



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Taxation Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	January 19, 2015
<b>SUBJECT/REPORT NO:</b>	2015 Interim Tax Levy and Temporary Borrowing By-Laws (FCS15008) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Larry Friday (905) 546-2424, Ext. 2425
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager Finance & Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That Appendix A attached to report FCS15008 “By-law to Authorize the temporary borrowing of monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2015” be passed;
- (b) That Appendix B attached to report FCS15008 “By-law to Authorize an Interim Tax Levy for 2015” be passed.

**EXECUTIVE SUMMARY**

Both the Interim Tax Levy and Temporary Borrowing By-laws ensure that the City has access to a continuing cash flow to fund operations until a final 2015 budget has been approved.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)**

**Financial:** The city would have to pay negotiated interest payments should it have to borrow funds under the Temporary Borrowing By-law.

**Staffing:** None

**Legal:** The Temporary Borrowing By-law is required under Section 407 of the Municipal Act, 2001. An interim Tax Levy By-law is required under section 317 of the Municipal Act, 2001.

### **HISTORICAL BACKGROUND (Chronology of events)**

Appendix A to Report FCS15008 is a Temporary Borrowing By-law allowing the City to ensure that it has access to adequate cash flow to meet operating commitments. The allowable percentages to borrow as set out in Section 407 of the Municipal Act, 2001 are 50% of estimated revenues prior to September 30<sup>th</sup> and 25% afterwards. It is important to note that actual borrowings under this provision have historically been very limited in both magnitude and duration. The most recent case of the City taking advantage of this provision was in late 1998 and 1999 under the Current Value Assessment conversion, when the Province was adjusting the rules and regulations for taxation of commercial and industrial properties, which held up final tax bills to August and September, respectively.

Appendix B to Report FCS15008 is an Interim Tax Levy By-law. In the course of its' operations, before a final budget has been approved, the City incurs expenses on a regular basis. These expenses, including such items as employee wages, material expenditures and School Board tax payments, would require significant temporary borrowing without the ability to levy taxes in advance of the final tax bills being issued. Section 317 of the Municipal Act, 2001 permits the levy of up to 50% of the prior year's taxes (annualized for adjustments such as supplementary taxes or tax appeals). The Interim Tax Levy By-law provides the formal mechanism whereby Council can affect this pre-levy. The due dates of the instalments for the Interim Levy are proposed to be March 2<sup>nd</sup> and April 30<sup>th</sup>, 2015.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Sections 317 and 407 of the Municipal Act, 2001.

### **RELEVANT CONSULTATION**

The Legal Services Department has been consulted as to the form of the By-laws.

### **ANALYSIS AND RATIONAL FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)**

By-laws are required under the Municipal Act, both the Interim Tax Levy and the Temporary Borrowing By-laws ensure we have adequate funding to run day-to-day operations.

**ALTERNATIVES FOR CONSIDERATION**

Not Applicable

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix A to Report FCS15008 – 2015 Temporary Borrowing By-law

Appendix B to Report FCS15008 – 2015 Interim Tax Levy By-law