

DATE: December 3, 2013

REPORT TITLE: **DELEGATION OF TAX RATIO SETTING AUTHORITY**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That a delegation by the Region of Peel to its lower-tier municipalities of tax ratio setting authority for both lower-tier and upper-tier purposes for 2014, as authorized under s.310 of the *Municipal Act, 2001* be approved;

And further, that the necessary by-law be presented for enactment.

REPORT HIGHLIGHTS

- Delegation provides the lower-tier municipalities with the authority to establish tax ratios for both area municipal and Regional purposes and has been in effect in the Region of Peel from 1998 through 2013.
- The decision to request delegation, as per the *Municipal Act, 2001*, must be unanimous among all three lower-tier municipalities.
- A Regional by-law must be enacted, and each lower-tier municipality must pass a resolution consenting to the by-law by February 28, 2014.
- O. Reg. 103/09, as amended, designates the Region as a municipality authorized to delegate for the purposes of section 310 of the *Municipal Act, 2001*. Copies of the Regional by-law as well as the lower-tier resolutions must be sent to the Minister of Municipal Affairs and Housing by March 15, 2014.

DISCUSSION

Background

a) Tax Ratio Setting

The *Municipal Act, 2001* (hereafter referred as the “*Act*”) sets out authority for tax ratio setting to the upper-tier municipality. Section 310 of the *Act* permits the upper-tier municipality to delegate the tax ratio setting authority to its lower-tier municipalities.

The Region of Peel has delegated its authority to establish tax ratios to its lower-tier municipalities for the 1998 to 2013 fiscal years. Delegation allows the lower-tier municipalities flexibility in determining their own tax ratios. The Joint Regional and Area Municipal Tax Policy Team recommends delegation for the 2014 fiscal year.

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Tax ratios reflect how a tax rate for a particular property class compares to the residential tax rate. The different relative tax burdens among property classes are based on the tax ratios set by municipalities. Changing the tax ratios will result in a shift of the tax burden among different property classes. Tax ratios can be used to prevent large shifts of the tax burden caused by relative changes in assessment among property classes as well as to lower the tax rates on a particular class or classes.

b) Apportionment of Regional Levy

As required by the *Act*, the proposed delegation by-law contains a plan to apportion the Region of Peel 2014 property tax levy among the Cities of Mississauga and Brampton and the Town of Caledon. The proposed Regional Levy apportionment plan remains the same as 2013 and is based on the following three components:

- Waste management costs are apportioned based on relative lower-tier municipal household counts according to the assessment roll data provided by the Municipal Property Assessment Corporation (MPAC) used for the current taxation year.
- Peel Regional Police costs are apportioned between Mississauga and Brampton based on weighted current value assessment for the current taxation year. Caledon fully assumes the costs of the Ontario Provincial Police (O.P.P.).
- Remaining Regional services are apportioned among the lower-tier municipalities according to relative shares of weighted current value assessment for the current taxation year.

The *Act* sets out a February 28, 2014 deadline for enactment of a by-law by Regional Council and resolutions consenting to the by-law by the lower-tier municipalities. Lower-tier municipal Treasurers will be bringing forward related reports to their respective councils by February 28, 2014.

The delegation by-law and the necessary lower-tier municipal resolutions confirming delegation will then be submitted to the Minister of Municipal Affairs and Housing prior to March 15, 2014 as required in the *Act*. By meeting all these requirements, O. Reg. 103/09, as amended, will continue to designate the Region as an upper tier municipality having authority under section 310 of the *Act* to delegate the establishment of tax ratios for 2014 to its lower-tier municipalities. That authority is exercised by passing the delegation by-law recommended in the subject report.

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CONCLUSION

Delegation of the upper-tier tax ratio setting authority contains a plan to apportion the Region of Peel 2014 property tax levy among the cities of Mississauga, Brampton and the Town of Caledon and provides the lower-tier municipalities with the flexibility to set tax ratios that meet local needs.



Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Dave Bingham at extension 4292 or via email at binghamd@peelregion.ca

Authored By: Yvonne Wojcik

c. Legislative Services