



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: April 21, 2020
Report Number: FAF.20.057
Subject: 2019 Tax Receivables Report
Prepared by: Kris Couture, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report FAF.20.057 entitled "2019 Tax Receivables Report" for information purposes.

B. Overview

This report provides Council with an update on property tax information for 2019.

C. Background

The Town of The Blue Mountains levies and collects property tax for Town purposes, on behalf of the County of Grey and the four local school boards, based on assessment values provided by the Municipal Property Assessment Corporation (MPAC). Each year, there is an interim levy in March, an annual levy in August, and supplementary levies in September to December, as required. In addition, Town utility arrears (water and wastewater) are transferred to tax roll accounts after four billing periods (8 months) as well as uncollectable department fees and charges that, by legislation, may be added to the tax roll.

The Town remits the County of Grey and the local school boards their portion of the property tax levied, regardless of whether the Town receives payment from the taxpayer. To encourage prompt payment and to offset cash advances from the Town of The Blue Mountains to the County of Grey and local school boards, the Town charges a late payment fee of 1.25% per month, the maximum allowable under the Municipal Act, on tax accounts not paid by the due date and that are in arrears.

To calculate the property tax receivables financial indicator, the amount of property tax outstanding at year end is taken as a percentage of the year's general tax levy, including the county and school boards. Property tax receivable is an indicator of a municipality's financial health. A municipality can increase its cash flow by reducing the amount of property tax outstanding.

Property tax receivable is reported annually to the Province through the Financial Information Return (FIR). Based on the Province's standards, outstanding tax between 10 - 15% of the annual tax levy is seen as a moderate risk indicator of financial health. Below 10% is seen as a low risk indicator. As of December 31, 2019, the Town tax receivables indicator was 7.86%, up from 5.98% at the end of 2018. The increase can be attributed mainly to the magnitude of the supplementary tax in 2019. Provincial Bill 68 which passed May 30, 2017 has changed the Municipal Act to enable Tax Registration after 2 years in arrears of tax. This change was included in the updated Town Tax Billing and Collection Policy for 2019.

D. Analysis

Historical Property Tax Receivable

The table below provides property tax receivable from 2015-2019. 2019 arrears include \$81,487 transferred to the tax roll for utility arrears and uncollectable department fees receivable. The percentage increase can be attributed mainly to the magnitude of the supplementary tax in 2019 as the arrears are mainly for 2019 current tax.

	2015	2016	2017	2018	2019
Current	\$ 1,978,424	\$ 2,014,855	\$ 1,601,374	\$ 1,427,925	\$ 2,196,623
Year 1	\$ 902,761	\$ 945,477	\$ 677,061	\$ 631,275	\$ 604,349
Year 2	\$ 388,836	\$ 286,128	\$ 136,636	\$ 194,297	\$ 252,634
Year 3+	\$ 194,098	\$ 154,220	\$ 51,982	\$ 54,468	\$ 75,987
Total	\$ 3,464,119	\$ 3,400,680	\$ 2,467,054	\$ 2,307,965	\$ 3,129,594
Levied	\$ 36,035,957	\$ 37,299,739	\$ 37,910,398	\$ 38,601,063	\$ 39,818,506
% Levied	9.61%	9.12%	6.51%	5.98%	7.86%

Penalty/Interest on Tax Arrears

In 2019, the revenue from tax penalty/interest was \$372,093, up marginally from the 2018 figure of \$362,542.

Collection Activities

The Tax Billing and Collecting Policy provides the framework for the administration of the Town's property tax receivables, including the processes to be followed when those accounts fall into arrears.

In 2019, one Tax Registration proceeding was commenced.

In June of 2019, demand letters were sent to property owners liable for Tax Registration in 2019. Follow-up letters were sent in November.

Most taxpayers with 3 years of tax arrears have made acceptable arrangements to pay the 2017 tax arrears in 2020. For the remaining 4, collection efforts will continue with the possibility of Tax Registration in April 2020.

Collection efforts continue for taxpayers with 2 years of tax arrears for 2018 and 2019 which are to be paid by December 31, 2020 to avoid Tax Registration in January 2021. Demand letters for property owners liable for Tax Registration in 2021 will be sent in June of this year with a follow-up letter in November.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

Collection of tax arrears improves the Town's cash flow position. Decreased tax receivable proportionately decreases the penalty/interest revenue.

H. In consultation with

Ruth Prince, Director of Finance & IT Services / Treasurer

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Kris Couture at tax@thebluemountains.ca.

J. Attached

None.

Respectfully Submitted,

Kris Couture
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Ruth Prince
Director of Finance and IT Services

For more information, please contact:

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