

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 20, 2015

Item 1, Report No. 1, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on January 20, 2015.

1 INTERIM PROPERTY TAX LEVY FOR 2015 – ALL WARDS

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance and City Treasurer and the Director of Financial Services, dated January 12, 2015:

Recommendation

The Commissioner of Finance and City Treasurer and the Director of Financial Services, in consultation with the Manager of Property Tax & Assessment recommend:

1. THAT a by-law be prepared to levy interim property taxes for 2015, with three installments due in March, April and May for all property classes.

Contribution to Sustainability

Between the beginning of the year and the passage of the annual budget, funds are still required in order for the City to effectively operate. To ensure sufficient funds are generated, Council is requested to authorize a by-law to provide for an interim levy of property tax. The interim tax bill represents half of the previous year's annual tax levy and essentially contributes to sustainability by ensuring funds are available to deliver programs and services to the community.

Economic Impact

The issuance of an interim property tax levy provides the necessary cash flow to meet the City's own needs and its financial obligations to the Region of York and the Province of Ontario for education purposes. The interim levy will produce total property tax revenue of approximately \$364 million based on taxable assessment of approximately \$69 billion.

Communications Plan

Advertised notices for the interim property tax notices will be posted in all local papers in late February and early March as well as the on-line City Page.

Purpose

The purpose of this report is to inform Council on the issuance of the interim property tax bills for 2015 to all property classes, under the authority of section 317 of the *Municipal Act, 2001*, as amended.

Background - Analysis and Options

The issuance of an interim property tax levy provides funds for the City to meet day-to-day operating and capital financial obligations.

As noted above, the Interim levy can be paid in three equal installments due March, April and May. Further, taxpayers have the option to enroll in the Pre-Authorized installment due date payment plan for interim and final billing or the eleven month installment plan. The withdrawals for the due date payment plan will be made on the Interim billings' installment due date and the withdrawals for the 11-month plan will be made on the first banking day of each month from January to November.

The Interim billing will be calculated utilizing the 2015 phase-in assessment roll as provided by the Municipal Property Assessment Corporation (MPAC).

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In accordance with current Provincial legislation, the interim amount levied by property is subject to the following rules:

1. The amount levied on a property shall not exceed 50% of the total taxes levied on the property for the previous year, subject to an adjustment, as per Section 317(9), should it appear the levy would be too high or too low in relation to an estimate of the total taxes that will be levied for 2015.
2. A calculated notional tax rate applied to the 2015 assessment will be used to calculate the levy.
3. For the purpose of calculating the total amount of taxes for the previous year, any amount levied for only part of the year will be annualized.
4. For new property assessments added to the roll for the 2015 taxation year, the levy will be calculated by applying the notional tax rate to the 2015 assessment.
5. The interim levy for properties in the commercial, industrial and multi-residential classes (capped classes) will include an amount equal to 50% of the 2014 capping adjustment, if applicable.

The 2015 final tax billing will be calculated utilizing the assessment values under the second legislated cycle of reassessment every four (4) years with mandatory phase-in of assessment increases for all property classes. This second four-year program came into effect January 1, 2013 with assessment values (CVA) as of the January 1, 2012 market. The final billing will be issued in June and will be due in July, August, September (Residential); August, September, October (non-residential).

Relationship to Vaughan Vision 2020

In consideration of the strategic priorities related to Vaughan Vision 2020, the issuance of the interim property tax levy will enhance:

- Service Excellence: Pursue Excellence in Service Delivery
- Management Excellence: Ensure Financial Sustainability

Regional Implications

The City of Vaughan will be collecting an amount of approximately \$143 million in interim property taxes on behalf of the Region of York.

Conclusion

The interim levy will produce total property tax revenue of approximately \$364 million based on taxable assessment of approximately \$69 billion. These interim funds are raised for the City's, Region of York's and School Boards' operational purposes.

Attachments

None

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