




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

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	November 21, 2024
<b>SUBJECT/REPORT NO:</b>	2025 Temporary Borrowing and Interim Tax Levy By-laws (FCS24049) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Kayla Petrovsky Fleming (905) 546-2424 Ext. 1310
<b>SUBMITTED BY:</b>	Kirk Weaver Acting Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### RECOMMENDATION(S)

- (a) That Appendix "A" attached to Report FCS24049, "By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2025", be enacted; and
- (b) That Appendix "B" attached to Report FCS24049, "By-law to Authorize an Interim Tax Levy for 2025", be enacted.

### EXECUTIVE SUMMARY

The Temporary Borrowing By-law ensures that the City can borrow funds to offset any cash flow challenges related to the timing of incurring expenses versus the collection of billed property taxes.

The Interim Tax Levy By-law ensures that the City has access to a continuing cash flow to fund operations until a final 2025 tax budget and tax levy 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. In order to bill and collect the planned February and April 2025 property tax instalments, an Interim Tax Levy By-law must be passed.

**Staffing:** N/A

**Legal:** The Temporary Borrowing By-law is required under Section 407 of the *Municipal Act, 2001* if the Municipality needs to borrow funds to address short-term cash flow issues. An interim Tax Levy By-law may be passed under Section 317 of the *Municipal Act, 2001*.

## **HISTORICAL BACKGROUND**

Appendix “A” to Report FCS24049 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 FCS24049 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 2025 Interim Levy are proposed to be February 28, 2025 and April 30, 2025.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Report FCS24049 complies with provisions within Sections 317 and 407 of the *Municipal Act, 2001*.

## **RELEVANT CONSULTATION**

The Legal Services and Risk Management Division was consulted to confirm adherence to the *Municipal Act, 2001*. The Taxation Section of 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

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS24049 – 2025 Temporary Borrowing By-law

Appendix “B” to Report FCS24049 – 2025 Interim Tax Levy By-law

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