

Staff Report 2022-0159

Meeting Date: May 17, 2022

Subject: 2022 Property Tax Rates

Submitted By: Hillary Bryers, Manager, Revenue / Deputy Treasurer, Finance

RECOMMENDATION

That the final property tax rates as identified in Schedule A and Schedule B to Staff Report 2022-0159 be approved;

That the final property tax due dates be established as Thursday July 7, 2022 and Thursday September 1, 2022; and

That a by-law be enacted for the levy and collection of the 2022 Final Tax Levy.

REPORT HIGHLIGHTS

- The *Municipal Act, 2001* requires a municipality to adopt its final tax levy, due dates and tax rates annually through the passing of a by-law.
- The final property tax rates are set out in Schedule A and B to this report and are reflective of the tax ratios presented to Council for approval, approved Town of Caledon and Region of Peel budgets and the final 2022 education rates.
- The final property tax due dates are proposed to be Thursday July 7 and Thursday September 1, 2022.
- The total levy for 2022 is \$193,304,421 inclusive of the Town's general levy of \$81,202,609, the Town's dedicated broadband levy of \$321,554, and amounts collected on behalf of the Region and School Boards.

DISCUSSION

To enable the billing of final taxes for 2022, a by-law is required to establish the levy, due dates and other administrative needs regarding the Final property tax amounts. The tax rates set out in the attached schedules for the Town and Region are based on the 2022 budget requirements. The Education tax rates are set by the Province through regulation.

The Region of Peel delegated to the Council of each area municipality in Peel the authority to pass a by-law establishing tax ratios as per the Regional by-law number 2-2022 dated January 13, 2022. The Town of Caledon's 2022 property tax ratios were presented in Staff Report 2022-0069 and approved by Council on March 22, 2022. Once the required by-laws and regulations have been passed, the municipal Council may levy its taxes.

Section 290 of the *Municipal Act, 2001, as amended*, states that a local municipality shall in each year prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality. On December 14, 2021, Council approved the Town's 2022 budget, including the continuation of a separate levy to support the

growth of broadband services in Caledon. The broadband levy is projected to generate \$321,554 in 2022.

The Province of Ontario sets the education rates to support the four local school boards. Ontario Regulation 400/98 under the *Education Act* established the education tax rates for all property classes in 2022.

The Region of Peel adopted their estimates of all sums required for 2022 for the purposes of the Regional Corporation and provided a general levy and special levies on lower tier municipalities on April 14, 2022.

Caledon, as a lower-tier municipality, is required to collect the Regional and Education tax levies and forward levy amounts to the Region and School Boards regardless of whether tax payments are actually received by the Town. That is, in situations where a taxpayer is in arrears, the Town essentially up-fronts payments to the Region and School Boards. Section 342 of the *Municipal Act, 2001* allows the ability to collect taxes in one payment or by installments. The Town of Caledon has elected to have four installments per year – two installments representing the interim billing and two installments for the final billing.

Due Dates

The 2022 final tax levy will be payable in two (2) installments due July 7, 2022 and September 1, 2022. This will reflect the 2022 assessed value, including any changes of the property for 2022 as well as the 2022 tax rates. The amount of the 2022 Interim Tax Bill will be deducted from the total levied with the balance being the 2022 Final Tax Bill.

The properties enrolled in one of the Town of Caledon's 10-month Pre-authorized Tax Payment Program will have payments adjusted to reflect the final tax bill with payment spread over July to October. Payments will continue to be withdrawn from their chosen bank account on the first or the fifteenth of each month for owners on this plan. Payments for properties on the special pre-authorized plan for tax arrears will be re-calculated to reflect any changes as a result of the 2022 final billing.

The final 2022 property tax bills will be produced and mailed the week of June 1, 2022, which meets the notice/timing requirements of the *Municipal Act*, given the recommended installment due dates.

Ongoing COVID-19 Property Tax Relief

The Town continues to offer assistance to taxpayers who are facing financial difficulties as a result of the COVID-19 pandemic. A special 2022 pre-authorized payment plan to provide qualifying taxpayers a path to pay their outstanding tax balances without late payment fees.

More information and the program application continue to be available at caledon.ca/tax.

Business Education Tax Rates

The Province announced through the 2020 Ontario Budget, released on November 5, 2020 a reduction of the high Business Education Tax (BET) rate to a rate of 0.88% in 2021. In 2020, the commercial education rate was 0.944727% and for industrial properties this was 1.066032%. For a commercial taxpayer, this decrease resulted in a savings of approximately \$65 for every \$100,000 of assessment. For industrial taxpayers, this resulted in savings of \$186 for every \$100,000 in assessment. To ensure municipalities were not negatively impacted by BET reductions, the Province maintained BET rates at the 2020 BET rate for properties whose payments in lieu of education taxes municipalities are permitted to retain. The Province also adjusted payments to school boards to offset the reduction in education property taxes to ensure there was no financial impact on school boards. The Province announced on January 18, 2022 that education property tax rates for 2022 will remain unchanged from the previous year as assessments continue to be based on the same valuation date used for 2021.

Optional Subclass to Support Small-Scale On-Farm Business

On December 9, 2021, Ontario Regulation 828/21 established a second optional subclass for both the industrial and commercial property classes to provide further support to small-scale on-farm businesses. The second subclasses allow municipalities to increase the threshold of eligible assessment to which the reduced tax rate applies from \$50,000 to \$100,000. The Province indicated they will apply a reduced business education tax rate to this increased \$100,000 threshold for all eligible properties. The Region of Peel will be taking a report to Council on May 26, 2022 to adopt the second optional subclass (C0 and I0) in the commercial and industrial property classes as the adoption of property tax classes and sub-classes is a responsibility of the upper tier. The 2022 tax rates for the C0 and I0 subclasses will be the same as C7 and I7 tax rates respectively. The implementation of these subclasses for 2022 will result in minimal tax losses for the Town, Region and School Boards. Beginning in 2023, C0 and I0 will be included on the tax roll and will result in minimal shifts among property classes and no impact for the Town, Region and School Boards.

FINANCIAL IMPLICATIONS

The tax rates indicated in Schedule A will generate a total 2022 levy of \$193,304,421 from all the various property classes, allocated as follows:

Town	\$ 81,202,609
Broadband	321,554
Region	58,904,546
Education	52,875,712
Total	<u>\$ 193,304,421</u>

Adjusting for the interim tax billing, the overall final tax billing will be approximately \$98,837,673. From this amount, the Town will pay the Region and School Boards share. The Region of Peel's final payment due dates are July 8 and September 2, 2022. The School Board's final due dates are September 30 and December 15, 2022.

As approved by Council on February 15, 2022 in Staff Report 2022-0009 Bolton Business Improvement Area Proposed 2022 Operating Budget, the final tax levy by-law will include a special tax rate levy for businesses within the Bolton Business Improvement Area (BIA) totaling the BIA's approved 2022 levy of \$39,740. Payments from the Town of Caledon to the Bolton BIA for 2022 are due the day following the Town's property tax due dates, pending approval of the BIA's 2021 financial statements.

COUNCIL WORK PLAN

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

Schedule A: 2022 Town of Caledon Property Tax Rates

Schedule B: Town of Caledon 2022 New Construction Property Tax Rates