



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: May 8, 2023

Report No: CORS-022-23

Subject: 2023 Final Tax Levy By-law and Tax Policy Update

Recommendation: That the final tax rate by-law on today's agenda be considered for approval.

EXECUTIVE SUMMARY

Through this report, staff are recommending Council approve the 2023 local municipal tax rates. These rates are derived from the assessment values as provided by the Municipal Property Assessment Corporation (MPAC), the tax ratios established by the Region of Halton, and the Town's 2023 Budget.

This report also establishes the tax due dates for the remainder of 2023 and summarizes the tax policy approved by Halton Regional Council.

REPORT

Background

The Municipal Act, 2001 provides municipalities with the authority to levy property taxes in order 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.

The draft by-law attached to this report as Appendix B, once approved by Council, will provide for a 2023 final tax levy, based on individual tax rate calculations for the upper and lower tiers as well as for the Province's education rate. Although the draft by-law outlines the tax rates for each of these three levels of government, local Council is only required to approve the local tax rates and installment due dates. The education tax rates are prescribed by the Province and the upper tier tax rates are approved by Regional Council.

Discussion

SECTION 1: Local Municipal Tax Rate Setting Overview

- Tax Ratio Overview*

The tax ratios indicate the tax burden borne by each tax class within the Region. Reducing a tax ratio in one class shifts the tax burden to all other classes since the annual amount to be raised through taxation has been set through the budget process. The authority to annually review and alter tax ratios falls to the upper tier.

The Region has approved the continuance of the 2022 Tax Ratios as follows:

Class	2022 Tax Ratios	2023 Tax Ratios
Residential	1.000000	1.000000
Multi Residential	2.000000	2.000000
New Multi Residential	1.000000	1.000000
Commercial	1.456500	1.456500
Commercial Small-scale	0.364125	0.364125
Industrial	2.090700	2.090700
Industrial Small-scale	0.522675	0.522675
Land awaiting development	0.750000	0.750000
Pipeline	1.061700	1.061700
Farmland	0.200000*	0.200000*
Managed Forest	0.250000	0.250000

* Upper and Lower Tier ratio shown for Farmland. Education ratio remains at 0.25.

- 2023 Reduction and Discount Factors*

Section 313 of the Municipal Act, 2001 provides for subclasses to be taxed at a lower rate than the full tax rate for the broad class. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed by the Assessment Act shall be reduced by percentages prescribed by, or determined in accordance with regulations.

Below are the 2023 discount factors accordingly:

Class	Local	Region	Education
Farmlands	80%	80%	75%
Managed Forests	75%	75%	75%
Land awaiting Development	75%	75%	75%

- 2023 Unweighted Assessment*



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The Municipal Property Assessment Corporation (MPAC) is responsible for submitting to the Town the annual assessment roll. The unweighted assessment for 2023 as provided on that returned roll equals:

Class	2023 Unweighted Assessment
Residential	23,206,191,809
Multi-Residential	158,130,118
New Multi-Residential	43,363,800
Commercial	3,364,787,965
Commercial Small-scale	85,200
Industrial	618,321,971
Land awaiting development	6,034,000
Pipelines	111,254,000
Farmland	376,002,914
Managed Forests	41,237,699
Total	27,925,409,476

- 2023 Weighted Assessment Summary*

Combining the tax ratios from section 1) above with the unweighted taxable assessment described in section 2) results in the weighted assessment utilized for tax rate setting. As shown in the table below, the total 2023 weighted assessment of \$29,967,540,164 is higher than the 2022 amount as a result of a 2.28% increase in net assessment growth and no change related to phase-in valuation due to the delay in the 2021 reassessment.

Taxable Weighted Assessment Summary						
Class	2022 Tax Year	2022 Year End (Pre-flip)	% Change for in-Year Growth	2023 Tax Year	% Change related to Phase-in Valuation	Total % Change*
Residential	22,730,281,516	23,206,191,809	2.09	23,206,191,809	0.00	2.09
Multi-Residential	293,185,748	316,260,236	7.87	316,260,236	0.00	7.87
New Multi-Residential	12,194,400	43,363,800	255.60	43,363,800	0.00	255.60
Commercial	4,738,138,982	4,900,813,671	3.43	4,900,813,671	0.00	3.43
Commercial Small-scale	32,152	31,023	(3.51)	31,023	0.00	(3.51)
Industrial	1,310,427,781	1,292,725,745	(1.35)	1,292,725,745	0.00	(1.35)
Land awaiting development	8,721,000	4,525,500	(48.11)	4,525,500	0.00	(48.11)
Pipelines	116,780,630	118,118,372	1.15	118,118,372	0.00	1.15
Farmland	79,539,883	75,200,583	(5.45)	75,200,583	0.00	(5.45)

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Managed Forests	10,562,900	10,309,425	(2.40)	10,309,425	0.00	(2.40)
Total	29,299,864,992	29,967,540,164	2.28	29,967,540,164	0.00	2.28

* The % change columns may not total due to the use of different bases in each calculation

It should be noted that the 2.28% net assessment growth figure presented above consists of a gross assessment growth of 2.87% less 0.59% in losses of assessment value due to appeals and reconsiderations that occurred in 2022. The phase-in valuation change of 0.00% is due to the assessments reaching full value in 2020 and the continued delay of the reassessment as announced by the provincial government in the 2021 Ontario Economic Outlook and Fiscal Review. Any change related to phase-in valuation in any normal year does not result in additional revenue to the Town, rather a redistribution of cost between property owners.

- Town of Milton 2023 Budget*

On January 23, 2023, Milton Council approved the Municipal 2023 levy requirement of \$88,012,259 for Town Services including library. At time of budget approval and subsequent to budget approval final assessment growth of 2.2786% was assumed and identified which resulted in a Tax increase of 7.99%.

	2023 Final Levy	2022 Final Levy
Assessment Growth	2.2786%	2.3793%
Tax Increase	7.99%	5.47%
Net Levy Requirement	\$88,012,259	\$79,685,813

- Final 2023 Tax Rate Calculation*

Combining the output of each of the above sections, the following table summarizes the calculation of the 2023 tax rates and resulting allocation of the Town's 2023 net budget requirement by property tax class.

2023 Local Municipal Tax Rate Calculation Summary					
Class	2023 Tax Ratio (Section 1)	2023 Unweighted Assessment (Section 2)	2023 Weighted Assessment (Section 3)	2023 Net Budget Requirement (Section 4)* \$	2023 Tax Rate (Net Budget / Unweighted Assessment)
Residential	1.000000	23,206,191,809	23,206,191,809	68,154,729	0.00293692
Multi-Residential	2.000000	158,130,118	316,260,236	928,831	0.00587384
New Multi-Residential	1.000000	43,363,800	43,363,800	127,356	0.00293692



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Commercial	1.456500	3,364,787,965	4,900,813,671	14,393,284	0.00427762
Commercial Small-scale	0.364125	85,200	31,023	91	0.00106941
Industrial	2.090700	618,321,971	1,292,725,745	3,796,633	0.00614022
Land awaiting development	0.750000	6,034,000	4,525,500	13,291	0.00220269
Pipelines	1.061700	111,254,000	118,118,372	346,905	0.00311813
Farmland	0.200000	376,002,914	75,200,583	220,858	0.00058738
Managed Forests	0.250000	41,237,699	10,309,425	30,278	0.00073423
Total		27,925,409,476	29,967,540,164	88,012,259	

*May contain differences due to rounding.

Consolidated Final 2023 Tax Rate

The local municipal tax rates calculated above are combined with the Regional and Education rates set by Halton Region and the Province, respectively. Appendix B presents tax rates for each property class for each of the Town, Region and Province along with the tax rates required to raise the approved budget levy of the DBIA (Downtown Business Improvement Area).

The following table compares the total cost per \$100,000 of CVA for residential properties based on the final 2023 tax rates against the 2022 notional tax rate calculations. The \$734.87 cost per \$100,000 of residential assessment for 2023 represents a 4.47% increase over 2022. Of this amount, the local municipal share is \$293.69 per \$100,000 of residential assessment, which is an increase of 7.99% over the Town's 2022 cost. These percentage changes capture both the result of the changes in the budgeted levy as well as the results of the changes in tax policy.

Cost per \$100,000 of CVA for Residential Properties

	<u>2022 Taxes</u> <u>(Notional)</u>	<u>2023</u> <u>Tax</u>	<u>Difference</u>
Local Services	271.97	293.69	21.73
Regional Services			
General & Waste Management	174.72	179.97	
Police	103.77	108.21	
Subtotal	278.49	288.18	9.69
Education ¹	153.00	153.00	0.00
Total	703.46	734.87	31.41



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Schedule may not add due to rounding.

¹ Education reflects only final education rate prescribed in O.Reg.400/98 as updated on December 19, 2022 and aligns with figures presented in FN-17-23.

SECTION 2: Tax Policy Overview

In addition to setting tax ratios and upper tier tax rates, Regional Council also establishes tax policies, the capping program and the tax relief programs. Regional report FN-17-23 was approved on April 19, 2023, incorporating such policies and programs for 2023.

Halton Regional Report FN-17-23, is attached as an appendix to this report and outlines in detail the key areas that impact the 2023 tax policies. Also provided as Appendix A is an overview of tax policies, with specific Milton context and figures provided.

Financial Impact

The Town of Milton's 2023 tax levy is \$88,012,259 and the 2023 Downtown Business Improvement Area tax levy is \$258,086. To meet financial obligations, staff are preparing to initiate the billing process for the 2023 final taxes. The installment due dates for the final 2023 billing are to be set and pre authorized payment plan programs withdrawals as follows:

Regular Billing Program: June 30, 2023; September 29, 2023

Pre-Authorized Plans:

- Monthly End of Month: June 30, 2023; July 31, 2023; August 31, 2023; September 29, 2023; October 31, 2023
- Monthly Mid-Month: June 15, 2023; July 17, 2023; August 15, 2023; September 15, 2023; October 16, 2023
- Semi-Monthly: June 15 and 30, 2023; July 17 and 31, 2023; August 15 and 31, 2023; September 15 and 29, 2023; October 16 and 31, 2023
- Due Date: June 30, 2023; September 29, 2023

At a cost of \$293.69 per \$100,000 of residential assessment, the Town's local municipal tax rate remains amongst the lowest in the province and significantly lower than our peers within Halton Region and the GTA.



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Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Lesley Payton, Manager Tax and Assessment Phone: Ext. 2141

Attachments

Appendix A – Tax Policy Overview with Milton Context
Appendix B – 2023 Final Tax Rate By-law
Appendix C – Halton Regional Report FN-17-23

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.