planned shift in the tax burden from non-residential tax classes to the residential tax class continued from 2006 to 2016, as illustrated in Table 7. The small business target tax ratio of 2.5 was achieved in 2015, according to the plan, and has slightly further decreased over the last two years.

For 2017, the Province announced a freeze in municipal tax burdens on the multi-residential property class for municipalities whose tax ratio for that class was above 2.0, and subsequently extended this rule to apply for 2018, 2019 and 2020. Since 2017, City Council has adopted a commercial class tax rate increase of one-half of the residential tax rate increase (vs one-third in previous years). These actions resulted in a slowing down of the City's tax ratio reduction plan for the commercial and industrial property classes, with an estimated revised target date of 2023, instead of 2020, to achieve a ratio of 2.5-times the residential rate, as shown in Table 7.

Table 7 – Revised Tax Ratio Projections

<table>
<tr><th>Tax Class</th><th colspan="8">Actual</th><th>Projected</th><th>Original Target</th><th>Revised Projection</th></tr>
<tr><td></td><td>2012</td><td>2013</td><td>2014</td><td>2015</td><td>2016</td><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2020</td><td>2023</td></tr>
<tr><td>Commercial</td><td rowspan="2">3.17</td><td rowspan="2">3.12</td><td rowspan="3">3.07</td><td rowspan="3">3.00</td><td rowspan="3">2.90</td><td>2.85</td><td>2.81</td><td>2.74</td><td>2.65</td><td rowspan="3">2.50</td><td rowspan="2">2.50</td></tr>
<tr><td>Industrial</td><td>2.83</td><td>2.76</td><td>2.71</td><td>2.62</td></tr>
<tr><td>Multi-Residential</td><td>3.26</td><td>3.18</td><td>2.66</td><td>2.46</td><td>2.28</td><td>2.10</td><td>2.0</td></tr>
<tr><td>Small Business</td><td>2.81</td><td>2.76</td><td>2.63</td><td>2.50</td><td>2.50</td><td>2.49</td><td>2.44</td><td>2.43</td><td>2.43</td><td>2.50</td><td>2.35</td></tr>
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The multi-residential tax freeze policy since 2017 resulted in a ratio reduction for the multi-residential tax class from 2.9 in 2016 to 2.10 in 2020, shifting the tax burden to the remaining classes.

Funding Rebates for Registered Charities

Provincial legislation requires that the City must adopt a tax rebate program for Charities located in properties in the commercial or industrial property classes. The tax rebate must be not less than 40%. Regulation also provides that the tax rates and tax ratios for the commercial and industrial classes may be greater than would be allowed in order to fund rebates to charities from within the commercial and industrial classes. The Province funds the education share of the rebates.

For 2020, the estimated City funding requirement based on 1,052 applications received in 2019 is $7,573,960 from the commercial class and $158,750 from the industrial class. The total gross estimated amount for commercial charity rebates is $6.778 million, which is offset by a deficit of $0.795 million in 2019, for a net 2020 requirement of $7.573 million. The estimated amount for industrial charity rebates is $0.114, which is offset by a deficit of $0.044 million in 2019, for a net requirement of $0.158 million.

City Building Fund

At its meeting on January 24, 2017, Budget Committee recommended that City Council approve a special dedicated property tax levy for priority transit and housing capital projects equal to a 0.5 percent residential property tax increase in 2017, with additional 0.5 percent increases in each year from 2018 to 2021.

On December 17, 2019 City Council directed the City Manager and the Chief Financial Officer and Treasurer to develop the 2020 - 2020 tax supported capital plan by incorporating the additional revenue generated by an increase to the City Building Levy by adding 1 percent in 2020 and 2021 to the existing 0.5 percent increment, and an additional 1.5 percent annually from 2022-2025, inclusively. (Item EX11.26)

The 1.5% City Building Fund levy will raise an additional $47.573 million in 2020, as shown in Table 9, and is projected to raise approximately $348 million annually in the last year (2025) and thereafter.

Table 8 - City Building Fund Revenue

	Actual				Projected				
	2017	2018	2019	2020	2021	2022	2023		
Annual Increase, %	0.5%	0.5%	0.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Annual Increase, $ million	14.05	14.63	15.21	47.57	48.77	50,01	51,29	52,60	53,95
Cumulative Annual Revenue, $ million		28.68	43.89	91.46	140.23	190.25	241.54	294.15	348.1

Creative Co-location Facilities subclasses

Since 2018, City Council has adopted the Creative Co-location Facilities subclasses, within each of the Commercial, Commercial Residual and Industrial Property classes, providing a 50% reduction in tax rates for properties meeting certain eligibility criteria. Applications are processed on an annual basis, and approved by the General Manager of Economic Development. The City Solicitor must submit a bill to Council for approval to formally designate the properties approved by the General Manager for inclusion in the subclass each year. This report recommends, like in the previous 2 years, that the tax rate for the creative co-location facilities subclasses be reduced by 50%.

Tax Increment Financing Allocation

At its meeting on April 24, 2018 Council adopted a funding strategy for a Smart Track Station Program (EX33.1). The strategy includes funding from Federal Government contributions, Development Charges, the City Building Fund, and Tax Increment Funding (TIF).

With respect to TIF, Council directed that, commencing in 2019, 15% of all commercial and residential tax revenue from assessment growth in the SmartTrack Zones in each year be allocated to the SmartTrack Funding Reserve Fund, less any reduction for tax increment grants that may be payable in these zones, for a period of 25 years.

In 2020, the municipal revenue from assessment growth for the SmartTrack Zones was $5,858,232, resulting in a 15% TIF allocation of $ 878,700.

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SIGNATURE

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