

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 28, 2014

Item 2, Report No. 2, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on January 28, 2014.

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INTERIM PROPERTY TAX LEVY FOR 2014 – ALL WARDS

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Acting Commissioner of Finance and City Treasurer and the Director of Financial Services, dated January 20, 2014:

Recommendation

The Acting 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 2014, 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 \$349 million based on taxable assessment of approximately \$67 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 2014 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 2014 phase-in assessment roll as provided by the Municipal Property Assessment Corporation (MPAC).

CITY OF VAUGHAN

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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 2014.
2. A calculated notional tax rate applied to the 2014 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 2014 taxation year, the levy will be calculated by applying the notional tax rate to the 2014 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 2013 capping adjustment, if applicable.

The 2014 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 \$139 million in interim property taxes on behalf of the Region of York.

Conclusion

The interim levy will produce total property tax revenue of approximately \$349 million based on taxable assessment of approximately \$67 billion. These interim funds are raised for the City's, Region of York's and School Boards' operational purposes.

Attachments

None

Report prepared by:

Maureen E. Zabiuk, A.I.M.A., CMTP
Manager of Property Tax & Assessment
Ext. 8268

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The Interim billing will be calculated utilizing the 2014 phase-in assessment roll as provided by the Municipal Property Assessment Corporation (MPAC).

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2. A calculated notional tax rate applied to the 2014 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 2014 taxation year, the levy will be calculated by applying the notional tax rate to the 2014 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 2013 capping adjustment, if applicable.

The 2014 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).

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Attachments

None

Report prepared by:

Maureen E. Zabiuk, A.I.M.A., CMTP
Manager of Property Tax & Assessment
Ext. 8268

Respectfully submitted,

John Henry, CMA
Acting Commissioner of Finance/City Treasurer

Barry E. Jackson, CGA
Director of Financial Services

THE CITY OF VAUGHAN

BY-LAW

BY-LAW NUMBER 011-2014

A By-law to provide for the issuance of the 2014 interim property tax billing.

WHEREAS the Council of the Corporation of the City of Vaughan has not adopted the estimates for the year and wishes to provide for an interim levy for property taxes for the year 2014;

AND WHEREAS pursuant to Section 317 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended (the "Act"), Councils of local municipalities may pass a by-law, levying amounts on the assessment of property in the local municipality rateable for local municipality purposes;

AND WHEREAS pursuant to Subsection 342(1) of the Act, the Council of a local municipality may pass by-laws to permit the payment of taxes by installments and the dates on which installments or any alternative installments are due;

NOW THEREFORE the Council of The Corporation of the City of Vaughan ENACTS AS FOLLOWS:

1. The City Treasurer of the City of Vaughan shall send to each person for every property within the municipality to be taxed a printed notice specifying the amount of taxes payable in accordance with the provisions of Section 317 of the Act.
2. a) Taxes on Residential, Farm, Managed Forest and Pipeline properties shall be set by levying an amount that does not exceed 50% of the total annualized tax levy for the class, for municipal and school purposes for the previous year. If the taxes levied on a property are too high or too low in relation to the estimate of total taxes that will be levied for 2014, the interim levy will be adjusted in accordance with Section 317(9) of the Act to reflect an amount that is approximately 50% of the estimated 2014 levy. The taxes will be calculated by applying the applicable notional tax rate set out in the Chart under subsection 2(d) of this by-law to the 2014 assessment.
2. b) Taxes on Multi-Residential, Commercial and Industrial properties shall be set by levying an amount that does not exceed 50% of the total annualized tax levy for the class, for municipal and school purposes for the previous year, after adjustment for the capping program, if applicable. If the taxes levied on a property are too high or too low in relation to the estimate of total taxes that will be

levied for 2014, the interim levy will be adjusted in accordance with Section 317(9) of the Act to reflect an amount that is approximately 50% of the estimated 2014 levy. The taxes will be calculated by applying the applicable notional tax rate set out in the Chart under subsection 2(d) of this by-law to the 2014 assessment.

2. c) For new property assessments added to the assessment roll for the 2014 taxation year, the taxes will be calculated by applying the applicable notional tax rate set out in the Chart under subsection 2(d) of this by-law to the 2013 assessment.
2. d) The notional tax rates are as follows:

PROPERTY CLASS		NOTIONAL TAX RATE
Residential		0.00413210
Farm/Managed Forest		0.00103301
Multi-Residential		0.00413210
Commercial Occupied		0.00883711
Includes:	Office Building Parking Lot Shopping Centre New Construction	
Commercial Excess/Vacant Lands		0.00618598
Industrial Occupied		0.01055795
Includes:	Large Industrial New Construction	
Industrial Excess/Vacant Lands		0.00686267
Pipelines		0.01018525

3. Property taxes levied by this by-law shall be divided into three relatively equal amounts. The first amount shall be known as the first installment and shall be due and payable on or before the date indicated on the tax bill. The second amount shall be known as the second installment and shall be due and payable on or before the date indicated on the tax bill. The third amount shall be known as the third installment and shall be due and payable on or before the date indicated on the tax bill.
4. Property taxes may be payable through the Pre-Authorized Payment Plan ("PAP"). A taxpayer meeting the requirements of the PAP may be enrolled in the PAP with two choices, the installment due date payment plan for interim and final billing or the eleven month installment plan. Thereafter

the City shall be authorized to withdraw property taxes from the bank account of the said taxpayer on the installment due date of each interim and final billing or the City shall be authorized to withdraw property taxes from the bank account of the said taxpayer on the first banking day of each month from January to November inclusive, in the amount set out in the notice forwarded to the taxpayer by the City Treasurer.

5. Property taxes not paid on the installments dates or due dates set out in sections 3 and 4 of this by-law are subject to late payment charges, as provided in the City of Vaughan's Late Payment Charges By-law Number 328-2004, as amended, or any successor thereto.

Enacted by City of Vaughan Council this 28th day of January, 2014.

Hon. Maurizio Bevilacqua, Mayor

Jeffrey A. Abrams, City Clerk