



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 16, 2020
SUBJECT/REPORT NO:	2020 Temporary Borrowing and Interim Tax Levy By-laws (FCS20003) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Gloria Rojas (905) 546-2424 Ext. 6247
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That Appendix “A” attached to Report FCS20003, “By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2020”, be passed;
- (b) That Appendix “B” attached to Report FCS20003, “By-law to Authorize an Interim Tax Levy for 2020”, be passed.

EXECUTIVE SUMMARY

Both the Temporary Borrowing and Interim Tax Levy By-laws ensure that the City has access to a continuing cash flow to fund operations until a final 2020 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.

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Staffing: N/A

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 FCS20003 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 FCS20003 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 2020 Interim Levy are proposed to be February 28, 2020 (or later) and April 30, 2020.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

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

RELEVANT CONSULTATION

Legal and Risk Management Services, Division of the Corporate Services Department was originally consulted as to the form of the By-laws.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

By-laws are required under the *Municipal Act, 2001*. Both the Temporary Borrowing and Interim Tax Levy By-laws ensure the City has adequate funding to run day-to-day operations.

ALTERNATIVES FOR CONSIDERATION

N/A

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” to Report FCS20003 – 2020 Temporary Borrowing By-law

Appendix “B” to Report FCS20003 – 2020 Interim Tax Levy By-law

GR/dt