

5. 1998 INTERIM FINANCING REQUISITIONS BY-LAWS

COMMITTEE RECOMMENDATIONS

That Council approve:

- 1. Interim requisitions to be paid by area municipalities to the Region on the dates set out in Annex A, subject to the finalization of interim tax bill due dates by each Area Municipality;**
- 2. That the requisitioned amount for Regional purposes be set at the higher of:**
 - a) the current level prescribed in Bill 149 (50% of the previous year rating by-law) or;**
 - b) the level that the Minister of Finance may impose through regulation to an upset limit of 75%; and**
- 3. That the appropriate interim financing requisition by-laws be prepared for enactment by Council.**

DOCUMENTATION:

- 1. Finance Commissioner's report dated 28 Jan 98 is immediately attached.**

DATE 28 January 1998

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **1998 INTERIM FINANCING REQUISITIONS BY-LAWS**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services & Economic Development Committee and Council approve:

- 1) Interim requisitions to be paid by area municipalities to the Region on the dates set out in Annex A, subject to the finalization of interim tax bill due dates by each Area Municipality;**
- 2) That the requisitioned amount for Regional purposes be set at the higher of:**
 - a) the current level prescribed in Bill 149 (50% of the previous year rating by-law) or**
 - b) the level that the Minister of Finance may impose through regulation to an upset limit of 75%; and**
- 3) That the appropriate interim financing requisition by-laws be prepared for enactment by Council.**

BACKGROUND

In the absence of final rating by-laws, interim levy requisition by-laws will be required to be enacted by Council to provide the necessary cashflow to meet the Region's day-to-day operational requirements and to minimize short term borrowing costs.

Many Area Municipalities will be issuing interim tax bills with the first due dates scheduled for February. In the absence of Regional interim financing requisition by-laws, the Region would not receive any taxation revenues until after Council adopted the 1998 Budget and rating by-laws. It is projected that the Region's 1998 budget and rating by-laws will be not be adopted before May 1998. It is therefore necessary for Council to enact interim financing requisition by-laws to generate cash flow.

INTERIM LEVIES

Prior to the recent enactment of Bill 149 (The Fair Municipal Act Part 2), Section 370 of the Municipal Act provided the legislative authority for issuing interim levies. The new Bill replaces the subsections of the Municipal Act pertaining to interim levies. The section of relevance to this report is as follows:

“The council of an upper tier municipality, other than a county, before the adoption of the estimates for a year may by by-law requisition a sum from each lower-tier municipality not exceeding the prescribed percentage (or 50% if no percentage is prescribed) of the amount that, in the upper-tier rating by-law for the previous year, was estimated to be raised in the particular lower-tier municipality.”

Based on discussions with each Area Municipality, the tentative due dates for the payment of 1998 property taxes have been summarized on Annex A. Due to the ice storm, some of the rural municipalities have not yet finalized when their interim tax bills will be issued and the dates when the billed amounts will be due.

It is anticipated that Area Municipalities will issue two tax bills: an interim bill in the first quarter of 1998 and a final bill later in the year. Each municipality has indicated that the amount to be raised from their interim bill will be approximately 50% of the taxes levied in 1997.

In 1998, upper tier municipalities in Ontario will be assuming more funding responsibilities as a result of the implementation of Bill 152, the *Services Improvement Act, 1997*. This legislation reflects the transfers in funding responsibilities from the province to the municipalities as contained in the “mega week” announcements.

In recognition of this fact, the province has indicated that the Minister of Finance may prescribe through regulation a percentage for upper tier interim requisition purposes that is higher than the 50% rate. It is unknown at the time that this report is being prepared when or if this announcement is to be made.

It is important to note that of the total taxes collected in 1997, education taxes were approximately 50%, the local portion was 17% and the Regional portion was 33%. It is projected that in 1998, with the introduction of a provincial tax rate for residential education purposes (approximately 50% of the 1997 education tax burden) and for commercial education purposes (unknown at this time), that education taxes will probably decline to 33% of the total taxes, while the Region’s proportion will increase to 50%. These numbers are estimates and are presented to reflect the relative magnitude of the taxation shifts projected to occur in 1998.

Based on the above discussion, the Region’s portion of the 1998 interim bill would therefore represent approximately 75% of the previous year’s tax requirement for regional purposes. The following table summarizes this situation.

	<u>1997 Taxes</u>		<u>1998 Estimated Interim Taxes</u>		
	\$Million	%	\$Million	% of '98	% of '97
Education	600	50	200	33	25
Local	200	17	100	17	57
Region	400	33	300	50	75
	1,200	100	600	100	50

With the increased funding responsibilities being assumed by the Region in 1998, it is recommended that should the Minister of Finance prescribe a percentage for the calculation of interim levies that is higher than the 50% rate, that this rate to an upset limit of 75%, be used in the calculation of the Region's interim levy requisition. As a minimum, Council should approve a 1998 interim requisition equal to 50% of the Region's 1997 rating by-laws.

DUE DATES

The Regional levy due dates as presented in Annex A have been established to be five (5) business days following the Area Municipality's due date. In addition, in order to minimize the administration associated with the remittance of Payments-in-lieu of taxes, the due dates have been established to be the fifth business day of the month following receipt.

Approved by
J.C. LeBelle
Finance Commissioner

Annex A

Area Municipality	Area Municipality Property Tax Due Dates		Regional Due Dates	
	Interim Due Dates *	Final Due Dates	Interim Bill	Final Bill
City of Gloucester	26-Mar	25-Jun	2-Apr	3-Jul
City of Kanata	19-Feb 16-Apr	18-Jun 17-Sep	26-Feb 23-Apr	25-Jun 24-Sep
City of Nepean	19-Mar	19-Jun	26-Mar	25-Jun
City of Ottawa	27-Feb 31-Mar	29-May 30-Jun	6-Mar 7-Apr	5-Jun 8-Jul
City of Vanier	27-Feb 30-Apr	30-Jun 30-Sep	6-Mar 7-May	8-Jul 7-Oct
Village of Rockcliffe Park	2-Mar 30-Apr	15-Jun 15-Oct	9-Mar 7-May	22-Jun 22-Oct
Township of Cumberland	25-Mar	24-Jun 23-Sep	1-Apr	2-Jul 30-Sep
Township of Goulbourn	25-Mar	24-Jun 23-Sep	1-Apr	2-Jul 30-Sep
Township of Osgoode	20-Mar	19-Jun 18-Sep	27-Mar	26-Jun 25-Sep
Township of Rideau	27-Feb 23-Apr	not available	6-Mar 30-Apr	not available
Township of West Carleton	20-Feb 23-Apr	18-Jun 24-Sep	27-Feb 30-Apr	25-Jun 1-Oct

* Some rural municipalities have indicated that the interim dates may change due to billing delays caused by the recent ice storm.