



SECTION: Finance	EFFECTIVE DATE: October 26, 2015 AMENDED ON: June 29, 2022
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SUBJECT: Property Tax Billing and Collection	POLICY NUMBER: Budget&Financial-10

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1 Purpose

This policy prescribes fair, timely, efficient, and equitable processes for the collection of overdue municipal Property Taxes, and outlines how such payments will be applied.

2 Scope

This policy applies to all aspects of the collection of overdue Property Taxes, up to and including Municipal Tax Sale proceedings. All procedures related to a Municipal Tax Sale are carried out in accordance with Part XI of the Municipal Act, 2001 & Regulation 181/03.

This policy excludes collection of payments-in-lieu of taxes.

3 Legislative Authority

This policy is written in compliance with the Municipal Act, 2001, ("the Act"), related Ontario Regulations made under the Act and applicable Town by-laws, as amended from time to time. Where this policy contradicts legislation of the Province of Ontario or the Government of Canada, the legislation shall be followed.

4 Definitions

The following definitions pertain throughout this policy:

"Bailiff" means a duly appointed agent under contract with the Town to recover outstanding Property Taxes.

"Cancellation Price" means an amount owing equal to all Tax Arrears, together with all current taxes owing, Late Payment Charges and costs incurred by the Town after the registration of a Tax Arrears Certificate under section 373 of the Act.

"Collection Costs" means all costs incurred by the Town to obtain information for collection purposes and/or collect Tax Arrears including, but not limited to, title search fees, corporate search fees, registered or certified mail, administrative charges, legal costs and tax sale scale of costs.

"Extension Agreement" means a contract between the Town and the property owner, spouse of the owner, a mortgagee or a tenant in occupation to extend the period of time in which the Cancellation Price is to be paid. The contract is entered into after the registration of a Tax Arrears Certificate and before the expiry of the one-year period following the registration date.

"Late Payment Charges" means penalties and interest applied by the Town to unpaid Property Tax accounts, in accordance with section 345 of the Act and applicable Town by-laws.

"Municipal Tax Sale" means the sale of land for Tax Arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.

"MPAC": Municipal Property Assessment Corporation.

"Municipal Act" Municipal Act, 2001, S.O. 2001, c. 25 is the main statute governing the creation, administration and government of municipalities in the Canadian province of Ontario.

"Property Taxes" means the total amount of taxes for municipal, district and school purposes levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation, including but not limited to, outstanding fines under the *Provincial Offences Act*, charges pursuant to the Property Standards By-law 2010-122 and

amending By-law 2014-26 with authority provided by the *Building Code Act*, and fees and charges related to false alarms and/or grow-operations.

“Tax Arrears” means any portion of Property Taxes that remain unpaid after the date on which they are due.

“Tax Arrears Certificate” means a document that is registered on title, indicating the described property will be sold by public sale if all Property Taxes are not paid to the Town within one year of the registration of the certificate.

5 Responsibilities

The Treasurer is responsible to ensure that outstanding Property Tax collection processes are performed in accordance with this policy and all applicable legislation.

The Treasurer, or delegate is responsible to:

- ensure this policy remains consistent with current legislation;
- ensure applicable staff are aware of and trained on this policy;
- communicate any policy revisions to applicable staff; and
- assess overdue Property Tax accounts to ensure tax collection processes are performed in accordance with this policy.

6 Due Dates

Due dates for the payment of taxes shall be dependent, in the case of the Final Bill, on the final approval of the annual budget by Council and the subsequent passing of the levy by-law. Notwithstanding that there may be fluctuations as a result of budget approval, tax due dates will normally be as follows:

- Interim Bill – the last business day in March
- Final Bill – the last business day in August

The specific due dates will be identified in both the Interim and Final Levy By-laws for the Town.

7 Billings

A levy by-law passed by Council is required in advance of either an Interim or Final tax billing.

7.1 Billing – Interim

Interim tax billings shall be produced in January based on 50% of the annualized taxes of the property for the previous calendar year. The tax billing may include local improvement charges, area charges, business improvement area charges and any special charges levied by the municipality or provincial government. All outstanding charges authorized by legislation may be added to the interim billing.

The tax billing will clearly identify the municipality, property and owner, state the demand date, the annualized taxes for the prior calendar year, the percentage used to calculate the interim taxes up to a maximum of 50%, and calculated taxes levied and any arrears owing against the property.

Monthly Pre-Authorized payment participants will receive notification of their monthly automatic bank withdrawal. Interim tax bills will not be mailed to these participants.

7.2 Billing – Final

Final tax billings are produced subsequent to the passing of the annual municipal budget and are based on tax rates established by by-law from the budget requirements of the Town, District Municipality of Muskoka and the Ministry of Finance, in relation to the education tax

rate. The calculations will produce a tax billing equal to the current assessed value and the appropriate tax rate, all local improvement charges, area charges, business improvement area charges, any special charges levied by the municipality or provincial government. The tax bill will fully comply with the Standardized Tax Bill format as defined by legislation.

All participants in any pre-authorized payment program will receive a tax bill identifying their participation in a pre-authorized payment plan.

7.3 Supplementary

Supplementary tax billings are produced after receiving notification from the Municipal Property Assessment Corporation (MPAC).

Participants in the pre-authorized payment programs will receive notification to pay the supplementary bill in addition to their current monthly payment plan. In the case of the monthly plan customers where a supplementary bill is due at the end of September, the final withdrawal will include the supplementary billing.

Mortgage Company

A mortgage listing of roll numbers, taxes owing, and due date will be provided to each mortgage company who has provided the Town with notification that they hold an interest in a particular property to pay their taxes.

The Municipal Act requires tax billings be post marked and mailed no later than 21 calendar days prior to the due date. . The Town will endeavor to post mark and mail the tax billing no less than 28 calendar days prior to the due date, wherever possible.

7.4 Minimum Bills

In accordance with the provisions permitted in the Municipal Act, section 355 (1), the Town will have a minimum tax bill. The amount levied in excess of the assessment multiplied by the tax rate becomes part of the general funds of the Town. The rationale behind this provision is to ensure the issuance of tax bills is cost effective for the municipality.

7.5 Settlement of Accounts

Payment may be in the form of cash, cheque, debit, money order, bank draft, pre-authorized payment plan, or internet and/or telephone banking made payable to the Town of Huntsville. Cheques which are post-dated to the tax due date will be accepted and held by Financial Services. Payment of taxes will be accepted at the Town of Huntsville Civic Centre, at all bank locations or via mail to:

Town of Huntsville
Financial Services – Property Taxation
37 Main Street East, Huntsville, ON P1H 1A1

The Town will only accept cheques that are made payable to the Town of Huntsville.

Change will not be returned for cheques accepted in excess of the amount due on the tax account. Should a credit appear on the tax account as a result of the payment, it will be applied to subsequent installments not yet due in the current year. However, at the written request of the taxpayer, a refund payment will be requisitioned, after allowing sufficient time (15 business days) for the taxpayer's cheque to clear their financial institution. A refund of overpayment fee will apply in accordance with Town's Fees and Charges by-law.

If two cheques are returned as non-sufficient funds (NSF) on a taxpayer's account, personal cheques from that taxpayer, for any financial transaction within the municipality, may no longer

be accepted unless they are certified. This restriction will be placed on the individual for a period of one year on the first restriction, and if there is a reoccurrence of two more NSF payments, cheques will no longer be accepted.

If two preauthorized payments (PAP) are returned as NSF on a taxpayer's account, the taxpayer may be removed from the PAP program.

Should payment of a tax account be tendered in U.S. funds, it will be accepted at the exchange rate established by the financial institution holding the accounts of the municipality on that day.

Post-dated cheques for tax installment due dates are currently maintained by Financial Services. Identifying the actual location of the batch, which contains the cheque to be pulled, is a labour intensive process. Additionally, post-dated cheque deposits are prepared in advance of their deposit date ensuring they can be deposited on the actual tax installment due date, making rebalancing of batches necessary if cheques are removed from the batches.

Where post-dated cheques are submitted to the municipality for future payment any date change or removal is subject to a fee in accordance with the Town's Fees and Charges by-law.

8 Delivery of Tax Bills

Property Tax bills and notices are mailed to the address of the property as shown on the tax roll unless the taxpayer advises the Town, in writing, of an alternate mailing address. Use of the alternate mailing address continues until it is revoked in writing or ownership of the property changes.

Any bill or notice sent by standard letter mail is considered delivered to, and received by, the addressee unless the notice is returned by Canada Post and an error in the mailing address is evident. Taxpayers are responsible to notify the Town in writing of any changes to a mailing address(es). Failure to notify the Town of an address change in writing is not an error on behalf of the Town.

9 Late Payment Charges and Collection Costs

All Tax Arrears are subject to late payment charges. A penalty at a rate established by by-law is added to the unpaid amount of a tax instalment on the first day of the month after the instalment due date. In addition, as long as the Property Taxes remain unpaid, interest at a rate established by by-law is added on the first day of each month thereafter. Penalty and interest charges cannot be waived.

All Collection Costs incurred by the Town to obtain information for collection purposes and/or collect Tax Arrears are payable by the property owner and are added to the tax account, with the exception of Bailiff fees, which are charged and collected by the Bailiff directly.

10 Application of Payments

Property Tax payments are applied as follows:

1. The payment is first applied against any Late Payment Charges according to the length of time the charges have been outstanding, with the charges that have been outstanding the longest being discharged first;
2. The payment is then applied in the same manner against the Property Taxes owing, with the Property Taxes that have been outstanding the longest being discharged first.

Note: Partial payment is not accepted where a Tax Arrears Certificate has been registered against a property, except where the Town has entered into an Extension Agreement. If a partial payment is received, it will be returned or refunded, as appropriate.

11 Write offs and Refunds

All write-offs of taxes due to a change in assessment or tax class, or through a section 357/358 application, will be done in accordance with the Municipal Act.

11.1 Administration of Refunds

Refunds will be issued by cheque or EFT payable to the owner of the property within 30 days of approval of the refund application.

11.2 Ownership Changes

If the name of the individual requesting the refund is not the same as the owner of the property, a written direction must be provided to the Finance Department by the current owner of the property before payment will be issued.

11.3 Cancellation of Late Payment Charges for Write-Offs

Late payment charges are cancelled only in accordance with the Municipal Act.

11.4 Minimum Balance Write-off

A balance owing of less than \$10.00 on an account after payment is received will automatically be written off as at December 31 each year, as it is not economical for the Town to pursue collection of these amounts.

Treasurer's Write-offs in accordance with section 354 of the Act, uncollectible taxes may be approved for write-off by Council on the recommendation of the Treasurer.

12 Tax Arrears Collection

Realty taxes are a secured special lien on land in priority to any other claim, except a claim by the Crown. Taxes may be recovered with costs as a debt due to the Town from the original owner and/or any subsequent owner of the property.

The Town may use the following methods to collect Tax Arrears:

- verbal communication;
- form(s) or personalized letter(s);
- Year End Statements of Taxes, Overdue Notices and Final Notices;
- terms of payment;
- Notices to Interested Parties;
- Bailiff services;
- legal action; and
- Municipal Tax Sale

13 Collection Steps and Tax Sales

13.1 Year End Statement of Taxes

By February of each year, an interim tax bill is sent out to all tax payers indicating any amounts owing from the previous tax year. The amount owing will include any current interest.

13.2 Overdue Notices

Overdue Notices will be sent to all taxpayers with an overdue amount greater than twenty (\$20.00) dollars. Notices will be issued in April, October and December. A notice fee will apply as per the Town's Fees and Charges bylaw.

13.3 Payment Arrangements

Staff may enter into payment arrangements at any time prior to the registration of a Tax Arrears Certificate. Payment arrangements must include all Tax Arrears, current taxes, accrued estimates of future taxes and Late Payment Charges and be sufficient to ensure payment in full is realized within a reasonable period of time. Late Payment Charges will continue to accrue during all such payment arrangements until full payment on the account has been made.

13.4 Authorizations

Authorization for extending payment terms is as follows:

STAFF LEVEL	MAXIMUM NEGOTIABLE PAYMENT ARRANGEMENT
Treasurer	> 60 months
Tax & Revenue Manager	60 months
Other Designated Staff	18 months

Notwithstanding any such arrangements, no third-party payments will be refused for payment on account (e.g. payment from a mortgagee).

If acceptable payment arrangements are negotiated, the account is monitored for compliance. Follow-up with the taxpayer is done by telephone or in writing, as required.

Once a payment arrangement has been established, if there are two consecutive returned payments or two payments returned within six months, the payment arrangement is deemed void and the taxpayer is advised that payment in full, by certified funds or money order, is required or the next collection step will be taken.

13.5 Notice to Interested Parties

The Town may perform a property title search in order to identify all parties with a financial interest in the property. The identified parties may then be notified of the Tax Arrears. The Notice to Interested Parties advises that the Town intends to proceed with a Municipal Tax Sale and provides interested parties with an opportunity to pay the arrears in order to protect their interest in the property.

13.6 Final Notice - Prior to Tax Arrears Certificate

Final Notices prior to tax sale are mailed to those property owners approaching or currently two (2) years in arrears. The Notice advises that they have 30 days to pay the taxes or enter into a firm, suitable payment arrangement with the Town. Notice fees are added to the tax accounts receiving final notices in accordance with the Town's Fees and Charges by-law.

13.7 Farm Debt Notice

A Notice of Intent to Realize on Security that asks if the taxpayer is currently engaged in farming for commercial purposes, and as required by the *Farm Debt Mediation Act*, is sent prior to Tax Arrears Certificate Registration.

13.8 Tax Arrears Certificate Registration

Municipal Tax Sale proceedings may begin once taxes have been in arrears for at least two (2) years. Once all other collection efforts are exhausted and the Town has been unable to secure payment of the Tax Arrears or a firm, suitable payment plan, the Town commences Municipal Tax Sale proceedings by registering a Tax Arrears Certificate against the property. The Town sends a Notice of Registration of Tax Arrears Certificate (Form 1) to the property owner and all interested parties.

If full payment is not received within 280 days of registration of the Tax Arrears Certificate, the Town issues a Final Notice (Form to the property owner and all interested parties within 30 days after the expiry of the 280-day period). Form 3 specifies the date on which the property will be advertised for public sale if the Tax Arrears are not paid or unless Council has approved an Extension Agreement. If the Town does not receive a response, the account may be sent to a Bailiff to perform a site visit and advise the property owner, mortgage company, lawyer or interested parties of the pending sale of the property and attempt collection. Once a Tax Arrears Certificate has been registered, only full payment of the Cancellation Price will be accepted unless Council has approved an Extension Agreement. Full payment will be accepted up to the date of transfer of the property following a sale. In the event of non-payment, the Town will proceed with a Municipal Tax Sale.

The services of a tax registration firm may be used to assist with the implementation of legal procedures associated with tax registration.

13.9 Municipal Purchasing of Properties

A list of the properties to be advertised for sale shall be circulated to the Directors of the Municipality and the CAO in order to determine if any of the lands are required for municipal purposes and if so, to allow sufficient time for a resolution to be passed authorizing the Municipality to submit a tender. Section 379(11), Municipal Act, Part XI.

13.10 Vesting of Properties

Within three months following a public sale, the Treasurer shall present to the Appropriate Committee of Council a listing of properties, for which there was no successful purchaser.

The Appropriate Committee will direct the Treasurer to:

- (1) Offer the land for public sale a second time, or;
- (2) Prepare to vest the property.

A list of properties that are identified for vesting shall be circulated to the Directors of the Municipality and the CAO in order to determine if, "it is desirable to acquire the land", Section 386.1 Municipal Act, Part XI.

Providing there are no recommendations from the Directors and/or CAO not to proceed, the Treasurer shall forthwith proceed with the registration of the Notice of Vesting.

14 Severances / Consolidations of Properties

If a severance is approved, the assessment values must also be split between all the parcels of land. As part of their legislated services, MPAC provides the divided assessment information. The Town will record the newly created rolls upon receipt of the annual returned assessment roll.

As severed portions of land are often sold, the Town will not recalculate the property taxes for a part year. Amounts owing will be the responsibility of the seller.

Consolidations are processed by MPAC at the written request of the property owner.

15 Bankruptcy

When a property owner files for bankruptcy, the Town is a secured creditor, as the tax debt is a charge against the real property. The Town ranks in preference and priority to any other claims, except those of the Provincial and Federal government. A letter is forwarded to the Trustee advising them of the Town's claim and that it is assumed Property Taxes will be paid once the property is sold.

16 Discretion

In order to ensure that all taxpayers are treated fairly and equitably, the Treasurer, or their designate, has the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all applicable legislation.

17 Reporting

The Manager of Taxation and Revenue will maintain the following reports and provide them to the Treasurer on an annual basis:

REPORT	DESCRIPTION
Tax Arrears Certificates Registered	Lists all properties against which Tax Arrears Certificates have been registered, identifying the amount of arrears and redemption date of each and details of any Extension Agreements in place
Tax Collection Summary	Summarizes taxes billed and collected in the current year and outstanding Property Taxes from previous years, identifying the year to which the outstanding taxes pertain
Comparison of Tax Collections	Compares Property Taxes billed and collected in the current year and previous two years
Property Assessed Value Versus Taxes	Lists properties where Tax Arrears are greater than 30% of the current year's assessed value of the property
Tax Accounts with Arrears Greater Than \$50,000	Lists properties where Tax Arrears are greater than \$50,000 and identifies collection steps taken

18 Policy Review

This policy shall be reviewed as deemed necessary. The Finance Department may automatically update this policy for minor and administrative amendments, should they be required.