

# TAXATION

## VALUE STATEMENT

*I expect my tax bill to be accurate, easy to understand, and that I am treated fairly and provided with convenient payment options.*

*I expect all tax services will be delivered in a cost-effective manner while meeting legislative and financial requirements for the municipality.*

# TAXATION

## What is this Service?

Taxation services provide the efficient and effective collection of all taxes owing to the municipality. Municipalities are mandated by provincial legislation to levy and collect property taxes for municipal and/or 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. 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:** Local economic conditions and the strength of a local economy may influence tax arrears, collections, penalties and interest charges, along with the costs associated with the administration, billing and collection of these amounts.
- **Government Policy:** Ministry required standardized billing and changes in capping methodology require municipalities to continually upgrade software systems to maintain compliance with legislation. In addition, different levels of services between provinces and jurisdictions may impact results (e.g., rebate and relief programs), as each administers and provides varying programs.
- **Policies and Practices:** Differences in how each municipality defines a bill, the number of installments made available which are not part of a pre-authorized payment plan, administration of pre-authorized payment plans, internet-based payment options, collection processes; and the number and treatment of Payment in Lieu (PIL) accounts, may influence results.

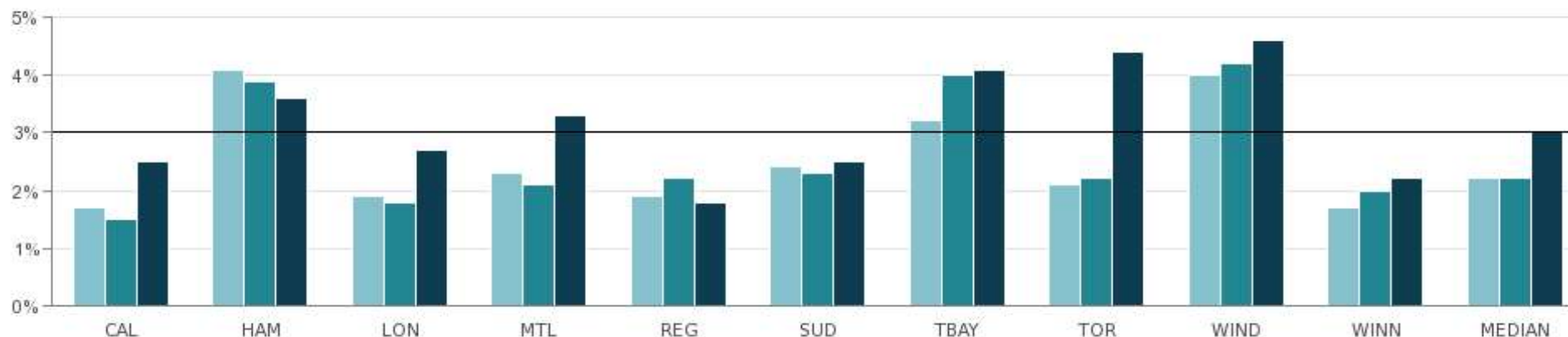
## Extenuating Circumstances:

- **COVID-19 Pandemic:** Municipal pandemic plans developed in response to local economic conditions and customers' needs had an impact on tax and collection policies.

## Taxation (Revenue Services)

**Figure 32.1 Current Year's Tax Arrears as a Percent of Current Year Levy**

This measure shows the proportion of the current year levy not collected as of the year end. Tax arrears can include more than just taxes as some municipalities may add additional items such as water arrears, property standards charges and eligible Provincial Offences fines to the tax bill. Additionally, the timing of supplemental and omit bills, which are typically issued in the second half of the year, can also increase the level of arrears. Local response to economic conditions in 2020 due to COVID-19 impacted local municipal tax levy and collection practices.



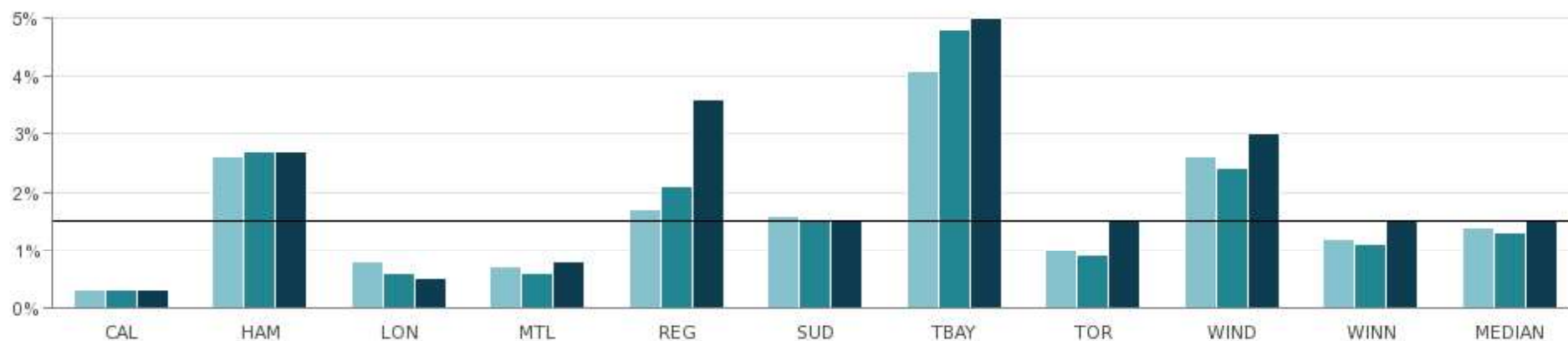
2018	1.7%	4.1%	1.9%	2.3%	1.9%	2.4%	3.2%	2.1%	4.0%	1.7%	2.2%
2019	1.5%	3.9%	1.8%	2.1%	2.2%	2.3%	4.0%	2.2%	4.2%	2.0%	2.2%
2020	2.5%	3.6%	2.7%	3.3%	1.8%	2.5%	4.1%	4.4%	4.6%	2.2%	3.0%

Source: TXRS135 (Community Impact)

## Taxation (Revenue Services)

**Figure 32.2 Prior Years' Tax Arrears Not Collected in the Current Year as a Percent of the Current Year Levy**

This measure shows the proportion of prior years' tax arrears not collected as of the year end. Tax arrears can include more than just taxes as some municipalities may add additional items such as water arrears, property standards charges and eligible Provincial Offences fines to the tax bill. Additionally, economic conditions and the strength of a local economy, as well as the collection practices employed in each municipality, may impact tax arrears, collections and penalty and interest charges.



2018	0.3%	2.6%	0.8%	0.7%	1.7%	1.6%	4.1%	1.0%	2.6%	1.2%	1.4%
2019	0.3%	2.7%	0.6%	0.6%	2.1%	1.5%	4.8%	0.9%	2.4%	1.1%	1.3%
2020	0.3%	2.7%	0.5%	0.8%	3.6%	1.5%	5.0%	1.5%	3.0%	1.5%	1.5%

Source: TXRS140 (Community Impact)

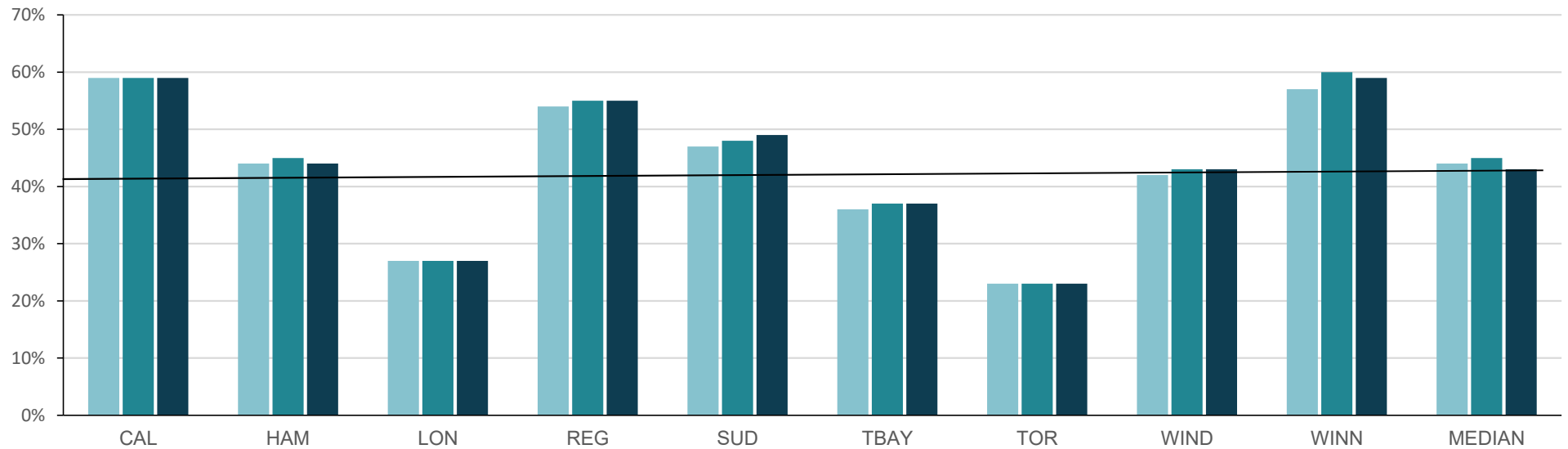
Regina: The increase in 2020 is due to a single property with significant charges rolling into arrears prior to a payment.

Thunder Bay: There have been large assessments in review with the ARB for a number of years and related taxes have not been paid.

## Taxation (Revenue Services)

**Figure 32.3 Percent of Accounts (All Classes) Enrolled in a Pre-Authorized Payment Plan**

The number of installments and/or due dates offered by a municipality may impact the enrollment in a pre-authorized payment plan.



2018	59%	44%	27%	54%	47%	36%	23%	42%	57%	44%
2019	59%	45%	27%	55%	48%	37%	23%	43%	60%	45%
2020	59%	44%	27%	55%	49%	37%	23%	43%	59%	43%

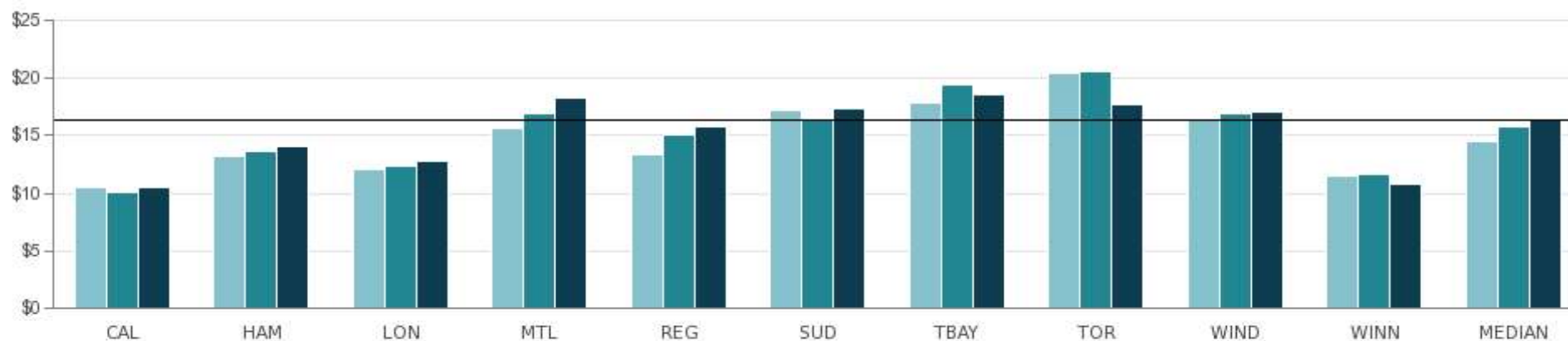
Source: TXRS405 (Customer Service)

Montréal: Does not report - do not offer a pre-authorized payment plan to its residents.

## Taxation (Revenue Services)

**Figure 32.4 Operating Cost to Maintain Property Tax Accounts per Property Tax Account Serviced**

This measure reflects the costs related to the preparation and mailing of all billings including interim, final and supplementary bills. Payment processing and collection are also included in this calculation. Local economic conditions affecting the level of arrears, Council billing and collection policies, and collection efforts, vary in each municipality and will impact the overall cost of the service. Results may also be impacted by the extent to which processes are automated.



2018	\$10.51	\$13.15	\$12.12	\$15.70	\$13.29	\$17.25	\$17.86	\$20.43	\$16.36	\$11.57	\$14.50
2019	\$10.06	\$13.67	\$12.30	\$16.89	\$15.06	\$16.41	\$19.54	\$20.62	\$16.89	\$11.61	\$15.74
2020	\$10.48	\$14.07	\$12.72	\$18.31	\$15.80	\$17.28	\$18.56	\$17.70	\$17.03	\$10.82	\$16.42

Source: TXRS310 (Efficiency)