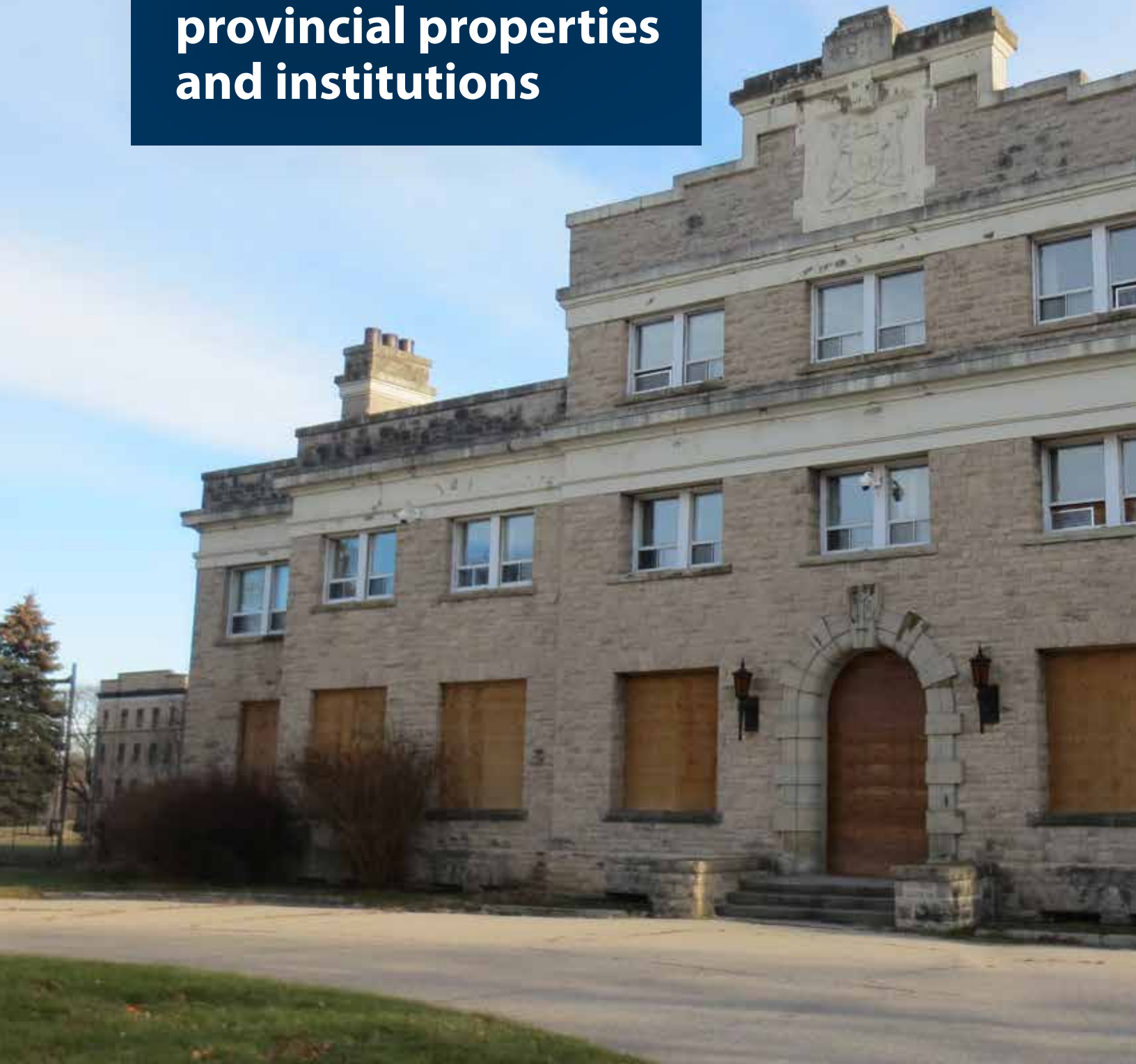


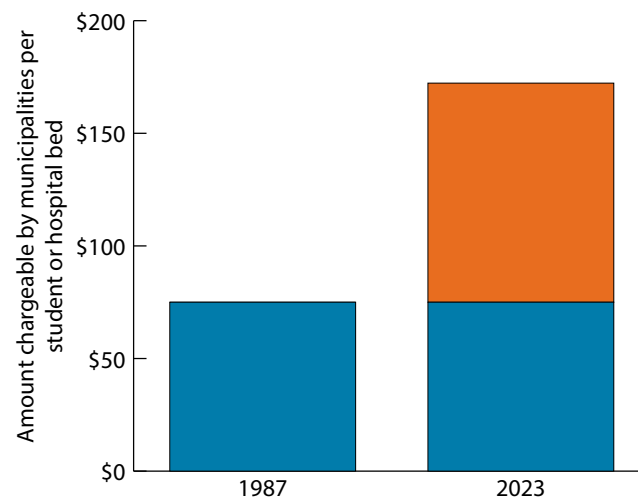
Issue at a glance:
**Payments for
provincial properties
and institutions**



The details

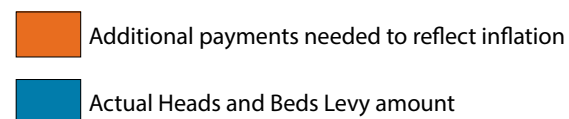
“Heads and Beds” Levy

Under Section 323 of the Municipal Act, municipalities are authorized to charge provincially-funded institutions such as hospitals, correctional institutions, colleges, and universities a “Heads and Beds” levy in lieu of property taxes. This levy is calculated based on the total capacity of the institution, and is meant to compensate municipalities for the ongoing institution servicing costs. The levy amount is prescribed under O.Reg. 384/98, and has remained fixed at \$75 per student or hospital bed since 1987.



Just adjusting for inflation, this levy would need to be set at \$172.28 per student or bed in 2023 dollars to have the same financial impact as it originally did in 1987.

The City of Guelph is eligible to charge a “Heads and Beds” levy to five (5) institutions, including the University of Guelph, with a total capacity of 24,587 individuals across all institutions as of 2023. If the levy was adjusted to inflation, Guelph would have received an additional \$2.39M in 2023 to service provincial properties.



Payments In Lieu for the Ontario Reformatory

The City of Guelph is home to the site of the decommissioned Ontario Reformatory, which is currently owned and operated by Infrastructure Ontario. Under the Municipal Tax Assistance Act this makes the property eligible for payments in lieu of taxes from the province. However, despite being out of service for over 20 years, the property remains designated as a Correctional Institution under O.Reg. 807, which makes it exempt from payments in lieu of taxes as per Section 3 of the Municipal Tax Assistance Act. In order for the City to be able to levy payments on the province, O.Reg. 807 must be amended to remove the Ontario Reformatory as a designated Correctional Institution. As this site is vacant and requires additional city resources, payments in lieu of taxes for this property are needed to support the provision of public safety services to the site.



The City of Guelph is calling on the Ministry of Finance to review the amounts payable to municipalities under the “Heads and Beds” levy, and index them to reflect rising costs and inflation.

Specific to Guelph, the City requests that the Province remove the Correctional Institution status from the former Ontario Reformatory property to make it eligible for payments in lieu of taxes.

The benefits



Improved municipal service levels for over 24,000 individuals in provincially-funded institutions in Guelph



Greater financial capacity to support new housing with critical growth enabling infrastructure



Updated revenue to reflect rising costs and the growing level of municipal responsibility.



Fiscal fairness for Guelph and municipalities across Ontario

Why this is important

While provincial properties and provincially funded institutions in Ontario are not subject to municipal property taxation, municipalities eligible to collect payments in lieu of taxes for these sites. The City of Guelph is home to several provincial properties and institutions, however, in recent years, the payments made to the City have not reflected inflation or the rising costs required to serve these sites. This continues to increase budgetary pressures, with the City facing an annual provincial payment shortfall of at least \$2.39M.

Provincial payments in lieu of taxes must be updated and indexed to inflation to reflect the rising municipal costs of servicing provincial institutions.



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