

MANAGEMENT REPORT

Date: December 16, 2024
To: Mayor and Members of Council
From: Karmen Krueger, Director of Corporate Services/Treasurer
Report Number: COU24-153
Attachments: Draft By-law – 2025 Interim Tax Levy and Due Dates

Title: 2025 Interim Tax Levy By-law

Objective: To obtain Council approval to authorize an interim tax levy for 2025 and to confirm the two interim tax levy payment dates.

Background: Section 317(1) of the Municipal Act, 2001 permits a municipality to pass a by-law levying a property tax before the annual tax rates are determined. These annual tax rates are usually not finalized until February or March, and sometimes later due to the timing of receiving final assessment information from Municipal Property Assessment Corporation (MPAC), the Provincial Education tax rate, and the final municipal budget.

Section 317(3) of the Municipal Act, 2001 generally states that the amount levied shall be 50% of the taxes levied in the prior year.

Analysis: This is an annual by-law required to allow the City to collect taxes in advance of the tax rates being finalized in any given year.

In the tax billing and collection policy approved by Council last year, the interim due dates are outlined as 'the third last business day of February and April.' For 2025, these are:

- Wednesday, February 26, 2025, and Monday, April 28, 2025

Interim Tax Instalment Payments are each 25% of their prior year's tax bill. Any property tax change resulting from the 2025 final budget will be reflected on property owners' final tax bills mailed in June.

Whether the 2025 budget results in an annual tax increase or decrease, this is NOT captured in the Interim Tax Bill. The Interim Tax Bill is strictly based upon 50% of the prior year's property taxes. This means that the entire annual tax increase is reflected in

the Final Tax Bill mailed in June, with two instalments due in August and October. Any interim payments made before this time, are reflected in what ratepayers are asked to pay in the final instalments.

Financial Implications:

Financial impact to current year operating budget:

Collecting interim taxes permits the function of the City while avoiding the need to rely on an overdraft borrowing facility to manage cash flows. For the taxpayer, it spreads the property taxes over four payments. Taxpayers can further opt into a monthly payment plan by contacting the Tax Division if they do not already have one in place. Taxpayers are also able to arrange a payment plan directly with their mortgage company, if applicable, where the mortgage company remits the taxes owing on their behalf.

Financial impact on future year operating budget:

None anticipated.

Alignment with Strategic Priorities:

Not applicable: This report does not align with specific Strategic Priorities of the City; however, sound fiscal governance and adherence to regulations will indirectly support all Strategic Priorities of the City.

Alignment with One Planet Principles:

Not applicable: This report does not have a connection to the One Planet Principles.

Staff Recommendation: THAT a by-law to authorize an interim tax levy for 2025 and establish the interim tax due dates for the fiscal year 2025 be adopted.

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