

## **2025 Heads and Beds Levy on Institutions**

**Date:** June 20, 2025

**To:** Executive Committee

**From:** Executive Director, Finance Shared Services

**Wards:** All

### **SUMMARY**

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This report requests Council authority to adopt a by-law to levy amounts in the 2025 taxation year for colleges and universities, public hospitals, and correctional facilities (the "institutions"), estimated at approximately \$20.8 million (annual "Heads and Beds" levy) based on the current legislative rates.

A levy of \$75 per head or bed has been in effect since 1987. If the rates had been increased to reflect increases in the Consumer Price Index in each year from 1987 to 2025 (such that the 2025 rate would be \$182.79 for each full time student, provincially rated bed, or resident place), an additional \$29.9 million in tax revenue would be received in 2025. This is an issue faced by all Ontario municipalities.

### **RECOMMENDATIONS**

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The Executive Director, Finance Shared Services recommends that:

1. City Council authorize the levy and collection of amounts for the 2025 taxation year on colleges and universities, public hospitals, and correctional facilities at the prescribed rate of \$75 per provincially rated hospital bed, full time student or resident place as authorized by Section 285 of the City of Toronto Act, 2006, to be due on September 19, 2025.

### **FINANCIAL IMPACT**

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Approximately \$20,774,925 will be raised through the 2025 levy on institutions, which is in line with the budgeted revenue of \$20,761,875 in the 2025 Council-approved Non-Program Operating Budget. The estimated amount of the \$20,774,925 levy on institutions for the 2025 taxation year is based on total estimated capacity figures of 276,999 heads and beds at the prescribed rate of \$75 per head or bed as shown in Table 1 below:

**Table 1: Heads and Beds Levy on Institutions, 2025**

Institution Type	Capacity	Estimated Levy (\$)
Universities*	164,329	\$12,324,675
Colleges*	96,258	\$7,219,350
Hospitals	14,789	\$1,109,175
Correctional Facilities	1,623	\$121,725
<b>Total</b>	<b>276,999</b>	<b>\$20,774,925</b>

\*Capacity figures are estimates

While the Province has provided 2024 final capacity figures for hospitals and correctional facilities (see Attachment 1), full 2024 capacity figures for universities and colleges have not been received to date from the Province. Therefore, the 2024 levy for universities and colleges has been estimated using 2023 capacity figures.

The levy amount for 2025 is similar to the range of the levy amounts reported for the past four years (2021-2024), which vary from \$19,109,025 to \$20,761,875, as displayed in Attachment 2 of this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

## **DECISION HISTORY**

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At its meeting held on July 24 and 25, 2024, City Council, while considering item EX16.17: "[2024 Heads and Beds Levy on Institutions](#)", dated July 24, 2024, adopted the following recommendations:

1. City Council authorize the levy and collection of amounts for the 2024 taxation year on colleges and universities, public hospitals, and correctional facilities at the prescribed rate of \$75 per provincially rated hospital bed, full time student or resident place as authorized by Section 285 of the City of Toronto Act, 2006, to be due on September 5, 2024.
2. City Council forward the item to the Premier of Ontario and the Ontario Minister of Finance and request the Province to increase the \$75.00 levy annually by the rate of inflation.

## **COMMENTS**

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### **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.

## **2025 Levies on Institutions**

The By-law associated with this report provides for levies on institutions in Toronto for 2025. This is an annual levy that applies each year to colleges and universities, public hospitals, and correctional institutions. Since the Ministry of Municipal Affairs and Housing cannot provide the actual figures for universities, the 2025 levy uses the 2023 university capacity figures as an estimate. Additionally, since the Ministry of Municipal Affairs and Housing has not yet provided 2024 final capacity figures for colleges, the 2025 levy amounts in this report were estimated using the 2023 college capacity figures. The total revenue for all institutions has been estimated to be approximately \$20.8 million.

If the Province provides actual capacity figures for universities and colleges at a later date, the actual levy will be determined and any adjustments to billings will be issued.

Adopting the By-law at this time will authorize and allow staff to issue and collect the 2025 Heads and Beds tax bills during the summer months. The City of Toronto Act, 2006 provides that the annual amounts are payable by each institution on or after July 1, 2025. Assuming that the City's By-law is enacted by City Council at its meeting of July 23, 24, and 25, 2025, it is anticipated that the taxes levied on institutions will be billed over the summer months and will become due and payable on or before September 19, 2025.

## **Council's request for regulatory amendments**

Based on Section 285 of 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, 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, that the rates be increased annually to reflect inflation.

In 2001, 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.

On July 16, 2013, City Council adopted a recommendation 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 to 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.

Since 2013, City Council has directed that a Heads and Beds Levy on Institutions 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. All Ontario municipalities are impacted by the restriction in rates established and unchanged since 1987.

If the rates had been increased to reflect increases in the Consumer Price Index in each year from 1987 to 2025 (such that the 2025 rate would be \$182.79 for each full time student, provincially rated bed, or resident place), an additional \$29.9 million in tax revenue would be received in 2025.

## **CONTACT**

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## **SIGNATURE**

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David McIsaac  
Executive Director, Finance Shared Services

## **ATTACHMENTS**

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Attachment 1 – Letter dated May 13, 2025, from the Ministry of Municipal Affairs and Housing, Municipal Programs and Analytics Branch, regarding the capacity of institutions information to be used for the 2025 payments in lieu calculations

Attachment 2 – Summary of Heads and Beds Levy on Institutions, 2021 - 2025