



REPORT

Council

Meeting Date: April 24, 2023

FROM: Finance Department

DATE: April 11, 2023

SUBJECT: 2023 Property Tax Levy – By-law 2023-041

LOCATION: Town-wide

WARD: Town-wide

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RECOMMENDATION:

1. That the Tax Levy by-law 2023-041, a by-law to provide for the levying of rates for the year 2023, as attached to the report of the Finance Department, be approved; and,
2. That the net levy requirement be increased to \$239,760,700 and a transfer to the Tax Rate Stabilization reserve in the amount of \$241,400 be approved to keep the overall tax levy increase at 6.07% in accordance with Council's resolution.

KEY FACTS:

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

- A by-law is required to levy 2023 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 Rate Stabilization reserve;
- The Town of Oakville is required to levy on behalf of the Region of Halton, the School Boards and the Business Improvement Areas.

BACKGROUND:

The *Municipal Act, 2001* requires Council to pass a by-law each year specifying the levying of tax rates. The Town's operating and capital budgets for 2023 were approved by Council on February 27, 2023. The Downtown Business Improvement Area (BIA), Bronte Village BIA and the Kerr Village BIA budgets for 2023 were approved at the March 27, 2023, Council meeting. The tax levy by-law, attached to this report, has been prepared to reflect these budgets, and to authorize the 2023 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, as well as 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 of Halton and the Province of Ontario for the school boards.

The attached appendices are based on the budgets and rates for the Town, the business improvement areas, and regional and education purposes.

- Appendix A By-law 2022-041 including Schedule 1 (Town of Oakville Net Budget) will authorize the 2023 final tax rates, and establishes installment due dates of June 26, 2023 and September 25, 2023;
- Appendix B 2023 Tax Rate Summary provides a summary of the 2023 tax rates for all property classes.

2023 Tax Levy and Assessment Changes

The 2023 gross operating budget for the Town, approved at the February 27, 2023 Council meeting, totals approximately \$390.8 million and requires a net general tax levy of \$239,519,300. 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 2023 budget process has increased 6.07%, representing an approximate 3.8% overall residential tax rate increase.

The in-year changes to the assessment information, completed by the Municipal Property Assessment Corporation (MPAC,) are finalized and provided to Municipalities in December annually. The assessment growth of 1.76% is due to net in-year growth in assessment in 2022. Assessment growth is generated from new development or property improvement that has been valued by MPAC during the year. Oakville was 5th overall in Ontario for new property value in 2022 for the second year running. In-year growth in assessment is generally off set by reduced assessed values resulting from Assessment Review Board appeal settlements and MPAC requests for reconsideration settlements.

All assessments in Ontario reached full value in 2020, as there has been a postponement of the 2021 reassessment for the 2021, 2022 and 2023 tax years. This means that assessments used for the 2023 taxation year will continue to be based on the same valuation date that was in effect for the 2022 taxation year (based on a January 1, 2016 market value). At the time of writing this report, there

has been no update from the Province or MPAC regarding timing of a future Provincial reassessment.

Due to a minor shift in assessment growth at time of writing this report from budget approval and in order to maintain the Council approved 2023 budget increase of 6.07%, the net levy requirement is increased to \$239,760,700, and a transfer to the Tax Rate Stabilization reserve in the amount of \$241,400 has been added to the budget.

2023 Tax Impact

The overall (Town, Region and Education combined) residential tax rate increase is 3.84% or \$28.11 per \$100,000 of assessment and the overall commercial tax rate increase is 2.54% or \$40.95 per \$100,000 of assessment. The education component of the total residential rate is 20.1%, while it is 46.6% of the commercial tax rate.

Percentage Share of 2023 Residential Taxes:

Town	42.6%
Region	37.3%
Education	20.1%

For every \$100,000 of assessed value, the total property taxes for 2023 on a residential dwelling will be \$760.43, and on a commercial property at the full rate taxes will be \$1,655.28.

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

	<u>Residential Example</u>	<u>Commercial Example</u>
Town	\$18.52	\$26.97
Region	\$ 9.59	\$13.98
Education	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Total	<u>\$28.11</u>	<u>\$40.95</u>

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

For each \$100,000 of residential assessment:

2022 Final Taxes	\$732.32
2023 Local Municipal Levy Change	\$ 18.52
2023 Upper Tier Municipal Levy Change	\$ 9.59
2023 Provincial Education Levy Change	<u>\$ 0.00</u>
2023 Final Taxes	<u>\$760.43</u>

CONSIDERATIONS:

(A) PUBLIC

Property tax notices for all taxable properties are legislated to 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. 2023 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 2023-041 has been prepared to reflect the town's operating budget and capital budgets for 2023 which were approved at the Council meeting on February 27, 2023. The 2023 budgets of the three Business Improvement Areas were approved by Council March 27, 2023.

A transfer to the Tax Rate Stabilization reserve in the amount of \$241,420 is required to maintain the Council approved 2023 levy at 6.07%.

(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 2023 Tax Levy By-law 2023-041 and Schedule 1 (Town of Oakville Net Budget)

Appendix B 2023 Tax Rate Summary

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Submitted by:

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