

Request for Decision

Request from the City of Kingston to Support Efforts in Seeking an Increase in 'Heads and Beds' Payments

Presented To: Policy Committee

Presented: Wednesday, Apr 20, 2011

Report Date Thursday, Apr 14, 2011

Type: Managers' Reports

Recommendation

Whereas Ontario municipalities with post secondary institutions and hospitals receive transfer payments from the Provincial government in lieu of property taxes and;

Whereas the payments are transferred to the municipalities based on the number of heads (students) in post secondary institutions and the number of beds in their local hospitals, (also known as the "heads and beds" payment in lieu of taxes) and;

Whereas the current amount of \$75.00 per head/bed has not been increased since 1987 when it was adjusted from \$50.00 and;

Whereas it is our position that the current "heads and beds" rate does not reflect a fair compensation for providing the local resources necessary to support these provincial services and;

Whereas this rate, if indexed to inflation, would be approximately \$135.00 per head/bed;

Therefore, be it resolved that the City of Greater Sudbury request that the provincial government of Ontario increase the "heads and beds" levy to at least the current rate of inflation and build in an automatic annual adjustment for inflation for future years; and further that a copy of this resolution be forwarded to the Honorable Dwight Duncan, Minister of Finance, the Honorable Rick Bartolucci, Minister of Municipal Affairs and Housing and the City of Kingston.

Background

Payments in lieu of taxes are payments made to Ontario municipalities by the Federal and Provincial governments for the properties they own. Payments in lieu of taxes are an acknowledgment by these levels of government, that they or their employees are benefiting from municipal services and infrastructure. Examples of Federal and Provincial properties include the Taxation Centre on Notre Dame Avenue and the Northern Development and Mines building on Cedar Street.

Payments in lieu of taxes on these buildings are based on their current value assessment, however, some

Signed By

Report Prepared By

Tony Derro
Manager of Taxation
Digitally Signed Apr 14, 11

Recommended by the Department

Lorella Hayes
Chief Financial Officer/City Treasurer
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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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payments in lieu of taxes are based on enrollment and occupation. These include universities, community colleges, hospitals and correctional facilities. Payments in lieu of taxes of this nature are called "heads and beds".

The current "heads and beds" rate is \$75.00 and this amount has remained unchanged since 1987. The City of Greater Sudbury's "heads and beds" payment in lieu of taxes for 2010 was \$983,000.00.

Recently, efforts have been made by a number of municipalities through the Association of Municipalities of Ontario to seek an increase in the "heads and beds" category of payments in lieu of taxes. The City of Kingston, is requesting City Council's support in joining a number of Ontario municipalities in petitioning the Ontario government to increase the "heads and beds" funding. A copy of a letter from Mayor Mark Gerretsen of the City of Kingston is appended to this report as Schedule A.

Summary

It is recommended that City Council support the City of Kingston in its endeavour to seek an increase in the "Heads and Beds" payments in lieu of taxes from the Ontario Government. If the Province increases the rate to \$135.00 it could generate an additional \$800,000 for the City of Greater Sudbury.

SCHEDULE 'A'



Office of the Mayor

RECEIVED MAR 25 2011

March 17, 2011

Mayor Marianne Matichuk
City of Greater Sudbury
Tom Davies Square
Box 5000, Station A
Greater Sudbury, ON P3A 5P3

MARIANNE:
Congrats on your
recent victory!
Looking forward
to meeting you
soon. Mark.

Dear Mayor ~~Matichuk~~, MARIANNE:

Since 2007 the City of Kingston has been making efforts to increase the "Heads and Beds" levy that municipalities receive in lieu of property taxes for provincial institutions such as universities and hospitals. The current amount of \$75 per head/bed has not been increased since 1987 when it was adjusted from \$50.

This matter has been discussed by the AMO at recent pre-budget discussions with the province. Kingston submitted a letter to the Standing Committee on Finance and Economic Affairs in January of this year, asking that the province meet with Kingston and other municipalities to consider an adjustment to this rate. As I discussed with my colleagues at a recent Large Urban Mayors Caucus of Ontario (LUMCO) meeting, the Heads and Beds levy will continue to be a key issue for Kingston.

To date, we have received positive support from over 30 municipalities across the province on this important issue. There is a shared understanding among municipalities that the current Heads and Beds rate does not reflect a fair compensation for providing the local resources necessary to support these provincial services. If indexed to inflation, based on our calculations, this amount would be approximately \$135 per head/bed. As per data taken from the 2009 Financial Information Return (FIR), the **City of Greater Sudbury** received an annual transfer of **\$ 929,250** for the Heads and Beds payment. If the rate was indexed to inflation this amount would be approximately **\$1,672,650**, which is an increase of **\$ 743,400** to your municipal revenues.

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Kingston:
Canada's
First Capital

LETTER TO: Mayor Marianne Matichuk
March 17, 2011
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I had the opportunity to speak with Premier McGuinty during his recent visit to Kingston on the topic of Heads and Beds, which I hope served to open the door to future discussions. The City of Kingston has requested a delegation during the AMO conference in August of this year to further address this issue. With your support our collective municipal voice will be heard by the provincial government.

If you have already joined our effort through a motion of support – thank you! If not, please consider asking your council to adopt the attached motion and return it to us. We would like all Ontario municipalities that have post-secondary institutions and hospitals to unite on the matter of Heads and Beds. If you are planning to attend the AMO conference in August and would like to join our delegation, please contact me directly. Your attendance and support would be invaluable.

Sincerely,



Mark Gerretsen,
Mayor

MG/gc

cc: John Bolognone, City Clerk



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