

Meeting Date: December 3, 2019

Subject: 2020 Interim Property Tax Levy

Submitted By: Gina Lee, Acting Manager, Revenue/Deputy Treasurer, Finance

RECOMMENDATION

That a by-law be enacted for the levy and collection of the 2020 Interim Property Tax levy.

REPORT HIGHLIGHTS

- Under the *Municipal Act, 2001*, Council must enact a by-law to provide for the levying and collection of interim taxes.
- The levying of an interim tax bill allows for a municipality to raise funds to meet its obligations until the final tax rates are set, including mandated payments to the Region of Peel and the four local school boards.
- Interim property taxes are billed at 50% of the previous year's levy and are due in two installments: Thursday, March 5, 2020 and Thursday, May 7, 2020.
- The amount of the interim tax bill will be deducted from each property's final tax bill in the calculation of the final amount due for 2020.

DISCUSSION

Each year, municipalities in Ontario issue interim property tax bills in the first half of the year. The interim property tax levy allows municipalities to raise funds to meet its obligations until the final tax rates are set for a given year. These obligations include not only those daily operations of the Town but also the mandated payments the Town must make to the Region of Peel and the four local school boards.

Interim property tax levies are provided for under Section 317 of the *Municipal Act, 2001*. This section provides that municipalities have the ability to pass a by-law to levy interim taxes in an amount not exceeding 50% of the previous year's total taxes. The total taxes for the previous years include the Town, Region and Education portions. A by-law has been prepared for this purpose. This by-law allows the municipality to meet its ongoing financial obligations prior to the issuance of the Final Tax Bills. Final 2020 tax rates are set and final 2020 tax bills are issued by the municipality once the Town has approved the 2020 budget and tax ratios established.

Consistent with the Town's practice in previous years, the 2020 interim tax levy will be payable in two installments. Interim Property tax bills will be issued the week of February 3, 2020. As in prior years, the installments will be due on the first Thursday of March and May 2020.

The interim tax bill will be 50% of the total taxes levied on the property in the year 2019. If a property only paid part year taxes in 2019 due to a new home or building being

constructed, the 2019 property taxes will be annualized and the 2020 interim levy amount will be based on the annualized taxes rather than the prorated taxes.

The interim due dates for 2020 will be March 5 and May 7, 2020. Taxes for properties enrolled in the Town of Caledon's monthly Pre-Authorized Payment Plan will continue to be payable in ten (10) installments that run from January to October each year. These amounts are withdrawn from the enrolled taxpayer's bank account on their chosen date of either the first or the fifteenth day of each month (or next business day if the first or fifteenth of the month is a weekend or holiday).

A review of the Town's tax ratios will be completed before setting the final tax rates. The final tax rates for 2020 will be calculated after the Town of Caledon, Region of Peel and school boards finalize their respective 2020 budgets. The Final 2020 property tax bills will include the total taxes levied for the Town, Region and Education portions less the 2020 interim billing.

FINANCIAL IMPLICATIONS

The overall interim property tax billing will be approximately \$85 million which includes the Town, Region and School Boards. From this interim levy, the Town will pay the Region's share of approximately \$25 million and the School Boards share of approximately \$25 million.

The Town remits to the Region of Peel on the next day after the Town's due date. Accordingly, the Town will be making remittances to the Region of Peel in 2020 on March 6, May 8, July 3 and September 4, 2020. Due dates for remittances to the School Boards will be March 31, June 30, September 30 and December 15, 2020. The Region of Peel due dates are set under a Regional by-law while the dates to the School Boards are established under Section 257.11 of the *Education Act*.

The amounts due to the Region and School Boards must be paid according to the predetermined schedule, regardless of when the actual property taxes are collected by the Town. Accordingly, the Town up-fronts payments to the Region and School Boards when taxpayers do not remit taxes by the due dates. To mitigate the impact to the Town and to taxpayers that pay by the due date, late penalty fees apply to all late tax payments.

COUNCIL WORK PLAN

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

None.