

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING OF NOVEMBER 5, 2012
FROM:	GRANT HOPCROFT, DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON
SUBJECT:	“HEADS AND BEDS” LEVY

RECOMMENDATION

That, on the recommendation of the Director of Intergovernmental and Community Liaison, the following motion **BE ADOPTED** authorizing Civic Administration to continue to pursue an increase to the heads and beds levy and to collaborate with other interested municipalities on a legal perspective, around the “heads and beds” payment amount.

WHEREAS post-secondary institutions, hospitals and provincial institutions are exempt from paying property taxes to municipalities under provincial law and instead pay a fixed amount set by the provincial government; and

WHEREAS the amount of the “heads and beds” payment is \$75 per head or bed and this amount has not been changed by the province since 1987; and

WHEREAS the City of London passed a motion on November 3, 2008 with respect to lobbying the Ontario government to increase the “heads and beds” payments; and

WHEREAS communities across Ontario have come together to advocate for this important provincial policy change and efforts to have the provincial government review the “heads and beds” amount have not been met with a positive response to date;

THEREFORE BE IT RESOLVED THAT:

Civic Administration be authorized to pursue an increase to the heads and beds levy in coordination with Mayors of affected municipalities, and

Civic Administration be authorized to collaborate with other interested municipalities on a legal perspective, around the “heads and beds” payment amount; and

THAT this resolution be circulated to the Association of Municipalities of Ontario and to all municipalities in Ontario that have universities, colleges, hospitals and provincial correctional facilities requesting their councils to show their support for this important policy change.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control, “Heads and Beds” Levy, October 28, 2008.

BACKGROUND

Since 1987, the Heads and Beds payment has been set at an annual rate of \$75 per head. Some of Ontario's municipalities are asking that the Province adjust the current rate to \$146 per head to reflect inflation from 1987 to 2012. The Heads and Beds levy is a payment that a municipality charges universities, colleges, hospitals and correctional facilities in lieu of property taxes. It is calculated as a fixed rate multiplied by the number of heads or beds of a particular establishment.

Requests to the Province to increase the Heads and Beds payment have been unsuccessful. During the August 2012 AMO Conference, at a meeting convened by Kingston Mayor Mark Gerretsen, Mayors from across Ontario discussed the option of joining together in a potential legal challenge to the provincial refusal to amend the rate.

Two recent decisions by the Supreme Court of Canada regarding federal payments in lieu of taxes may have a positive application to Ontario's heads and beds payment.

In 2012, the City of London collected \$3.7 million in heads and beds levies from applicable institutions; the vast majority, approximately 93%, from Western University, its affiliated university colleges, and Fanshawe College. An increase in the levy would address existing inequalities that have arisen since 1987. If the Heads and Beds levy were adjusted to \$146 per bed, this would provide the City of London with an additional \$3.5 million.

The Heads and Beds payment was originally intended to offset some of the costs that municipalities incur when providing municipal services to provincial institutions. The rate is not a true reflection of the costs incurred and in effect municipalities are subsidizing provincial costs, while diverting funds from other important municipal priorities.

PREPARED BY:	RECOMMENDED BY:
JILL TANSLEY MUNICIPAL POLICY SPECIALIST	GRANT HOPCROFT DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON