

Budget Committee

Meeting No.	45	Contact	Matthew Green, Committee Administrator
Meeting Date	Monday, February 7, 2022	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Video Conference	Chair	Councillor Gary Crawford

BU45.2	ACTION	Adopted		Ward: All
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2022 Property Tax Rates and Related Matters

Committee Recommendations

The Budget Committee recommends that:

1. In respect of calculations to establish 2022 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. 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 2022 tax ratios shown in Column II for each of the property classes set out below in Column I:

Column	Column II (to be adopted)	Column III (for information only)
Property Class	2022 Recommended Tax Ratios	2022 Ending Ratios (after Levy and CBF Increases)
Residential	1.000000	1.000000
Multi-Residential	2.049891	1.963498
New Multi-Residential	1.000000	1.000000
Commercial	2.637413	2.581835
Industrial	2.585658	2.513009
Pipeline	1.923561	1.923561
Farmlands	0.250000	0.250000
Managed Forests	0.250000	0.250000

3. City Council elect to raise the tax rates as follows

a. on the restricted property classes:

1. on the Commercial Property Classes, by one-half of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class; and

2. on the Multi-Residential Property Classes, no tax increase; and

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

4. City Council adopt:

a. the tax rates set out below in Column IV, which will raise a general local municipal tax levy for 2022 of \$4,827,200,581 inclusive of a 2.9% residential, new multi-residential, pipeline, farmlands and managed forest tax rate increase, a 1.45% commercial tax rate increase, and a 0.97% industrial tax rate increase;

b. the additional tax rates set out below in Column V, which will raise an additional special general tax levy of \$51,599,014 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
Property Class	2022 Tax Rate for General Local Municipal Levy	2022 Additional Tax Rate to Fund Budgetary Levy Increase	2022 Municipal Tax Rate (excluding Charity rebates) (Column II+III)	2022 Additional Tax Rate to Fund City Building	2022 Municipal Tax Rate Inclusive of City Building Fund Rate (excluding Charity rebates) (Column IV+V)
Residential	0.458748%	0.013304%	0.472052%	0.006881%	0.478933%
Multi-Residential	0.940384%	0.000000%	0.940384%	0.000000%	0.940384%
New Multi-Residential	0.458748%	0.013304%	0.472052%	0.006881%	0.478933%
Commercial	1.209909%	0.017544%	1.227452%	0.009074%	1.236526%
Industrial	1.186166%	0.011466%	1.197632%	0.005931%	1.203563%

Column I	Column II	Column III	Column IV	Column V	Column VI
Pipelines	0.882430%	0.025590%	0.908021%	0.013236%	0.921257%
Farmlands	0.114687%	0.003326%	0.118013%	0.001720%	0.119733%
Managed Forests	0.114687%	0.003326%	0.118013%	0.001720%	0.119733%

5. City Council elect to have the subclasses set out in Column II for each of the property classes set out in Column I apply for the 2022 taxation year, and to apply the respective tax rate reductions set out in Column III below.

Column I	Column II	Column III
Property Class	Tax Subclass	Applicable Tax Rate Reduction
Commercial	Creative Facilities Enterprise subclass (Creative Co-location Facilities Subclass)	50% of Commercial rate
	Small Business subclass	15% of Commercial rate
	Excess Land	30% of Commercial rate
	Vacant Land	30% of Commercial rate
	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	30% of Commercial rate
Industrial	Creative Facilities Enterprise subclass (Creative Co-location Facilities Subclass)	50% of Industrial rate
	Excess Land	35% of Industrial rate
	Vacant Land	35% of Industrial rate
	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	35% of Industrial rate
Residential	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	0% of Residential/Farm rate

Column I	Column II	Column III
Multi-residential	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	0% of Residential/Farm rate

6. City Council determine that the 2022 Non-Program Tax Account for Rebates to Charities in the Commercial and Industrial Property Classes be set in the amount of \$6,822,690 to fund the mandatory 2022 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 2022 operating budget of zero, by the following:

- a. an additional tax rate of 0.005482% be levied as part of the general local municipal levy on the commercial class to raise a further additional local municipal tax levy of \$6,729,454 to fund the total estimated rebates to registered charities for properties in the commercial class in 2022; and
- b. an additional tax rate of 0.001118% be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of \$93,236 to fund the total estimated rebates to registered charities for properties in the industrial class in 2022.

7. Allocate \$4,992,011 to the SmartTrack Funding Reserve Fund (XR1731), in accordance with Council adopted Recommendation 19 (e) of Executive Committee Report [EX33.1](#) (April 24, 2018), which is comprised of the accumulated base of \$2,725,393 plus \$2,266,618, equivalent to 15 percent of all incremental municipal tax revenue arising from commercial and residential assessment growth in the Tax Increment Financing Zones for 2021, net of any Imagination, Manufacturing, Innovation and Technology Grants attributable to this assessment growth.

8. City Council direct the Chief Financial Officer and Treasurer to report to Executive Committee, or directly to Council or a special meeting of Council if necessary, on the 2022 tax rates for school purposes, and the 2022 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 2022 ‘clawback’ rates).

9. City Council determine that:

- a. the instalment dates for the 2022 final tax bills be set as follows:
 1. the regular instalment dates be July 4, August 2, and September 1 of 2022;
 2. for taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be July 15, August 15, September 15, October 17, November 15 and December 15 of 2022; and
 3. for taxpayers who are enrolled in the two installment program, the final instalment date be July 4, 2022; and
- b. the collection of taxes for 2022, other than those levied under the interim levy By-law 1086-2021, be authorized.

10. City Council temporarily suspend the following eligibility criteria requirements for the Creative Co-Location Facilities Subclasses in the Toronto Municipal Code, Chapter 767, Taxation, Property Tax, in 2022, in order to continue to assist creative enterprises to remain in the subclass while the COVID-19 pandemic and public health emergency orders are obstructing them from meeting these criteria:

a. for the Tenant-Based Model:

1. that a minimum of 51 percent of the tenants of the property be tenant creative enterprises;
2. that tenant creative enterprises must occupy at least 51 percent of the property's net rentable area; and
3. that a minimum of 12 cultural programs be offered free of charge to the public at the property over a minimum of 10 months in each calendar year; and

b. for the Membership-Based Model:

1. that the operator must provide members access to and use of the following shared resources for a minimum of 8 hours per day, 5 days per week:
 - a. work space consisting of office or production space;
 - b. meeting or conference space;
 - c. high-speed wireless internet access that meets minimum standards established by the Canadian Radio-Television and Telecommunication (CRTC); and
 - d. office equipment; and
2. that a minimum of 25 professional development programs, services or events must be offered to members, in the calendar year.

11. City Council amend City of Toronto Municipal Code Chapter 767-5.4, to update the Tax Cancellation program eligibility for 2022 to increase the household income threshold for eligible persons to \$46,305, and the assessed value for eligible property to \$975,000.

12. City Council authorize the appropriate officials to take the necessary actions to give effect to Council's decision and authorize the introduction of the necessary bills in Council.

Origin

(January 14, 2022) Report from the Chief Financial Officer and Treasurer

Summary

This report recommends the 2022 municipal tax ratios and tax rates arising from the concurrent adoption of the City of Toronto's 2022 tax supported Operating and Capital Budgets.

For 2022, staff recommend an overall average budgetary tax rate increase of 2.11 per cent as shown below in Table 1, which includes an inflationary increase of 2.90 per cent for residential properties, a 1.45 per cent increase for commercial properties, and a 0.97 per cent increase for industrial properties. In compliance with provincial regulations, there is no increase recommended for multi-residential properties. The report also recommends the adoption of an

incremental increase of 1.5 per cent to the City Building Fund Levy, as approved by City Council in 2019.

Table 1: 2022 Recommended Property Tax Increases

Property Class	2022 Tax Rate Increase for Operating Budget	2022 City Building Fund Tax Rate Increase	2022 Total Tax Rate Increase
Residential, New Multi-Residential, Farmland, Managed Forest, and Pipelines	2.9%	1.50%	4.40%
Multi-Residential	0%	0.00%	0.00%
Commercial	1.45%	0.75%	2.20%
Industrial	0.97%	0.50%	1.47%
Total Tax Rate Increase	2.11%	1.09%	3.20%

As the next property value reassessment date has been postponed by the Province, property assessments in 2022 will reflect the same assessment value as 2020 and 2021.

Background Information

(January 14, 2022) Report from the Chief Financial Officer and Treasurer on 2022 Property Tax Rates and Related Matters

(<https://www.toronto.ca/legdocs/mmis/2022/bu/bgrd/backgroundfile-176511.pdf>)