

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 27, 2017

Item 7, Report No. 6, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 27, 2017.

7 2017 ADOPTION OF TAX RATES AND THE ISSUANCE OF PROPERTY TAX NOTICES - ALL WARDS

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer & City Treasurer and the Director of Financial Services/Deputy Treasurer, dated June 6, 2017:

Recommendation

The Chief Financial Officer & City Treasurer and the Director of Financial Services/Deputy Treasurer, in consultation with the Manager of Property Tax & Assessment recommend:

1. THAT a by-law be enacted for the adoption of Municipal, Regional and Education property tax rates, as submitted in Attachment 1. This by-law will allow for the levy and collection of the 2017 property tax levies and to provide for the issuance of property tax notices.

Contribution to Sustainability

The issuance of the property tax bill contributes to sustainability by ensuring necessary funds are levied and collected in order to meet the City's obligations in delivering programs and services to the community. It also ensures that the City meets its financial obligations to the Region of York and, for education purposes, the Province of Ontario.

Economic Impact

The efficient and timely issuance of the final property tax levy is essential for the City, as it 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 total 2017 levy requirement for the City, including the portion for the hospital, is approx. \$190 million, net of the portion required by the Region and Province. An interim billing of approx. \$88 million (net of Region and education) was levied in February 2017 and will be shown as a reduction on the final tax bill.

Communications Plan

The final property tax notices for residential, farm, managed forest and pipeline will be mailed in late June and in July for commercial, industrial and multi-residential properties. Advertised notices for the final property tax notices will be posted in all local papers in late June, early July and August as well as on City's website.

Purpose

The purpose of this report is to provide the background to a by-law as required under Section 312 of the *Municipal Act 2001, S.O. 2001*, to levy and collect property taxes for the City of Vaughan, the Regional Municipality of York and the Province of Ontario for education purposes.

Background - Analysis and Options

The City property tax rates, as attached, are based on the levy requirement as per the approved 2017 operating budget and calculated utilizing the 2017 Assessment Roll as provided by the

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Municipal Property Assessment Corporation (MPAC). An interim tax levy, pursuant to City of Vaughan By-law 002-2017, was levied in February 2017 and will be shown as a reduction on the final tax bill.

The Region of York has approved their By-law which confirms the region wide tax ratios and sets the uniform tax rates across all municipalities in the Region. In addition to existing policies for property tax capping options for business properties, the Region approved and adopted the provincial legislation that will allow a property to remain at full Current Value Assessment (CVA) tax once the property achieves full CVA tax. These properties will no longer qualify for the Capping program. These policies remain in effect for the tax year 2017.

The Province of Ontario determines education tax rates and has passed Ontario Regulation 132/17 to prescribe the tax rates for all classes for 2017.

It is expected that residential, farm, managed forest and pipeline (uncapped classes) property tax bills will be mailed in June, due in three monthly instalments or paid through one of the City's pre-authorized payment plans.

Due to the ongoing capping protection for the commercial, industrial and multi-residential property classes, these bills will be produced following the residential bills. Staff expect to be mailing the non-residential bills in July providing three instalment due dates.

The City collects property taxes on behalf of the Region of York and the School Boards, therefore instalment due dates are generally set to accommodate the legislated payment dates to these other levying bodies. However, for the convenience of the ratepayers, approximately one month between each instalment is given. Due dates are generally the same day of each month except where weekends or holidays interfere.

The City's budgetary requirement is \$189,975,219 (\$182,886,336 + \$7,088,883 for hospital) levied on just over \$83.1 billion in assessment. The 2017 levy requirements for Municipal, Regional, and Educational purposes are shown below:

	2017	
City of Vaughan	\$189,975,219	23.44%
Region of York	\$323,946,539	39.97%
Education-Province of Ontario	\$296,643,446	36.60%
Total	\$810,565,204	100.00%

Tax Ratios

The Region of York has the authority to change tax ratios to offset re-assessment tax shifts among the property classes according to tax policy requirements within provincial legislation. Changing the tax ratios assists in maintaining the relative tax burden among the classes thereby providing greater taxpayer equity. However, as specified in the Provincial Regulation, the Region can only move the ratios within or closer to the "Range of Fairness". Area Treasurers were consulted and it was recommended that the Region change the tax ratios to Revenue Neutral for the 2017 taxation year. This will allow York Region municipalities to retain the same distribution of taxes between property classes that existed in the 2016 taxation year. This will be a hybrid model in that there is no change to the ratios for Pipelines, Farm and Managed Forest, they remain at Status Quo.

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The 2017 property tax ratios are as follows:

Property Class	2017 Tax Ratio	Ranges of Fairness
Residential	1.000000	1.0000
Multi-Residential	1.000000	1.0 to 1.1
Commercial	1.181313	0.6 to 1.1
Industrial	1.416888	0.6 to 1.1
Pipelines	0.919000	0.6 to 0.7
Farm	0.250000	0.2500
Managed Forest	0.250000	0.2500

The tax rates shown on Attachment 1, have been established using the above noted levies, tax ratios and the final assessment roll as returned for 2017.

Vaughan Healthcare Centre Precinct Development Levy

The Government of Ontario requires local communities to support the development of hospitals in their community. In 2009, Council approved a funding option towards the Vaughan Hospital Precinct Development Plan which is to be raised through a dedicated property tax rate. Approximately \$7,088,883 will be collected on the 2017 final property tax bill excluding payment-in-lieu and supplemental payments. This contribution does not form part of the City's operations and as such will be shown separately on individual property tax bills. This equates to approximately \$56 for the average home in Vaughan.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

The issuance of the final property tax levy supports the strategic priorities established by the Service Excellence Strategy Map, in particular to ensure "Financial Sustainability".

Regional Implications

The City of Vaughan will be collecting approx. \$323,946,539 in property taxes on behalf of the Region of York.

Conclusion

A by-law enacted to adopt the Municipal, Regional and Education tax rates and levies for 2017 will permit staff to proceed with the issuance of the final property tax bills.

Attachments

1. 2017 Property Tax Rates

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)