

REPORT

Council

Meeting Date: April 29, 2024

FROM: Finance Department

DATE: April 16, 2024

SUBJECT: 2024 Property Tax Levy, By-law 2024-037

LOCATION: Town-wide

WARD: Town-wide

Page 1

RECOMMENDATION:

1. That the Tax Levy by-law 2024-037, a by-law to provide for the levying of rates for the year 2024, as attached to the report of the Finance Department, be approved; and,
2. That, in accordance with Council's resolution from the December 20, 2023 Council meeting, the net levy requirement be increased to \$259,259,500, and a transfer to the Tax Rate Stabilization reserve in the amount of \$300 be approved to maintain the 2024 town levy increase at 5.86%.

KEY FACTS:

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

- A by-law is required to levy 2024 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 Province of Ontario for education, 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 2024 were adopted by Council on December 20, 2023. The Downtown Business Improvement Area (BIA), Bronte Village BIA and the Kerr Village BIA budgets for 2024 were approved at the February 26, 2024 Council meeting. The tax levy by-law, attached to this report, has been prepared to reflect these budgets, and to authorize the 2024 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 for regional and education purposes.

- Appendix A By-law 2024-037 including Schedule 1 (Town of Oakville Net Budget) will authorize the 2024 final tax rates, and establishes installment due dates of June 25, 2024 and September 25, 2024;
- Appendix B 2024 Tax Rate Summary provides a summary of the 2024 tax rates for all property classes.

2024 Tax Levy and Assessment Changes

The 2024 gross operating budget for the Town, adopted by Council at the December 20, 2023 Special Council meeting, totals approximately \$404.1 million and requires a net general tax levy of \$259,259,200. The tax levy by-law, attached to this report, has been prepared to reflect this budget; as well as those of the Downtown, Bronte Village and Kerr Village BIAs.

The Town's general tax levy requirement approved as part of the 2024 budget process has increased 5.86%, representing a 4.65% overall residential tax rate increase when combined with the regional and education levies. This overall residential rate increase differs from the 4.38% that was adopted by Council in December 2023, as the Region of Halton's rate increase changed due to the impact of harmonizing the basic waste rate, which required a change in calculation. Changing from area-specific waste rates to a harmonized rate across the Region has caused a one-time shift in the 2024 Regional tax impacts between the local municipalities. While the Region's overall tax increase remains at 5.1%, the Region's impact for the Town's tax calculation has increased to 5.78%, resulting in the overall tax calculation being 4.65%.

The in-year changes to property assessment, completed by the Municipal Property Assessment Corporation (MPAC,) are finalized and provided to Municipalities in December annually. The assessment growth of 2.14% is due to net in-year growth in assessment in 2023. Assessment growth is generated from new development or property improvement that has been valued by MPAC during the year. Oakville was 4th overall in Ontario for new property value in 2023, adding \$1.55B in new assessment. 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, and there has been a postponement of the 2021 reassessment for the 2021-2024 tax years. This means that assessments used for the 2024 taxation year will continue to be based on the same valuation date that was in effect for the 2023 taxation year (based on a January 1, 2016 market value), and will be the same value unless there has been a change or improvement to the property. 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 and in order to maintain the Council adopted 2024 budget increase of 5.86%, the net levy requirement is increased to \$259,259,500, and a transfer to the Tax Rate Stabilization reserve in the amount of \$300 has been added to the budget.

2024 Tax Impact

The overall (Town, Region and Education combined) residential tax rate increase is 4.65% or \$35.38 per \$100,000 of assessment; and the overall commercial tax rate increase is 3.11% or \$51.53 per \$100,000 of assessment. The education component of the total residential rate is approximately 19%, while it is 45% of the commercial tax rate.

Percentage Share of 2024 Residential Taxes:

Town 43%
 Region 38%
 Education 19%

For every \$100,000 of assessed value, the total property taxes for 2024 on a residential dwelling will be \$795.82 and on a commercial property at the full rate taxes will be \$1,706.82.

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

	<u>Residential Example</u>	<u>Commercial Example</u>
Town	\$18.98	\$27.65
Region	\$16.40	\$23.88
Education	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Total	\$35.38	\$51.53

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:

2023 Final Taxes	\$760.44
2024 Local Municipal Levy Change	\$ 18.98
2024 Upper Tier Municipal Levy Change	\$ 16.40
2024 Provincial Education Levy Change	<u>\$ 0.00</u>
2024 Final Taxes	\$795.82

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. 2024 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 2024-037 has been prepared to reflect the town's operating budget and capital budgets for 2024 which were adopted at the Special Council meeting of December 20, 2023. The 2024 budgets of the three Business Improvement Areas were approved by Council February 26, 2024.

The figures contained in this report may not exactly match the budget documents due to rounding.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

NA

(D) COUNCIL STRATEGIC PRIORITIES

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

- be fiscally sustainable

(E) CLIMATE CHANGE/ACTION

NA

APPENDICES:

Appendix A 2024 Tax Levy By-law 2024-037 and Schedule 1 (Town of Oakville Net Budget)

Appendix B 2024 Tax Rate Summary

Prepared by:
Chris Prinsen, Analyst, Tax and Assessment

Danielle Tummon, Manager, Revenue Services and Taxation

Recommended by:
Jonathan van der Heiden, Deputy Treasurer and Director of Finance

Submitted by:
Nancy Sully, Commissioner, Corporate Services and Treasurer