

2026 Heads and Beds Levy on Institutions

Date: June 16, 2026

To: Executive Committee

From: Chief Financial Officer, Finance & Treasury Services

Wards: All

SUMMARY

This report requests Council authority to adopt a by-law to levy amounts in the 2026 taxation year for colleges and universities, public hospitals, and correctional facilities (the "institutions"), estimated at approximately \$20.6 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 2026 (such that the 2026 rate would be \$186.08 for each full-time student, provincially rated bed, or resident place), an additional \$30.6 million in tax revenue would be received in 2026. This is an issue faced by all Ontario municipalities.

RECOMMENDATIONS

The Chief Financial Officer, Finance & Treasury Services recommends that:

1. City Council authorize the levy and collection of amounts for the 2026 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 21, 2026.

FINANCIAL IMPACT

Approximately \$20,646,900 will be raised through the 2026 levy on institutions, which is in line with the budgeted revenue of \$20,564,475 in the 2026 Council-approved Non-Program Operating Budget. The estimated amount of the \$20,646,900 levy on institutions for the 2026 taxation year is based on total estimated capacity figures of 275,292 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, 2026

Institution Type	Capacity	Estimated Levy (\$)
Universities	167,837	\$12,587,775
Colleges*	90,970	\$6,822,750
Hospitals	14,837	\$1,112,775
Correctional Facilities	1,648	\$123,600
Total	275,292	\$20,646,900

*Capacity figures are estimates

While the Province has provided 2025 final capacity figures for universities, hospitals and correctional facilities (see Attachment 1), full 2025 capacity figures for colleges have not been received to date from the Province. Therefore, the 2025 levy for colleges has been estimated using 2024 capacity figures.

The levy amount for 2026 is similar to the range of the levy amounts reported for the past four years (2022-2025), 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

At its meeting held on July 23 and 24, 2025, City Council, while considering item EX25.20: "[2025 Heads and Beds Levy on Institutions](#)", dated July 23, 2025, adopted the following recommendations:

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.
2. City Council request the Province of Ontario to update the Heads and Beds Levy on Institutions to the amount of \$182.79 per head or bed to reflect inflation from 1987 to the current year of 2025.
3. City Council direct the City Manager to report to the Executive Committee on the response from the Province of Ontario to the request in Part 2 above to update the Heads and Beds Levy on Institutions.

COMMENTS

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.

2026 Levies on Institutions

The by-law associated with this report provides for levies on institutions in Toronto for 2026. 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 has not yet provided the actual figures for colleges, the 2026 levy uses the 2024 college capacity figures as an estimate. The total revenue for all institutions has been estimated to be approximately \$20.6 million.

If the Province provides actual capacity figures for 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 2026 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, 2026. Assuming that the City's by-law is enacted by City Council at its meeting of July 29, 2026, 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 21, 2026.

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.

In August 2025, in accordance with Council's July 2025 amended recommendations for the "2025 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. The province has responded advising that they are not contemplating any changes at this time and the rate will remain at \$75 per person. The letter is included as Attachment 3.

To date, the Province has not committed to any review or change 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 2026 (such that the 2026 rate would be \$186.08 for each full-time student, provincially rated bed, or resident place), an additional \$30.6 million in tax revenue would be received in 2026.

CONTACT

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SIGNATURE

Stephen Conforti
Chief Financial Officer & Treasurer, Finance & Treasury Services

ATTACHMENTS

Attachment 1 – Letter dated June 15, 2026 from the Ministry of Municipal Affairs and Housing, Municipal Programs and Analytics Branch, regarding the capacity of institutions information to be used for the 2026 payments in lieu calculations

Attachment 2 – Summary of Heads and Beds Levy on Institutions, 2022 - 2026

Attachment 3 - Letter from the Minister of Finance regarding the Province's response advising that the heads and beds levy will remain at \$75 per person.