

Committee of the Whole (2) Report

DATE: Tuesday, June 6, 2023 **WARD(S):** ALL

**TITLE: 2023 ADOPTION OF TAX RATES AND ISSUANCE OF
PROPERTY TAX NOTICES – ALL WARDS**

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To provide the background to a By-law as required under Section 312 of the *Municipal Act, 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.

Report Highlights

- The efficient and timely issuance of the final property tax levy is essential by ensuring necessary funds are levied and collected in order for the City to meet its obligations in delivering programs and services to the community. It also provides the necessary cash flow to meet the City's own needs and its financial obligations to the Region of York as well as the Province of Ontario with respect to education purposes.
- The total 2023 levy requirement for the City is approximately \$229 million, net of the portion required by the Region and the Province.
- An interim billing for accounts in the City's Pre-Authorized Payment programs (PTP) and for regular accounts were both completed by February 2023 and will be shown as a reduction on all final tax bills.

Recommendations

1. THAT a by-law be enacted to adopt Municipal, Regional and Education Property Tax Rates as submitted in Attachment 1; and

2. THAT staff be authorized to proceed with the issuance of final property tax bills for 2023.

Background

The City property tax rates, as attached, are based on the levy requirement as per the approved 2023 operating budget and calculated utilizing the 2023 assessment roll as provided by the Municipal Property Assessment Corporation (MPAC). An interim tax levy, pursuant to City of Vaughan By-law 002-2023, was levied and completed in February 2023 and will be shown as a reduction on all final tax bills.

The Region of York has approved their By-laws (2023-19 and 2023-20) which confirm 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 policies remain in effect for the tax year 2023 and, as such, all business properties in Vaughan have achieved full CVA tax.

The Province of Ontario determines education tax rates and has passed Ontario Regulation 576/22 to prescribe the tax rates for all classes for 2023. The Province announced in 2019 that the education portion of commercial/industrial vacant and excess land tax discounts would be phased out over a two-year period. 2020 was the second year of this phase out, consequently, instead of these property classes paying education taxes at a discount of 30/35% respectively, the discount no longer exists. The Region, as the upper tier, has the option to phase-out or eliminate the discount program for the municipal portion to mirror the same change. Regional staff are in the process of evaluating options with local municipal staff for future tax years.

It is expected that all property tax bills for all property classes will be mailed in June this year, due in three monthly instalments in July, August, or September or paid through one of the City's pre-authorized payment plans.

The City collects property taxes on behalf of the Region of York and the York Region 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.

Previous Reports/Authority

[Extract from Council Meeting - 2022 Adoption of Tax Rates Item 3 Report No 24](#)

[By-Law 091-2022](#)

Analysis and Options

The City's budgetary requirement is \$228,620,246 levied on just over \$110 billion in taxable assessment. The 2023 levy requirements for Municipal, Regional, and Educational purposes are shown below:

	2023
City of Vaughan	\$228,620,246 23.75%
Region of York	\$412,853,445 42.90%
Education-Province of Ontario	\$320,987,524 33.35%
Total	\$962,461,215 100.00%

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. For 2023, however, the Province continued its mandate that property assessments used for the 2020 taxation year are to remain in place for 2023. As a result, any new revenue neutral tax ratios are not available for municipalities to adopt. This being the case, York Region will maintain the same tax ratios as approved in 2022 and this will allow York Region municipalities to retain the approximately the same distribution of taxes between property classes that existed in the 2022 taxation year. This is a hybrid model in that there is no change to the ratios for Pipelines, Farm and Managed Forest as they remain at Status Quo (same as the 2022 tax year).

The 2023 property tax ratios are as follows:

Property Class	2023 Tax Ratio	Ranges of Fairness
Residential	1.000000	1.0000
Multi-Residential	1.000000	1.0 to 1.1
Commercial	1.332100	0.6 to 1.1
Industrial	1.643200	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 in Attachment 1, have been established using the above noted levies, tax ratios and the final assessment roll as returned for 2023.

Vaughan Healthcare Centre Precinct Development Levy

In 2009, Council approved a funding option towards the Vaughan Hospital Precinct Development Plan which was raised through a dedicated property tax rate and shown separately as a Special Charge on individual property tax bills. By borrowing internally, the funds were recovered in thirteen (13) years, significantly less than the initial twenty (20) year recovery timeframe. As such, the City's contributions to the development of the hospital were fully paid in 2022 and the Hospital Precinct Levy (HPD Levy) will no longer appear on property tax bills beginning in 2023.

Financial Impact

The total 2023 levy requirement for the City, is approx. \$228,620,246 net of the portion required by the Region and Province. An interim billing was completed in February 2023 and will be shown as a reduction on the final tax bill.

Operational Impact

Staff from all affected departments (Financial Services, Financial Planning and Development Finance) have reviewed and provided input for this report.

Broader Regional Impacts/Considerations

The City of Vaughan will be collecting approx. \$412,853,445 in property taxes on behalf of the Region of York.

Conclusion

A by-law enacted to adopt the Municipal, Regional and Provincial (education) tax rates and levies for 2023 will permit staff to proceed with the issuance of the final property tax bills. 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".

For more information, please contact:

Maureen Zabiuk, Manager, Property Tax & Assessment at ext. 8268

Attachment

1. 2023 Property Tax Rates

Prepared by

Maureen Zabiuk, Manager, Property Tax & Assessment, ext. 8268

Approved by



Michael Coroneos
Deputy City Manager, Corporate
Services, City Treasurer & Chief
Financial Officer

Reviewed by



Nick Spensieri, City Manager