

Municipality of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Financial Services

To: Mayor and Members of Council

From: Matt Torrance, MBA, CPA, CGA
Director, Financial Services

Date: December 9, 2024

Subject: 2025 Interim Tax Levy, Due Dates, and Borrowing By-laws

Recommendations

It is recommended that:

1. The tax rates in Attachment A be adopted for the purpose of calculating taxes levied under the 2025 Interim Tax Levy By-law.
2. The 2025 interim tax levy due dates be Monday, March 3 and Thursday, May 1, 2025.
3. The 2025 Interim Tax Levy By-law and 2025 Borrowing By-law be approved.

Background

The interim tax levy for 2025 requires passage of a by-law, which is attached. The levy will be based on 50% of last year's class applicable tax rates, multiplied by the 2025 assessment roll provided in December 2024, to a maximum of 50% of the previous year's actual tax levy. Actual tax rates and calculations applied under by-law may differ slightly from those presented in this report upon receiving updated information from MPAC after December with regard to the 2024 assessment used for the 2025 tax levy.

Area rating will not impact taxpayers until the final tax billing in June 2025.

The purpose of this report is to obtain approval for the interim tax rates, to establish interim tax due dates, and to approve a 2025 borrowing by-law enabling the Municipality to establish a line of credit to cover current expenditures should it be required.

Comments

Interim Tax Levy

The interim tax levy, due in two installments, is an advance on annual taxes. Decisions made by the Province of Ontario and by Council before approval of the final 2025 tax

levy will determine the 2025 taxes owing. The interim levy is applied as a credit against the final bill which is mailed in June and will be due August 1 and November 3. The interim tax levy is usually less than the final tax levy issued in June. The following list illustrates why this is the case;

- Budgetary increases, if any, will be added at the time of the final tax billing.
- Most locals, drainage assessments, waterline charges, area levies and fringe rates are applied at the time of the final tax billing.
- Business Improvement Area levies are added to the final tax notice.

Current Value Assessment was last done on January 1, 2016, for years 2017 to 2020. Ontario municipalities are still waiting for direction from the Province on an assessment update. Property assessments will continue to be based on the January 1, 2016 valuation date for the 2025 taxation year. The tax increase may be greater or less than the budget increase depending on tax policy decisions and assessment changes.

Due Dates

Tax due dates proposed for 2025 are essentially the same as those used since the formation of Chatham-Kent in 1998. The same due dates are used to promote consistency and predictability.

The tax due dates will be as follows:

Monday, March 3, 2025	First instalment interim taxes due
Thursday, May 1, 2025	Second instalment interim taxes due
Friday, August 1, 2025	First instalment final taxes due
Monday, November 3, 2025	Second instalment final tax due

Due dates are posted on the municipal website and on the tax notice. Instalment dates are also communicated to the public through Chatham-Kent's social media platforms.

Tax Payment Methods

- Pre-Authorized Payment Plans
- Telephone & Internet Payments through Bank
- Automatic Banking Machines
- Financial Institutions
- Post Dated Cheques
- Mail
- Drop Box Locations
- In Person at Municipal Offices using cash, cheque or debit card
- Credit card available for a fee through on-line payment option

2025 Borrowing By-law

Each year at this time Council approves a borrowing by-law for current expenditures during the upcoming year. Municipal cash balances are typically lower in the first few months of the year prior to the March tax due date. Borrowing for capital and construction projects is a separate approval process done periodically on an as needed basis. Chatham-Kent is not expected to be in a borrowing position during 2025. The line of credit is done as a precautionary measure only. Chatham-Kent has not borrowed under this facility for 2024 operations.

Council will recall that the Municipality is part of the Joint Banking Consortium under the Chatham-Kent Lambton Administrators Group (CKLAG). Consequently, Chatham-Kent can borrow at preferred rates as a result of this agreement with our public sector partners for our current expenditure cash requirements if needed.

Section 407 of the Municipal Act, 2001 permits temporary loans to cover for current expenditures. From January 1 to September 30, the amount borrowed may not exceed 50% of the total estimated revenues of the Corporation. For the balance of the year, the amount borrowed cannot exceed 25%. Total 2024 budget revenues were approximately \$425.7 million.

The by-law on tonight’s agenda authorizes the Mayor and Treasurer to borrow up to \$60 million. This amount is well below our 50% limit under the Municipal Act, 2001. Further, Chatham-Kent has never used the full amount of credit available.

This by-law is a routine matter required under our banking agreement and has no budget effect. Further, because these loans are short term, they do not impact debt levels or our debt limit.

Council Term Priorities

This report supports the following Council Term Priorities:

			
<p>Deliver Excellent Service</p>	<p>Promote Safety & Well-Being</p>	<p>Grow Our Community</p>	<p>Ensure Environmental Sustainability</p>
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Consultation

Municipal Property Assessment Corporation and the Canadian Imperial Bank of Commerce were consulted.

Communication

Communication is proposed to be through the inclusion of this report on the Council agenda and related communications.

Diversity, Equity, Inclusion and Justice (DEIJ)

This report does not have implications related to diversity, equity, inclusion or justice.

Financial Implications

The interim tax levy by-law requires Council approval in order to fund school boards and the on-going operations of municipal government and its boards and agencies. The interim tax levy will raise approximately \$114 million. See Attachment B for details. The following timeframe is prudent to ensure preparation of the interim tax bill.

Receive Roll:	November 30, 2024
Update roll information:	December 16, 2024
File transfer update:	December 20, 2024
Mailed by:	February 21, 2025
Interim due dates:	March 3 and May 1, 2025

Prepared by: Mark Visser, Revenue Analyst

Reviewed by:

Amy McLellan, CPA, CGA, Manager, Revenue
Matt Torrance, MBA, CPA, CGA, Director, Financial Services
Gord Quinton, MBA, CPA, CGA, Chief Financial Officer, Treasurer

Attachments: Attachment A - Tax Rates
Attachment B - Interim Taxes Raised
Interim Tax Levy By-law 2025
Borrowing By-law 2025