




Hamilton

CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 22, 2018
SUBJECT/REPORT NO:	2018 Interim Levy and Temporary Borrowing By-Laws (FCS18007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Maria Di Santo (905) 546-2424 Ext. 5254
SUBMITTED BY:	Rick Male Director, Financial Services, Taxation and Corporate Controller Finance and Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That Appendix "A" attached to Report FCS18007 "By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2018", be passed;
- (b) That Appendix "B" attached to Report FCS18007 "By-law to Authorize an Interim Tax Levy for 2018", 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 2018 budget has been approved.

Alternatives for Consideration – Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

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

Appendix "A" to Report FCS18007 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 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 FCS18007 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 2018 Interim Levy are proposed to be February 28, 2018 and April 30, 2018.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Sections 317 and 407 of the *Municipal Act, (2001)*.

RELEVANT CONSULTATION

The Legal Services Department was originally consulted as to the form of the By-laws.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

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

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – 2018 Temporary Borrowing By-law.

Appendix "B" – 2018 Interim Tax Levy By-law.

MD/cr

Authority:

Bill No.

CITY OF HAMILTON

BY-LAW NO.

To Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2018

WHEREAS the Council for the City of Hamilton deems it necessary to pass and enact a by-law to authorize the temporary borrowing of monies by the City to meet current budget expenditures for the year 2018 pending receipt of current revenues;

AND WHEREAS section 407(1) of the Municipal Act, 2001, provides as follows:

"At any time during a fiscal year, a municipality may authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amounts that the municipality considers necessary to meet the expenses of the municipality for the year and of the amounts, whether or not they are expenses for the year, that the municipality requires in the year"

AND WHEREAS Section 407(2) of the Municipal Act, 2001, imposes certain limitations on the amounts that may be borrowed at any one time.

NOW THEREFORE the Council for the City of Hamilton hereby enacts as follows:

1. (a) The City of Hamilton is hereby authorized to borrow from a Bank or person by way of Promissory Notes or Bankers Acceptances from time to time a sum or sums of monies not exceeding at any one time the amounts specified in subsection (2) of the Municipal Act, 2001 to pay off temporary bank overdrafts for the current expenditures of the City for the year 2018, including amounts for sinking funds, principal and interest falling due within such fiscal year and the sums required by law to provide for the purposes of the City.
- (b) The amount of monies that may be borrowed at any one time for the purposes of subsection (1) of the Municipal Act, 2001, together with the total of any similar borrowings that have not been repaid, shall not, except with the approval of the Ontario Municipal Board, exceed the prescribed percentages of the total of the estimated revenues of the City as set forth in

the estimates adopted for the year, which percentages are set out in section 407 of the Municipal Act, 2001 as it may be amended from time to time.

2. (a) Until estimates of revenue of the City for the 2018 year are adopted, borrowing shall be limited to the estimated revenues of the City as set forth in estimates adopted for the next preceding year.
- (b) The total estimated revenues of the City, including the amounts levied for Education purposes, adopted for the year 2018 are One Billion, Nine Hundred Million Dollars (\$1,900,000,000).
3. All sums borrowed pursuant to the authority of this By-law, together with any and all similar borrowings in the current year and in previous years that have not been repaid shall, together with interest thereon, be a charge upon the whole of the revenues of the City for the current year and for all preceding years, as and when such revenues are collected or received.
4. The Treasurer shall, and is hereby authorized and directed to, apply in payment of all sums borrowed pursuant to this By-law, together with interest thereon, all of the monies thereafter collected or received for the current and preceding years, either on account or realized in respect of taxes levied for the current year and preceding years or from any other sources which may lawfully be applied for such purpose.
5. That the Mayor and failing such person, the Deputy Mayor of the City Council and failing such person, the City Manager, together with the Treasurer or any one of the Temporary Acting Treasurers be authorized and directed to sign and execute the aforesaid Promissory Notes and Bankers Acceptances, hypothecations, agreements and such other documents, writings and papers which shall give effect to the foregoing.
6. This By-law shall come into force and effect on the 1st day of January 2018, and shall remain in force and effect until December 31, 2018.

PASSED and ENACTED this day of , 2018 A.D.

MAYOR

CITY CLERK

Authority:

BILL NO.

CITY OF HAMILTON

BY-LAW NO.

To Authorize an Interim Tax Levy for 2018

WHEREAS the Council for the City of Hamilton deems it necessary to pass a by-law to levy on the whole of the assessment for each property class in the local municipality rateable for a local municipality purpose, a sum not to exceed that which would be produced by applying the prescribed percentage (or 50 percent if no percentage is otherwise prescribed) of the total amounts billed to each property for all purposes in the previous year on the properties that, in the current year, are in the property class as provided for in Section 317 of the Municipal Act, 2001;

AND WHEREAS Section 317 of the Municipal Act, 2001, also authorizes a Municipal Council, by by-law, to adjust the interim taxes on a property if the Council is of the opinion that the Interim Levy on a property is too high or too low in relation to its estimate of the total taxes which will be levied on the property in 2018;

NOW THEREFORE the Council for the City of Hamilton hereby enacts as follows:

1. The interim tax levies shall be levied and collected upon the whole of the rateable property categories in columns 1 and 2, shown below:

Column 1

Column 2

Class	Class Code
Residential	RT
Farmlands Awaiting Development	C1/R1/M1
Multi-Residential	MT
New Multi-Residential	NT
Residual Commercial	CT/DT
New Residual Commercial	XT/YT
Residual Commercial Vacant Unit	CU/DU
New Residual Commercial Vacant Unit	XU/YU
Shopping Centre	ST
New Shopping Centre	ZT
Shopping Centre Vacant Unit	SU
New Shopping Centre Vacant Unit	ZU
Parking and Vacant Commercial Land	GT/CX
Residual Industrial	IT
New Residual Industrial	JT

Residual Industrial Vacant Unit/Land	IU/IX
New Residual Industrial Vacant Unit	JU/JX
New Construction Large Industrial	KT
New Construction Large Industrial Vacant Unit	KU
Large Industrial	LT
Large Industrial Vacant Unit	LU
Landfills	HT
Pipeline	PT
Farmland	FT
Managed Forest	TT
Rail Right of Way	WT CN
Rail Right of Way	WT CP
Utility Right of Way	UT

2. The interim tax levy shall become due and payable in two installments as allowed under Section 342(1)(a) of the Municipal Act, 2001, as follows:

Fifty percent of the interim levy, rounded, shall become due and payable on the 28th day of February, 2018 and the balance of the interim levy shall become due and payable on the 30th day of April, 2018 and non-payment of the amounts due on the dates stated, in accordance with this section, shall constitute default.

3. That when payment of any instalment or any part of any instalment of taxes levied by this by-law is in default, penalties and where applicable interest, shall be imposed respectively in accordance with City of Hamilton policies.
4. Section 342(1) (b) of the Municipal Act, 2001 allows for alternative instalment due dates to spread the payment of taxes more evenly over the year. Therefore, the interim tax levy for those on a 12 month pre-authorized automatic withdrawal payment plan shall be paid in 6 equal installments due and payable on or after the first or fifteenth day of each month January to June, inclusive. For those on the 10-month pre-authorized automatic withdrawal payment plan the interim levy shall be paid in 5 equal installments due and payable on or after the first day of each month February to June, inclusive. The pre-authorized payment plans shall be penalty free for as long as the taxpayer is in good standing with the terms of the plan agreements.
5. The interim tax levy rates shall also apply to any property added to the assessment roll after this by-law is enacted.
6. This by-law shall come into force and effect on the 1st day of January, 2018.

PASSED and ENACTED this day of , 2018 A.D.

MAYOR

CITY CLERK