



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 9, 2021
SUBJECT/REPORT NO:	2022 Temporary Borrowing and Interim Tax By-laws (FCS21112) (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:	<i>Brian McMullen</i>

RECOMMENDATION(S)

- (a) That Appendix “A” attached to Report FCS21112, “By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2022”, be passed;
- (b) That Appendix “B” attached to Report FCS21112, “By-law to Authorize an Interim Tax Levy for 2022”, 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 2022 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.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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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 FCS21112 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 FCS21112 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 2022 Interim Levy are proposed to be February 28, 2022 and April 29, 2022.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Report FCS21112 complies with provisions within Sections 317 and 407 of the *Municipal Act, 2001*.

RELEVANT CONSULTATION

Corporate Services Department – Legal and Risk Management Services Division was consulted to confirm adherence to the *Municipal Act*. The Financial Services and Taxation Division has also been consulted as they are responsible for the tax billing and collection.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

By-laws are required under the *Municipal Act, 2001*. Both the Interim Tax Levy and the Temporary Borrowing 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 FCS21112 – 2022 Temporary Borrowing By-law

Appendix “B” to Report FCS21112 – 2022 Interim Tax Levy By-law

GR/dt