



REPORT

Council

Meeting Date: April 26, 2021

FROM: Finance Department

DATE: April 13, 2021

SUBJECT: 2021 Property Tax Levy By-law 2021-060

LOCATION: Add address

WARD: Town-wide

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RECOMMENDATION:

1. That the Tax Levy By-law 2021-060, a by-law to provide for the levying of rates for the year 2021 as attached to the report of the Finance Department, be approved.
2. That the net levy requirement be increased to \$215,442,737 and a transfer to the Tax Stabilization reserve in the amount of \$704,800 be approved, to keep the overall tax levy increase at 1.63% in accordance with Council's resolution.

KEY FACTS:

The following are key points for consideration with respect to this report:

- A Tax Levy by-law is required to levy 2021 property taxes;
- Any surplus or deficit resulting from a difference in the actual assessment growth from the budgeted assessment growth will be transferred to/from the Tax Stabilization reserve;
- Town is required to levy on behalf of the Region of Halton, School Boards and Business Improvement Areas (BIA).

BACKGROUND:

The *Municipal Act* requires Council to pass a by-law each year specifying the levying of tax rates. The Town's operating and capital budgets for 2021 were approved by Council on December 21, 2020. Moreover, the Downtown Business Improvement Area (BIA), Bronte Village BIA and the Kerr Village BIA budgets for 2021 were presented and approved by Council at the February 22, 2021 meeting. The Tax Levy by-law, attached to this report, has been prepared to reflect these budgets, and to authorize the 2021 final tax billing.

COMMENT/OPTIONS:

The Town of Oakville is responsible for approving the budget for its own general purposes and the budgets of the BIAs, and the calculation of the final tax rates. The Town is also required to levy taxes for regional and education purposes according to the tax rates set by the Region and the Province.

As noted on the following page, the attached appendices are based on the budgets and/or rates for town, business improvement areas, regional and education purposes.

- Appendix A - By-law 2021-060 including Schedule 1 (Town of Oakville Net Budget) will authorize the 2021 final tax rates, and establishes installment due dates of June 25, 2021 and September 27, 2021; as well as an installment due date of December 15, 2021 for those properties eligible for the Town's COVID-19 Property Tax Deferral Program for 2021.
- Appendix B – 2021 Tax Rate Summary provides a summary of the 2021 tax rates for all property classes.

2021 Tax Levy

The 2021 gross operating budget for the Town approved at the December 21, 2020 Council meeting totaled approximately \$348.3 million, requiring a net general tax levy of \$214,737,900. The tax levy by-law, attached to this report, has been prepared to reflect this budget and those of the Downtown, Bronte Village and Kerr Village BIAs.

The Town's general tax levy requirement approved as part of the 2021 budget process has increased 2.29%, representing an approximate 1.63% overall residential tax rate increase. However, the overall town tax rate increase is limited to 2.26% when compared to notional (interim) tax rates which take into effect any changes from reassessment, tax shifts across the Region, and shifts between property classes.

The final assessment information from the Municipal Property Assessment Corporation (MPAC) is finalized in December during the same week that Town Council approves the budget at the anticipated assessment growth number. This can lead to variance between the budgeted and actual assessment growth. The actual 2020 in-year assessment growth was 1.64%, which is 0.34% higher than the budgeted assessment growth of 1.30%.

In order to maintain the Council approved 2021 tax increase of 2.29%, the net levy requirement is increased to \$215,442,737 and a transfer to the Tax Stabilization

Reserve in the amount of \$704,800 is required to maintain the 2021 Budget requirement of \$214,737,900.

	2021 Budget	2021 Levy	Difference
Assessment Growth	1.30%	1.64%	0.34%
Tax Increase	2.29%	2.29%	0.00%
Net Levy Requirement	\$214,737,900	\$215,442,700	\$704,800

As of the date of finalizing this report, we have received the final 2021 Education rates from the Province.

The overall (Town, Region and Education) residential tax rate increase is 1.63% or \$11.54 per \$100,000 of assessment and the overall commercial tax rate increase is 1.06% or \$16.81 per \$100,000 of assessment. The education component of the total residential rate is approximately 22%, while it is 48% of the commercial tax rate.

Percentage Share of 2021 Residential Taxes:

Town	42%
Region	37%
Education	21%

For every \$100,000 of assessed value, the total property taxes for 2021 on a residential dwelling will be \$721.51 and on a commercial property at the full rate taxes will be \$1,598.59.

The increase per \$100,000 (restated for CVA) of assessed value is as follows:

	<u>Residential Example</u>	<u>Commercial Example</u>
Town	\$6.63	\$9.66
Region	4.91	7.15
Education	<u>0.00</u>	<u>0.00</u>
Total	<u>\$11.54</u>	<u>\$16.81</u>

The information is provided to property owners on the Final Tax Bill (illustration follows) using the following assumptions:

- Each \$100,000 of residential assessment

2020 Final Taxes	\$709.97
2021 Local Municipal Levy Change	\$6.63
2021 Upper Tier Municipal Levy Change	\$4.91
2021 Provincial Education Levy Change	\$0.00
Tax Change Due to Reassessment	<u>\$0.00</u>
2021 Final Taxes	\$721.51

CONSIDERATIONS:

(A) PUBLIC

Property tax notices for all taxable properties will be mailed at least 21 days before the first installment is due. Assessment and budget impact information has previously been provided through media notifications and through committee meetings. 2021 budget information is posted on the town's web site, and further information will be posted and published subsequent to Council approval of the Tax Levy By-law.

(B) FINANCIAL

The attached By-law 2021-060 has been prepared to reflect the town's operating budget and capital budgets for 2021 which were approved at the Council meeting on December 21, 2020. The 2021 budgets of the three Business Improvement Areas, were approved on the February 22, 2021 council meeting.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

NA

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:

- be fiscally sustainable

(E) CLIMATE CHANGE/ACTION

NA

APPENDICES:

Appendix A: By-law 2021-060 and Schedule 1 (Town of Oakville Net Budget)

Appendix B: 2021 Tax Rate Summary

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