

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: November 10, 2022

Subject: 2023 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 2023 Interim Tax Levy By-law.
2. The 2023 interim tax levy due dates be Wednesday, March 1 and Monday, May 1, 2023.
3. The 2023 Interim Tax Levy By-law and 2023 Borrowing By-law be approved.

Background

The interim tax levy for 2023 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 2023 assessment roll provided in December 2022, 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 2022 assessment used for the 2023 tax levy.

Area rating, tax cap and phase-in adjustments will not impact taxpayers until the final tax installment in July 2023.

The purpose of this report is to obtain approval for the interim tax rates, to establish interim tax due dates, and to approve a 2023 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 2023 tax

levy will determine the 2023 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 1. The interim tax levy is usually less than the final tax levy issued in June. The following list illustrates why this is the case.

- Provincial tax cap increases and clawbacks to Commercial properties apply to the final tax notice.
- Budgetary increases, if any, will be added at the time of the final tax notice.
- Most locals, drainage assessments, waterline charges, area levies and fringe rates are applied at the time of the final tax notice.
- 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. The tax increase may be greater or less than the budget increase depending on tax policy decisions, assessment changes, and capping considerations.

Property assessments will continue to be based on the January 1, 2016 valuation date for the 2022 and 2023 taxation years per the direction received in the [2022 Ontario Budget: Ontario's Plan to Build](#) issued on April 28, 2022.

Due Dates

Tax due dates proposed for 2023 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:

Wednesday, March 1, 2023	First instalment interim taxes due
Monday, May 1, 2023	Second instalment interim taxes due
Tuesday, August 1, 2023	First instalment final taxes due
Wednesday, November 1, 2023	Second instalment final tax due

Due dates are posted on the municipal website and on the tax notice.

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

2023 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. We are not expecting to be in a borrowing position during 2023. The line of credit is done as a precautionary measure only. We have not borrowed under this facility for 2022 operations.

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

Section 407 of the Municipal Act 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 2022 budget revenues were approximately \$368 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. Further, we have 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.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- ☒ Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- ☐ A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- ☐ People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- ☐ Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- ☒ Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable

☐ Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

☐ Has the potential to support all areas of strategic focus & critical success factors

☐ Neutral issues (does not support negatively or positively)

Consultation

Municipal Property Assessment Corporation and the Canadian Imperial Bank of Commerce were consulted. Legislative Services has reviewed the by-laws.

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 \$99.6 million. See Attachment B for details. The following timeframe is prudent to ensure preparation of the interim tax bill.

Receive Roll:	November 30, 2022
By-law approval:	December 5, 2022
Update roll information:	January 4, 2023
File transfer update:	January 22, 2023
Mailed by:	February 5, 2023
Interim due dates:	March 1 and May 1, 2023

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Attachments: Attachment A - Tax Rates
Attachment B - Interim Taxes Raised
Interim Tax Levy By-law 2023
Borrowing By-law 2023