

Committee of the Whole (2) Report

DATE: Tuesday, June 18, 2024

WARD(S): ALL

**TITLE: 2024 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 2024 levy requirement for the City is approximately \$239 million, net of the portion required by the Region and the Province.
- An interim billing for all accounts was completed February 2024 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 2024.

Background

The City property tax rates, as attached, are based on the levy requirement as per the approved 2024 operating budget and calculated utilizing the 2024 assessment roll as provided by the Municipal Property Assessment Corporation (MPAC). An interim tax levy, pursuant to City of Vaughan By-law 020-2024, was levied and completed in February 2024 and will be shown as a reduction on all final tax bills.

The Region of York has approved their By-laws (2024-19 and 2024-20) which confirm the region wide property tax ratios and sets the uniform tax rates across all municipalities in the Region. Property tax ratios determine how a property classification's tax ratio compares with that of the residential class. From there, revenue neutral tax ratios are calculated such that the same share of tax revenue is collected from each property class as in the prior year. Back in 2017, Regional Council approved revenue-neutral tax ratios for the 2017-2020 taxation years. In 2021, property reassessment was postponed, and, as such, Council directed that 2020 taxation year ratios be maintained. As a result of the continued re-assessment freeze, the Region continues to utilize those 2020 tax ratios for the 2024 taxation year, to keep the share of the tax burden borne by each property class consistent.

The Region, through their 2024 Property Tax Policy by-law, adopted the New Multi-Residential subclass as announced by the Province of Ontario through the 2024 Ontario Budget. Municipalities may adopt this new optional subclass and offer a property tax rate discount between 0% and 35% on eligible properties within the subclass for new purpose-built rental buildings. Through 2024, Regional staff will review the potential impacts of the discount including consultation with local municipalities, residents, and the business community. Only properties that receive a building permit after the subclass is adopted will be eligible to receive this future benefit.

The Province of Ontario determines education tax rates and has passed Ontario Regulation 5/24 to prescribe the tax rates for all classes for 2024. 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 potential recommendations in the 2025 tax year.

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

2023 Adoption of Tax Rates and Issuance of Property Tax Notices – All Wards
[Item 4, Report No.28, Committee of the Whole 2, June 20, 2023](#)

By-Law 078-2023
[078-2023.pdf \(vaughan.ca\)](#)

Analysis and Options

The City's budgetary requirement is \$238,927,133 levied on just over \$112 billion in taxable assessment. The 2024 levy requirements for Municipal, Regional, and Educational purposes are shown below:

	2024	
City of Vaughan	\$238,927,133	23.91%
Region of York	\$435,096,283	43.54%
Education-Province of Ontario	\$325,308,896	32.55%
Total	\$999,332,312	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 2024, however, the Province continued its mandate that property assessments used for the 2020 taxation year are to remain in place for 2024. 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 2023 and this will allow York Region municipalities to retain the approximately the same distribution of taxes between property classes that existed in the 2023 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 2023 tax year).

The 2024 property tax ratios are as follows:

Property Class	2024 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 2024.

Financial Impact

The total 2024 levy requirement for the City, is approx. \$238,927,133 net of the portion required by the Region and Province. An interim billing was completed in February 2024 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. \$435,096,283 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 2024 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, Senior Manager, Property Tax, Assessment and Utility Billing, ext. 8268.

Attachments

1. 2024 Property Tax Rates

Prepared by

Maureen Zabiuk, A.I.M.A., CMRP

Senior Manager, Property Tax, Assessment and Utility Billing, ext. 8268