



STAFF REPORT

Meeting Date: June 13, 2022

Title: 2022 Tax Ratios and Tax Levies

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Department: Finance

Report Number: Finance-2022-020

Recommendation:

That Council receives as information the 2022 Tax Levy details, outlining the tax revenue generated by property class.

And that Council approves the Tax By-Laws for 2022 that correspond to the 2022 Tax Levy details provided.

Background:

The *Municipal Act, 2001* provides Municipalities with the authority to levy property taxes to meet their financial obligations. In accordance with Section 312 of the *Municipal Act*, the Council of a local municipality is required to pass a By-law to levy a separate local tax rate on the assessment in each property class.

Council adopted the 2022 budget with a General Rate Tax Levy requirement of approximately \$15.15M, which corresponded with a \$570K levy increase in 2022.

Anticipating that Council enters into the Domtar Tax Agreement, the information provided and corresponding Tax By-Laws, reflect the Tax Ratio adjustment agreed to in the Domtar Tax Agreement, resulting in only a \$70,000 levy increase required in 2022 and \$500,000 in a Special One-Time payment from Domtar in 2022.

The City of Dryden has adopted its tax rates for 2022 and the Province of Ontario has established the Education Tax rates for 2022. A levy By-law is required to authorize staff to bill and collect property taxes in 2022.

Discussion:

Property Classes

Current legislation requires MPAC to allocate properties into nine mandatory property classes. These classes are defined by a Realty Tax Class (RTC) designation.

Mandatory Property Classes:

- Residential (RTC = R)
- Multi-Residential (RTC = M)
- New Multi-Residential (RTC = N)
- Commercial (RTC = C)
- Industrial (RTC = I)
- Pipeline (RTC = P)
- Farm (RTC = F)
- Managed Forests (RTC = T)
- Landfill (RTC = H)

The City of Dryden has included the Large Industrial (RTC = L) Class, an optional Class that municipalities can choose to include, which has the same Broad Class as Industrial.

New Multi-Residential Class

The New Multi-Residential Tax Class was established by a Regulation passed on July 5, 2017 and applies to all New Multi-Residential Properties in the Province if the building was converted or built pursuant to a building permit issued after April 20, 2017. This Tax Class applies for 35 years, meaning after 35 years the property would then be allocated to the Multi-Residential Class.

The New Multi-Residential class is limited to a Tax Ratio between 1.0 and 1.1.

In 2020, Council approved the establishment of a tax ratio of 1.1 for the New Multi-Residential Class.

Tax Ratios

For 2022, Tax Ratios are mostly the same as they were in 2021. The following are changes to Tax Ratios for 2022:

- Large Industrial is 5.738138 (was 7.884337 in 2021)

The attached report (Tax Levies 2022) provides Council with Current Value Assessment values, Ratios and Tax Rates for all tax classes, as per our current Assessment Roll.

The attached report (Tax Ratios and Rates 2022) provides Council with a summary of the 2022 Tax Ratios and Tax Rates (Municipal and Education), as well as the 2022 Consolidated Tax Rate (Municipal plus Education) and a comparison to 2021.

Financial Implications:

Total Operating Revenues will remain unchanged in 2022.

- Tax Levy Revenue budgeted for 2022 is \$15,154,598
 - Tax Levy Revenue will be \$14,654,594 in 2022 (\$500K lower than budget)
- Domtar Tax Agreement
 - Special One-Time Revenue payment will be \$500,000 in 2022 (\$500K higher than budget)

Attachments (Reference Material):

- Tax Levies 2022
- Tax Ratios and Rates 2022