

## Committee of the Whole (2) Report

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**DATE:** Tuesday, June 8, 2021

**WARD(S):** ALL

**TITLE: 2021 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

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**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 2021 levy requirement for the City, including the portion for the hospital, is approximately over \$220 million, net of the portion required by the Region and the Province.
- An interim billing of approximately \$104 million (net of regional and education portions) was levied in February 2021 and will be shown as a reduction on the final tax bill.

**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 2021.

## **Background**

The City property tax rates, as attached, are based on the levy requirement as per the approved 2021 operating budget and calculated utilizing the 2021 assessment roll as provided by the Municipal Property Assessment Corporation (MPAC). An interim tax levy, pursuant to City of Vaughan By-law 012-2021, was levied in February 2021 and will be shown as a reduction on the final tax bill.

The Region of York has approved their By-laws (2021-12, 2021-27) 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 2021 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 46/21 to prescribe the tax rates for all classes for 2021. 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 residential, farm, managed forest and pipeline (uncapped classes) property tax bills will be mailed in June this year, due in three monthly instalments or paid through one of the City's pre-authorized payment plans.

Due to the timing of the capping protection analysis for the commercial, industrial and multi-residential property classes for 2021, these bills will continue to be produced separately for one more year, following the residential billing. Staff expect to mail the non-residential bills in July as well, providing three instalment due dates and the opportunity to pay 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**

<https://vol.vgn.cty/departments/OCC/Council%20Secretariat/ByLaw%20Library/2020/07-2020.pdf#search=2020%20Tax%20Rate%20by-law>

<https://vaughan.escribemeetings.com/layouts/escribe/pages/landing.aspx?action=report&id=1212>

## **Analysis and Options**

The City's budgetary requirement is \$220,012,835 (\$212,923,952 + \$7,088,883 for hospital) levied on just over \$107 billion in assessment. The 2021 levy requirements for Municipal, Regional, and Educational purposes are shown below:

	<b>2021</b>	
City of Vaughan	\$220,012,835	24.18%
Region of York	\$376,358,186	41.36%
Education-Province of Ontario	\$313,616,360	34.46%
<b>Total</b>	<b>\$909,987,381</b>	<b>100.00%</b>

## **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 2021, however, the Province has mandated that property assessments used for the 2020 taxation year are to remain in place for 2021. 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 2020 and this will allow York Region municipalities to retain the approximately the same distribution of taxes between property classes that existed in the 2020 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 2020 tax year).

The 2021 property tax ratios are as follows:

<b>Property Class</b>	<b>2021 Tax Ratio</b>	<b>Ranges of Fairness</b>
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 2021.

### **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 2021 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 as a Special Charge on individual property tax bills. This equates to approximately \$65 for the average home in Vaughan.

### **Financial Impact**

The total 2021 levy requirement for the City, including the portion for the hospital, is approx. \$220,012,835 net of the portion required by the Region and Province. An interim billing of approx. \$104 million (net of regional and education portions) was levied in February 2021 and will be shown as a reduction on the final tax bill.

### **Broader Regional Impacts/Considerations**

The City of Vaughan will be collecting approx. \$376,358,186 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 2021 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:

Dean Ferraro, Director of Financial Services/Deputy Treasurer at ext. 8272 or  
Maureen Zabiuk, Manager, Property Tax & Assessment at ext. 8268.

### **Attachment**

1. 2021 Property Tax Rates

**Prepared by**

Maureen Zabiuk, A.I.M.A., CMRP, Manager, Property Tax & Assessment, Ext. 8268.

**Approved by**

A handwritten signature in blue ink, appearing to read "Michael Coroneos".

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

**Reviewed by**

A handwritten signature in black ink, appearing to read "Jim Harnum".

Jim Harnum, City Manager