



# Municipality of Port Hope

## Staff Report

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### Report Title: 2023 Property Tax Levy By-law

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**Report to:** Finance Committee

**Date of meeting:** April 4, 2023

**Report Author:**

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**Department responsible:**

Finance

**Report Number:** FS-07-23

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### Recommendation:

That a by-law be presented to Council to adopt the 2023 Tax Levy By-law.

### Highlights:

- The Property Tax Levy By-law is required to set the levy rates to raise funds required from tax levy for the 2023 Budget

### Background:

The Municipality passes a By-law annually to establish the property tax levy rates once the Municipal Budget is approved and the Education and County tax rates are received.

On February 7, 2023 the 2023 Municipal Budget was approved through By-law 09/2023 with a tax levy amount of \$24,342,585. A By-law is required to set the levy rates to raise the funds required from tax levy for the 2023 Budget.

### Discussion:

The proposed 2023 tax levy rate By-law reflects the following notes:

#### Use of LLRW Funds

On December 18, 2018 Council passed Resolution 114/2018 to provide for 80% of the annual net increase in the value of the rural low-level radioactive waste (LLRW) fund to be applied directly to reduce the annual rural area municipal levy. As a result, \$174,000 of the rural LLRW funds are being used to reduce the 2023 rural Municipal tax levy.

From 2020-2022 80% of the annual net increase in the urban LLRW fund has been used to decrease the urban area Municipal levy. As discussed during the establishment of the 2023 Municipal Budget, 80% of the annual net increase in the fund has been used to reduce the 2023 urban Municipal tax levy in the amount of \$181,000.

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### Special Services

Since 2014 the budget has been allocated between the urban and rural areas for certain services according to By-law 28/2014, as amended, pertaining to the establishment of special services. As a result of the establishment of special services which provide for a service to be charged to a specific benefitting area, the 2023 draft levy By-law reflects urban policing, transit and Christmas tree pickup being charged as a special service to the urban area only, and rural policing to the rural area only. All other services are common services which are levied to property taxpayers in both areas.

The special services tax rate also includes the area specific LLRW fund use for tax levy reduction and the 10-year phase-in adjustment as established in By-law 28/2014.

### Tax Ratio Changes

For 2023, the County has passed the tax ratios, which include a reduction in the multi-residential tax ratio from 2.0 to 1.8.

### Impact to the Taxpayer

Since the Municipal Budget was passed, the impact to taxpayers has been influenced by several other factors, including the current year update to the amount of LLRW funds used to reduce the levy in each area and changes in tax ratios (which change the levy allocation among different property types).

For Municipal taxes, the typical single detached homeowner will experience an increase of \$178 in 2023 bringing the municipal taxes to \$2,814 in the urban area and an increase of \$196 in the rural area bringing the total municipal taxes to \$2,074. This difference in annual change is primarily a result of the 10-year phase in of the common and special services tax allocation methodology.

In addition, the urban and rural areas both experience an increase of \$82 for Northumberland County. On a total property bill basis, the typical single detached homeowner will experience an increase of \$261 to \$4,635 in the urban area and \$279 to \$3,895 in the rural area.

The value of a typical single detached residential property used for taxation purposes is \$269,000. This is based on the Municipal Property Assessment Corporation's (MPAC) valuation as of January 1, 2016, being the fully phased-in base year for all property assessments in Ontario for property tax purposes. For clarity, this is not meant to represent the average home value or sale price today, this is the value being used to calculate the property taxation in 2023 in accordance with MPAC and Provincial legislation.

The tax levy rate summary is included in **Attachment 1**.

### **Financial Considerations:**

The tax levy rates include the use of \$181,000 of the rural LLRW funds, and \$174,000 of the urban LLRW funds to reduce the 2023 Municipal tax levy for each area respectively.

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The special services and the 10-year phase in adjustment have no net impact on the tax levy, the impact is solely how the levy is allocated between the urban and rural areas.

**Communication and Public Engagement:**

The 2023 Property Tax Levy by-law and tax rates will be posted on the Municipal website. Property owners will each receive an annual tax bill. Communications related to the passing of the budget is ongoing and will continue throughout 2023. For further details residents are encouraged to visit the [budget webpage](#).

**Conclusion:**

Approval of the annual levy rate By-law is required to raise the funds required from tax levy as part of the 2023 Municipal Budget. The presented levy By-law for 2023 reflects the amended Special Services By-law and will utilize LLRW funds to reduce the Municipal tax levy for the rural and urban areas in keeping with previous direction received by Council.

**Attachments:**

Attachment 1 – Draft 2023 Tax Levy Rate By-law