

31 Taxation



What is the Service?

Taxation services provide the efficient and effective collections of all taxes owing to the municipality. Municipalities are mandated by provincial legislation to levy and collect property taxes for municipal and education purposes. It is the municipal portion of the property tax bill that provides municipalities with the major source of revenue they require to operate on a day-to-day basis.

Property tax revenue is based on the total assessed value of all properties within the municipality. The Municipal Property Assessment Corporation (MPAC) is responsible for determining the current value assessment and tax class for all properties in Ontario. Municipal tax rates are set by municipal Council each year based on their budgetary requirements while the Province sets the education tax rates.

Influencing Factors:

Economic Conditions: High growth municipalities may require additional billing processes, i.e. supplementary and omit bills, interim and final runs. The strength of a local economy may also impact tax arrears, collections, penalty and interest charges.

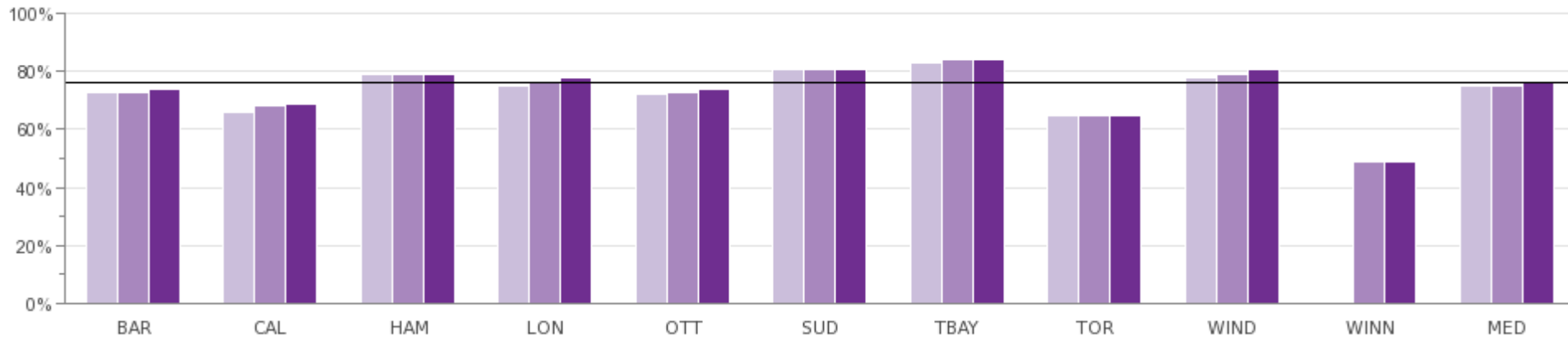
Government Policy: Ministry required standardized billing and changes in capping methodology requires municipalities to continually upgrade software systems to maintain compliance with legislation.

Policies and Practices: Differences in how each municipality defines a bill, administration of pre-authorized payment plans, internet-based payment options, collection processes; and the number and treatment of Payment in Lieu (PIL) accounts.

Taxation

What percent of your property tax bill goes to the municipality?

Fig 31.1 Municipal Taxes as a Percent of the Tax Levy (All Classes)



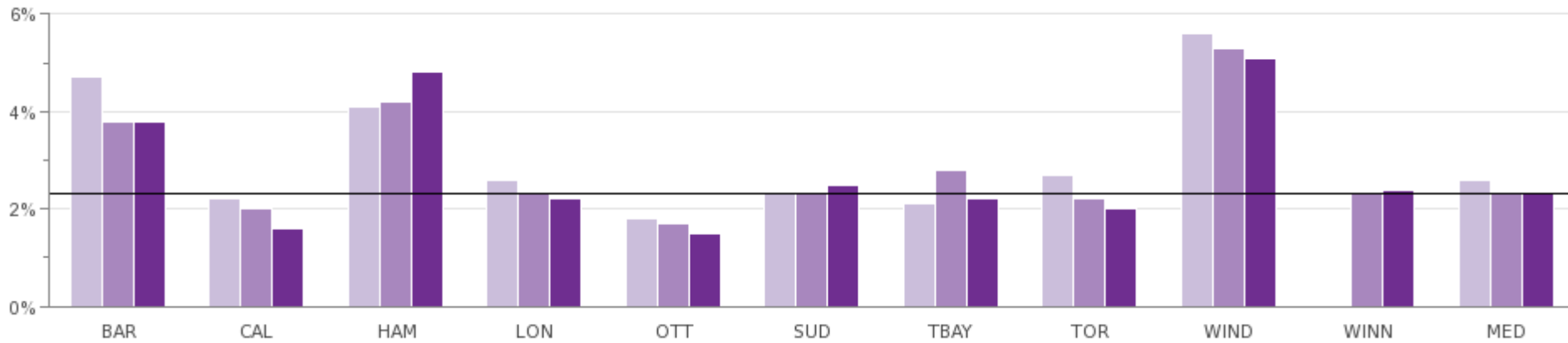
2010	73%	66%	79%	75%	72%	81%	83%	65%	78%	N/A	75%
2011	73%	68%	79%	77%	73%	81%	84%	65%	79%	49%	75%
2012	74%	69%	79%	78%	74%	81%	84%	65%	81%	49%	76%

Source: TXRS111 (Community Impact)

Note: Business Tax revenue is included for Calgary and Winnipeg.

What percent of current year's tax dollars is outstanding?

Fig 31.2 Current Year's Tax Arrears as a Percent of Current Year Levy



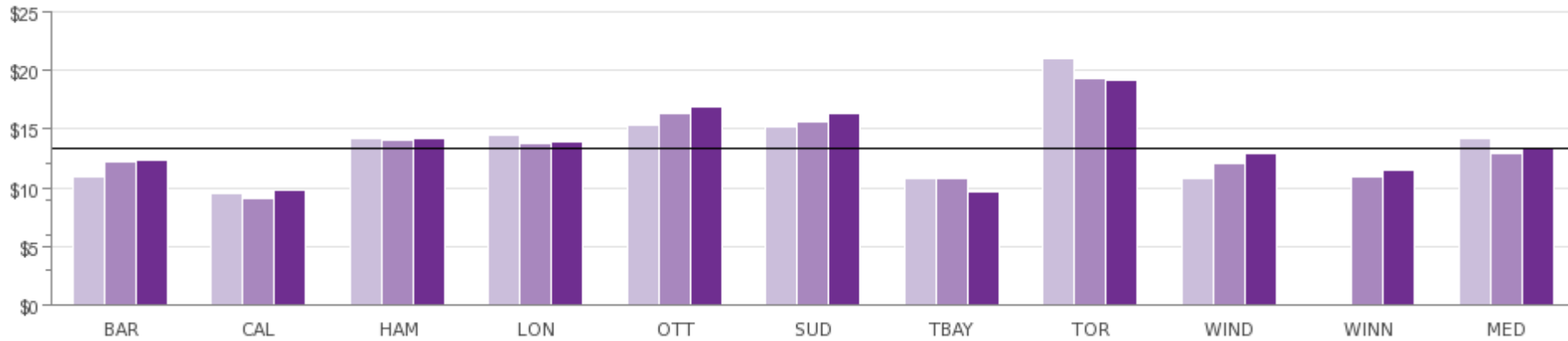
2010	4.7%	2.2%	4.1%	2.6%	1.8%	2.3%	2.1%	2.7%	5.6%	N/A	2.6%
2011	3.8%	2.0%	4.2%	2.3%	1.7%	2.3%	2.8%	2.2%	5.3%	2.3%	2.3%
2012	3.8%	1.6%	4.8%	2.2%	1.5%	2.5%	2.2%	2.0%	5.1%	2.4%	2.3%

Source: TXRS135 (Community Impact)

Comment: A municipality showing a small percentage indicates that the majority of taxes billed have been collected. High growth municipalities may require additional billing processes i.e. supplementary and omit bills, interim and final bill runs. The strength of a local economy may also impact tax arrears, collections and penalty and interest charges.

How much does it cost to maintain a tax account?

Fig 31.3 Operating Cost to Maintain Taxation Accounts per Account Served



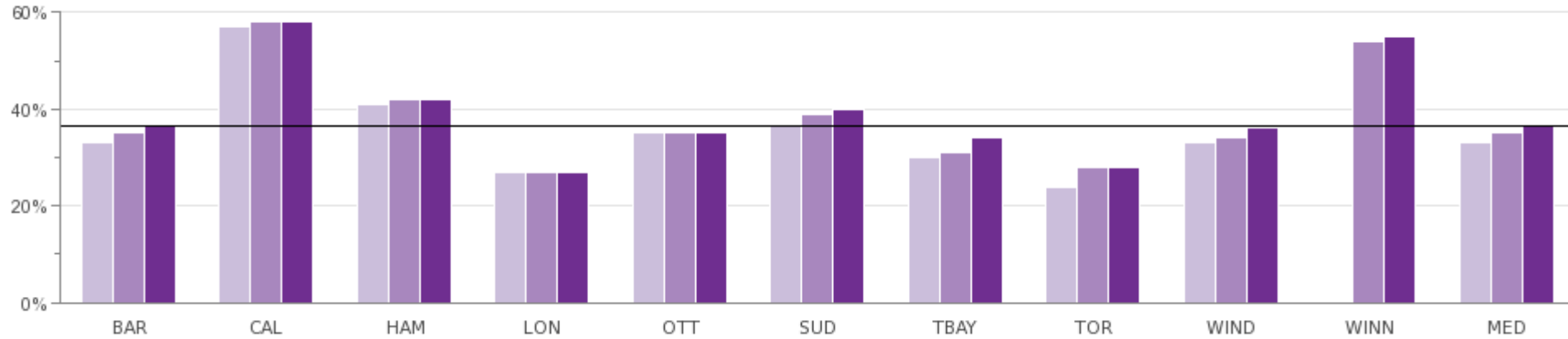
2010	\$10.97	\$9.52	\$14.25	\$14.54	\$15.32	\$15.14	\$10.78	\$21.10	\$10.82	N/A	\$14.25
2011	\$12.20	\$9.08	\$14.03	\$13.73	\$16.35	\$15.67	\$10.75	\$19.35	\$12.00	\$10.99	\$12.97
2012	\$12.37	\$9.76	\$14.25	\$13.88	\$16.90	\$16.29	\$9.67	\$19.24	\$12.89	\$11.47	\$13.39

Source: TXRS310 (Efficiency)

Comment: Costs related to the preparation and mailing of all billings, including interim, final and supplementary bills, payment processing and collection, are included in this calculation. Results may be impacted by the number of user fees a municipality administers and the extent to which processes are automated.

What percent of accounts use pre-authorized payment plans?

Fig 31.4 Percent of Accounts (All Classes) Enrolled in a Pre-Authorized Payment Plan



2010	33%	57%	41%	27%	35%	37%	30%	24%	33%	N/A	33%
2011	35%	58%	42%	27%	35%	39%	31%	28%	34%	54%	35%
2012	37%	58%	42%	27%	35%	40%	34%	28%	36%	55%	37%

Source: TXRS405 (Customer Service)

Comment: The number of installments / due dates may impact the enrollment in pre-authorized payment plans.