
TO: GENERAL COMMITTEE

SUBJECT: 2014 INTERIM TAXES

WARD: ALL

PREPARED BY AND KEY CONTACT: K.SHORT, MANAGER OF REVENUE, EXT 4428

SUBMITTED BY: D. MCKINNON, DIRECTOR OF FINANCE

GENERAL MANAGER APPROVAL: E. ARCHER, CMA, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That staff prepares annually the interim billing for all property classes established at no more than 50% of the annualized tax amount for the previous year.
2. That the amount to be billed for each property for the annual interim billing for all property classes include any special charges (i.e. local improvements for water and sewer) which were billed in the previous year.
3. That, pending approval of the annual Business Plan, typical expenditure requirements be authorized in accordance with corporate policies and procedures for payroll, supplies, services, and contracts.
4. That the City Clerk be authorized to prepare all necessary by-laws to formally establish the interim tax levy on all property classes, for each year.

PURPOSE & BACKGROUND

5. Section 317 of the Municipal Act, 2001 allows municipalities to issue interim tax bills in order to provide the cash flow to pay ongoing expenses until the annual business plan and budget is approved. Section 317(3) of the Municipal Act, 2001 sets out the rules relating to the amount that can be levied:
 - a) The amount levied on a property shall not exceed the prescribed percentage or 50 percent if no percentage is prescribed, of the total amount of taxes for municipal and school purposes levied on the property for the previous year.
 - b) The percentage under a) may be different for different property classes but shall be the same for all properties in a property class.
 - c) For the purposes of calculating the total amount of taxes for the previous year under a), if any taxes for municipal and school purposes were levied on a property for only part of the previous year because assessment was added to the collector's roll during the year, an amount shall be added equal to the additional taxes that would have been levied on the property if the taxes for municipal and school purposes had been levied for the entire year.

ANALYSIS

6. In accordance with our standard practice, the 2014 interim taxes will be due in two instalments. The first instalment will be due on February 26, 2014 and the second instalment will be due April 28, 2014.
7. Penalty and interest is applied to all unpaid accounts the 1st of each month at the rate of 1.25% (15% annually) to encourage prompt payment and to ensure all other taxpayers are not being required to finance those that do not pay on a timely basis. Payments received are applied first to all outstanding penalties and interest and then to the oldest outstanding principal amount.
8. The Municipal Act requires municipalities to establish interim levy by by-law, however, the recommendations relating to the interim tax levy are consistent every year. In order to streamline the administrative process, the recommended motions establish the basis by which staff will issue interim tax bills each year, thus eliminating the need for this staff report in the future. The clerk will continue to prepare the required by-law each year in accordance with these terms.
9. Staff will prepare a memo to Council prior to the issuance of the interim tax bills to advise of the anticipated billing date and associated due dates.
10. As in the past, notices will continue to be placed in the City Page prior to each due date as a reminder to taxpayers. Information is also provided in the Community Information and Waste Management Calendar and on the City's website.

ENVIRONMENTAL MATTERS

11. There are no environmental matters related to the recommendation.

ALTERNATIVES

12. There are two alternatives available for consideration by General Committee:

Alternative #1

General Committee could use a percentage of less than 50 per cent of the previous year's annualized tax bill and special charges (if applicable) for all property classes.

This alternative is not recommended as it would slow the timing of cash flow and mean that the taxpayer could have a larger share to pay on their final due dates.

Alternative #2

General Committee could choose to not approve the recommended motion to allow staff to prepare the annual interim tax billing for all property classes at no more than 50% of the previous year's annualized tax amount, including special charges.

This alternative is not recommended given that the interim tax billings are issued in the same way every year. If at some point in the future, staff feel a change in the practices relating to interim tax billing is required, a staff report will be prepared.

FINANCIAL

13. Interim tax billing is necessary in order to provide the cash flow required to pay the City's ongoing operational costs and the school board payments that are due March 31.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

14. This is an operational matter that has no direct relationship to the City of Barrie's strategic priorities.