

Staff Report

Report To: City Council
Report From: Heidi Jennen, Tax Collector
Meeting Date: December 12, 2022
Report Code: CR-22-103
Subject: 2023 Interim Tax Levy By-law

Recommendations:

THAT in consideration of Staff Report CR-22-103 respecting 2023 Interim Tax Levy By-law, City Council:

1. Directs staff to bring forward a by-law to provide for the 2023 interim levy for all property classes based on 50% of the total 2022 taxes billed for each property; adjusted as necessary, to reflect any additional taxes added to the previous year's taxes as a result of assessment added to the tax roll;
2. Authorizes that the interim levy applies to assessments added to the tax roll for 2022 that were not on the assessment roll when the by-law was passed; and
3. Authorizes that the interim bill payment due date for the two (2) installments be:
Tuesday, February 28, 2023 and Friday, April 28, 2023.

Highlights:

- A by-law to levy 50% of the total 2022 billed taxes for each property
- Expected to raise approximately \$16.3 million in municipal revenue to fund our early to mid 2023 operations.

Strategic Plan Alignment:

Financial Stability: Clear Direction - KR2 - Align total municipal levy to Council's directed threshold each year while maintaining capital increase of 1 per cent annually

Previous Report/Authority:

None.

Background:

Section 317 of the Municipal Act, 2001, S.O. 2001, c. 25, provides municipalities the authority to enact a by-law establishing an interim property tax levy at no more than 50% of the proceeding year's taxes for each property class.

Analysis:

It is recommended that the interim levy for 2023 for all property classes be based on 50% of the total 2022 taxes for each property. Where the property taxes for a property have increased for a part of the previous year due to an increase in assessed value (e.g., to reflect building improvements or new construction), the interim levy for the following year is based on 50% of the previous year's taxes as though the tax increase had applied to the entire year. This ensures that the interim levy reflects, as nearly as possible, 50% of the taxes that will be levied in the coming year.

The interim levy by-law also provides that the interim levy will apply to assessments added to the tax roll for the current year that were not on the assessment roll when the by-law was passed.

Properties eligible for tax deferral or cancellation in 2023 pursuant to the City's tax deferral and cancellation programs will be subject to a 2023 interim levy based on 50% of the total 2022 billed taxes for each property, excluding any amount deferred or cancelled in 2022. Should an application to the tax deferral and/or cancellation program meet the respective entitlement criteria, qualified property owners will have their final 2023 property taxes adjusted to reflect their deferral or cancellation benefit. This approach reflects the fact that the deferral and cancellation programs have years enrolment requirements. Experience has taught that personal circumstances

can and do change to the extent that a successful applicant in one year may not qualify in a subsequent year.

Financial Implications:

This is an annual report, which is procedural in nature. Enacting a by-law that establishes an interim tax levy will permit the City to raise property tax revenues needed to fund its early to mid 2023 operations until such time as the 2023 operating budget and 2023 final tax levy are approved by Council. The interim levy is expected to raise approximately \$16.3 million in municipal revenue.

Communication Strategy:

This report to Council.

Consultation:

Director of Corporate Services

Attachments:

Draft By-law

Recommended by:

Heidi Jennen, Tax Collector

Reviewed by:

Crystal Moffatt, Manager of Revenue

Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Heidi Jennen, Tax Collector at hjennen@owensound.ca or 519-376-4440 ext. 1249.