



Date 9 October 2012

City Council Committee Report

To: Mayor Canfield & Members of Council

Fr: Karen Brown

Re: Heads & Beds Levy

Recommendation:

Whereas post-secondary institutions, hospitals and provincial institutions are exempt from paying property taxes to municipalities under provincial law and instead pay a fixed amount set by the provincial government; and

Whereas the amount of the "heads and beds" payment is \$75 per head or bed and this amount has not been changed by the province since 1987; and

Whereas Council of the City of Kenora passed a motion on April 18, 2011 with respect to the "heads and beds" payments; and

Whereas communities across Ontario have come together to advocate for this important provincial policy change and efforts to have the provincial government review the "heads and beds" amount have not been met with a positive response to date;

Now therefore be it resolved that the Council of the City of Kenora hereby authorize staff to:

- Pursue changes to the heads and beds legislation with coordination determined by the group of Mayors, and
- Collaborate with other interested municipalities on a legal perspective, around the "heads and beds" payment amount; and further

That a copy of this resolution be circulated to all municipalities in Ontario that have universities, colleges, hospitals and provincial correctional facilities requesting their Councils to show their support for this important policy change.

Background:

In March 2011, Kenora received a request from the City of Kingston with regards to supporting a resolution to increase the "Heads and Beds" levy from the current \$75 to \$135. The "Heads and Beds" levy is a levy to certain

organizations in place of property taxes, based on the number of heads or beds in that facility. For Kenora, the following three facilities currently pay this levy:

- The Lake of the Woods Hospital (148 beds)
- Confederation College (115 heads or students)
- Kenora District Jail (135 beds)

As a result, Council passed a resolution at its April 18, 2011 meeting supporting the Kingston request. A copy of that resolution has been included at the end of this report for your information. Based on the current heads and beds count, the increase of \$60 would represent an additional \$23,880 annually in revenue for the City.

At the recent Association of Municipalities of Ontario (AMO) conference, a meeting was held for municipalities that currently receive a heads and beds levy, of which Kenora delegates attended. At that time, it was noted that there had been no movement on the part of the Province on this matter. It was recommended that further action, potentially legal, was required. Following the AMO conference, a conference call was held among the affected municipalities. The consensus on the call was to recommend a resolution to the Council of each affected municipality authorizing their staff to work together in conjunction with the City of Kingston staff for purposes of information sharing and moving this matter forward. The resolution was drafted by Kingston, and has been amended based on feedback from the participating municipalities.

Budget:

No impact at this time, although depending on the eventual action taken, there would be an anticipated sharing of costs related to the action. This cannot be quantified at this time.

Communication Plan/Notice By-law Requirements:

Distribution as outlined within the resolution.

April 18, 2011 Resolution:

Heads & Beds Levy

19. Moved by S. Smith, Seconded by C. Drinkwalter & Carried:-

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 institution campuses and the number of beds in their local hospitals and jails (also known as the Heads and Beds payment in lieu of taxes); and

Whereas the current amount of \$75 per head/ bed has not been increased since 1987 when it was adjusted from \$50; 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 per head/bed;

Therefore be it resolved that the Council of the City of Kenora hereby requests 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

Be it resolved that a copy of this resolution be forwarded to the Honourable Dwight Duncan, Minister of Finance, Howard Hampton, MPP (Kenora–Rainy River) and the City of Kingston.