



Subject: 2023 Property Tax and Storm Sewer By-Law

To: Council

From: Corporate Services Department

Report Number: 2023-87

Meeting Date: May 9, 2023

Recommendation:

That Corporate Services Department Report 2023-87 be received;

That the 2023 property tax rates outlined in Appendix A of Corporate Services Report 2023-87 be approved;

That the 2023 Property Tax Rate By-Law attached as Appendix B of Corporate Services Report 2023-87 be approved;

That Churches and Places of Worship property type category and rate as outlined in Appendix B of Corporate Services Report 2023-87 be approved.

Purpose:

The purpose of this report is to establish the 2023 property tax rates and corresponding by-law.

Background:

The City of Port Colborne (the “City”) levies property taxes annually through a four-installment model. Property taxes are based on approved budgetary requirements that are identified in the budget process as the annual levy. The 2023 budget was approved on December 13, 2022, by way of report 2022-245.

The City operates in a multi-tier municipal system with the City being the “lower-tier” and the Niagara Region being the “upper-tier”. In this model, the Niagara Region establishes tax policy, including tax ratios and any discount factors. The City bills property owners for the City and Niagara Region levies and the property tax rates set by the Province of

Ontario for Education purposes. The total assessment for each property class, tax ratios, discount factors, rates and amounts being levied are included in Appendix A.

Local property tax rates are established through by-law in accordance with Section 312 of the *Municipal Act, 2001* as amended.

Amounts raised by way of a special levy for the Downtown Development Board (BIA) and the Main Street Gateway (BIA) are done so in accordance with Section 208 (1) of the *Municipal Act, 2001*, as amended.

Discussion:

The combined residential property tax rate, including the City, Niagara Region, and Education are summarized as follows:

	2023	2022	\$	%	Proportion	Impact
City	0.01027777	0.00980471	0.00047306	4.82%	53.49%	2.58%
Niagara Region	0.00623692	0.00603552	0.00020140			
Niagara Region: Waste Management	0.00098660	0.00095899	0.00002761			
Niagara Region: Transit	0.00041580	0.00000000	0.00041580			
Total Niagara Region	0.00763932	0.00699451	0.00064481	9.22%	38.16%	3.52%
Education	0.00153000	0.00153000	0.00000000	0.00%	8.35%	0.00%
Total	0.01944709	0.01832922	0.00111787	6.10%	100%	6.10%

The City's year over year increase on a blended property tax basis is 2.58% (4.82% x 53.49% which is the City's portion of the combined tax rate). This compares to 2.94% (1.44% estimated on operations and 1.50% estimated on capital) during the budget process.

Going forward the proportion of residential property tax paid to the City, Niagara Region, and Education changes as follows:

- City 52.85% (vs. 53.49% in 2022)
- Niagara Region 39.28% (vs 38.16% in 2022)
- Education 7.87% (vs 8.35% in 2022)

The impact on the blended property tax rates on the average (avg.) residential, commercial, and industrial property in the City is as follows:

	CVA	2023	2022	\$	%
Avg. Residential	\$213,407	\$4,150	\$3,912	\$238	6.08%
Avg. Commercial	\$329,403	\$10,239	\$9,600	\$639	6.66%
Avg. Industrial	\$786,373	\$37,056	\$34,744	\$2,312	6.65%

The residential property average above represents the average of all residential properties in the City, including waterfront properties.

The property sample for the commercial and industrial class does not include larger industrial, shopping centre, office buildings, parking lots, or subclass properties. Rates for all property classes are included in Appendix A.

The average commercial and industrial property tax change highlighted above are slightly higher than the residential change. Factors that can impact a difference include changes in current value assessment ("CVA") of commercial and industrial properties, tax shifts, and tax policy approved at the Niagara Region or Province. This compares to the prior year when the increase to commercial and industrial properties was 9.5% higher than that of residential properties. There was no change in the education rate on residential, commercial, and industrial properties this year.

The storm sewer rates were approved by way of report 2022-247 approved by Council on December 13, 2022, these rates are included in the 2023 Property Tax Rates Bylaw as Schedule B to the By-law.

The by-law reflects a review performed by staff of properties in each grouping. Staff has reclassified certain properties within the groupings to better align with property tax coding. This review resulted in an additional class being created specifically for Churches and Places of Worship. The net impact on the 2023 budgeted of all reclassifications is \$50,000. Recognizing the changes made in 2022 to the Storm Sewer fee structure these changes will be made retroactive to 2022. Any difference between budget and actual at year end will be funded to/from the Storm Sewer Reserve.

Also, incorporated in the 2023 Property Tax Rates Bylaw are the rates associated with the contributions to the Downtown Business Improvement Area and the Main Street Gateway Business Improvement Area.

The final tax due dates for all classes are recommended as July 17 and September 28, 2023. The recommended July date will allow staff to manage workloads between the third instalment and Canal Days. The September date is recommended to move from the 30th which became the Truth and Reconciliation Day in 2021.

Financial Implications:

The proposed tax rates form the basis to fund the City's approved 2023 budget.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
 - Attracting Business Investment and Tourists to Port Colborne
 - City-Wide Investments in Infrastructure and Recreational/Cultural Spaces
 - Value: Financial Management to Achieve Financial Sustainability
 - People: Supporting and Investing in Human Capital
 - Governance: Communications, Engagement, and Decision-Making
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Conclusion:

Staff recommend that the proposed 2023 property tax rates in Appendix A and that the 2023 Property Tax Rates By-Law be approved.

Appendices:

- a. 2023 Property Tax Rates
- b. By-Law to Set and Levy the Rates of Taxation for City Purposes for the Year 2023

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.