

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON NOVEMBER 2, 2020</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>PRE-AUTHORIZED TAX PAYMENT PLAN BY-LAW AND COLLECTION OF PROPERTY TAXES BY-LAW</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to proposed amendments to the Pre-authorized Tax Payment Plan By-law and Collection of Property Tax By-law for the 2021 taxation period:

- a) the proposed by-law attached as Appendix "A", "A by-law to amend By-law No. A.-5505-497, as amended, entitled, "A by-law to authorize the implementation of a pre-authorized tax payment plan for The Corporation of the City of London" by changing the multiplier to determine the pre-authorized property tax payment from 1.012 to 1.025 effective January 1, 2021" **BE INTRODUCED** at the Municipal Council meeting to be held on November 10<sup>th</sup> 2020; and,
- b) the proposed by-law attached as Appendix "B" A by-law to amend By-law No. A-8, as amended entitled "Property Tax Collection by-law' by changing the calculation percent for the Interim Levy from 40.48% to 41% effective January 1, 2021", **BE INTRODUCED** at the Municipal Council meeting to be held on November 10<sup>th</sup>, 2020.

<b>BACKGROUND</b>
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Section 317 of the *Municipal Act, 2001* permits a municipality to levy taxes prior to the completion of its annual budget and the determination of education tax rates by the Province. Sections 342 and 307 of the Act provide additional flexibility with respect to due dates and payment arrangements. In accordance with section 317 the amount that can be levied on each property prior to the adoption of the budget is limited to fifty percent of the total property taxes applicable to the property in the previous year. Interim tax levies provide the municipality with funds to operate and make remittances to school boards prior to the finalization of municipal and education tax rates for the year. Interim tax levies do not affect the determination of total final taxes for the year as any taxes not billed at interim time are included on the final tax bill.

Beginning in 2011 the City has provided for the adjustment of the interim billing tax rate each year by the approximate amount of the average tax increase in the residential property class in the previous year. This annual adjustment permits the City to bill 5 instalments each year, which typically are due at the end of February, April, June, August and October, and ensures that the amounts of each instalment are approximately equal. Each instalment is roughly 20% of the total taxes for the year (5x 20% = 100%). Two instalments are billed as an interim levy in January each year (40%) and 3 instalments are billed in May as the final tax instalments for the year (60%). In 2020, the average increase in total property tax rates for the residential property class was 2.5%. Using this basis of calculation the interim tax rate for 2021 would be 41.00% (40% x 1.025) of the 2020 tax rate.

It is therefore recommended that an interim levy of 41.00% of the previous year's taxes be set for the 2021 interim billing in the property tax collection by-law and that the pre-authorized payments for 2021 be based on the previous year's taxes increased by 2.5% representing the average tax increase that occurred in the residential class in 2020. The proposed by-law amendments would have results consistent with past practice and would ensure that the City has sufficient funds to carry on operations and make remittances to local school boards. The proposed by-law amendments should also divide the annual tax billing into 5 approximately equal instalments for the convenience of the individual property owners.

<b>SUMMARY</b>
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It is recommended that the pre-authorized payment by-law be amended so that payments for 2021 are based on the taxes of the previous year increased by the average increase in total residential property tax rates in the previous year (i.e. 2.5%). It is also recommended that the property tax collection by-law be amended to set interim tax payments for 2021 on the same basis. This would result in an interim levy of 41.00% of previous year's taxes in 2021.

<b>PREPARED BY:</b>	<b>CONCURRED BY:</b>
<b>JIM LOGAN, CPA, CA DIVISION MANAGER TAXATION &amp; REVENUE</b>	<b>IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES</b>
<b>RECOMMENDED BY:</b>	
<b>ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	

Attached:   Appendix A  
              Appendix B

Appendix "A"

Bill No.  
2020

By-law No.

A by-law to amend By-law No. A.-5505-497, as amended, entitled, "A by-law to authorize the implementation of a pre-authorized tax payment plan for The Corporation of the City of London" by changing the multiplier to determine the pre-authorized property tax payment from 1.012 to 1.025 effective January 1, 2021.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 342(1) of the *Municipal Act, 2001*, provides the municipality with the power to pass by-laws regarding the payment of taxes;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. By-law No. A.-5505-497, as amended, is further amended in Appendix "A" of the By-law, by deleting paragraph 10 in its entirety and by replacing it with the following new paragraph 10:

"10. For 2021 the amount of the pre-authorized payment for the period January to May shall be calculated as the most recently available assessments consistent with the previous year's assessment valuations multiplied by the total tax rates applicable to the property in the previous year plus or minus any cap adjustment of the previous year and then multiplied by 1.025 and then increased by any local improvement or similar charge applicable to the property in 2021 and then divided by 10 and rounded to the nearest dollar."

2. This by-law comes into force on January 1, 2021

PASSED in Open Council on November 10, 2020

Ed Holder  
Mayor

Catharine Saunders  
City Clerk

First Reading – November 10, 2020  
Second Reading – November 10, 2020  
Third Reading – November 10, 2020

Appendix "B"

Bill No.  
2020

By-law No.

A by-law to amend By-law No. A-8, as amended entitled "Property Tax Collection by-law" by changing the calculation percent for the Interim Levy from 40.48% to 41% effective January 1, 2021.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 317 of the *Municipal Act, 2001* provides for the passing of by-laws for the levying of interim rates of taxation;

AND WHEREAS sections 342 and 307 of the *Municipal Act, 2001*, provide the municipality with additional flexibility with respect to due dates and payment arrangements;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. Part 1 of By-law A-8, the Property and Business Tax Collection By-law, is hereby amended by deleting section 1.8 in its entirety and by replacing it with the following new section 1.8:

"1.8 Interim Levy – calculation

For the year 2021 the interim levy for a property shall be calculated as 41.00% of the total amount of taxes for municipal and school purposes levied on the property for the previous year."

2. This by-law comes into force on January 1, 2021

PASSED in Open Council on November 10, 2020

Ed Holder  
Mayor

Catharine Saunders  
City Clerk

First Reading – November 10, 2020  
Second Reading – November 10, 2020  
Third Reading – November 10, 2020