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Property Tax Collection Methodology and Management of the City's Taxes Receivable

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Administration
Committee

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Resolution

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Background

The Finance Division of the City of Greater Sudbury is responsible for the billing and collection of the City's property taxes that include the municipal levy as well as the education levy. The City is also responsible for the collection of Business Improvement Area charges and payments in lieu of taxes from senior levels of government.

The City's portfolio is made up of 63,000 accounts within a number of tax classes including residential, multi-residential, commercial, industrial, large industrial, managed forest, pipeline and farm.

In 2015, the municipal property tax levy was \$231,190,127 million and a further \$54,351,303 million was billed on behalf of the four school boards for a total of \$285,541,430 million.

An interim billing is done in February of each year with due dates of March and April and a final billing is done in May with due dates of June and July. As well, three supplementary billings are completed each year as growth and development comes on stream.

METHODS OF PAYMENT

The City of Greater Sudbury offers a number of ways for taxpayers to meet their property tax obligations.

- As well as the Tax Department in Tom Davies Square, the City of Greater Sudbury operates seven citizen service centres wherein taxpayers throughout the community can walk in to pay their taxes
- Tax payments can be made by mail via post-dated cheque
- CGS citizens may pay at their local bank or financial institution
- A number of tax accounts are paid on behalf of taxpayers by their own mortgage company
- Taxes may be paid via the internet and deposits are made electronically to the City's bank account

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- Tele-bank - Citizens may register with their bank and pay taxes by telephone in a similar manner to internet banking
- The City's pre-authorized tax payment plan has one of the highest participation rates in the province with 40% of eligible taxpayers representing approximately 24,250 accounts enrolled in the plan. The pre-authorized tax payment plan is an excellent budgeting tool and its popularity has been steadily growing.

COLLECTION TOOLS

The Municipal Act authorizes municipalities to utilize a number of property tax collection tools to encourage prompt payment such as:

- The imposition of penalty/interest charges
- The regular mailing of arrears notices
- Rent attornment
- Baliff seizure
- Litigation
- Tax registration
- Public tax sale
- Set off

MITIGATION PROGRAMS

A number of mitigation programs exist under municipal and provincial legislation that affect the property taxes receivable:

City of Greater Sudbury Bylaw # 2012-51

- Elderly Property Tax Assistance Credit

Municipal Act

- Property Tax Deferral Program for Low Income Seniors and Low Income Disabled
- Tax Adjustments Involving Tax Cancellations, Reductions and Refunds
- Registered Charity Property Tax Rebate Program
- Commercial/Industrial Vacancy Rebate Program

Assessment Act

- Senior and Disabled Property Tax Relief Program
- Request for Reconsideration Process
- Assessment Review Board Appeals

BROWNFIELDS/FAILED TAX SALE POLICY

With the collaboration of a number of internal departments, the City of Greater Sudbury administers a comprehensive Brownfields/Failed Tax Sale Policy in a continued effort to recover property taxes receivable.

TAX ARREARS RATIO

A tax arrears ratio is an indicator of a municipality's success rate at collecting property tax arrears and is described as a percentage. The lower the percentage the greater the collection rate.

The following illustrates the City of Greater Sudbury's tax arrears ratio between 2011 and 2015 inclusive in comparison to other Ontario municipalities of approximately 100,000 population or greater.

Municipality	2011	2012	2013	2014	2015
Greater Sudbury	2.5	2.7	2.8	2.3	2.5
London	2.3	1.9	1.6	2.1	
Guelph	3.4	2.2	1.6	1.9	
Ottawa	3.7	3.1	3.5	4.3	
Thunder Bay	4.0	3.5	6.3	5.4	
Toronto	4.3	3.9	4.1	4.3	
Kingston	4.7	4.0	3.6	2.9	
Barrie	7.0	6.4	6.0	6.3	
Chatham-Kent	7.1	7.1	6.5	6.8	
Hamilton	8.5	8.5	8.5	8.6	
Windsor	10.8	10.0	9.8	9.7	
Mississauga	3.7	3.3	2.6	2.7	
Brampton	7.2	6.1	6.0	6.2	
Kawartha Lakes	6.3	5.9	5.7	4.0	
Kitchener	6.6	6.3	5.7	6.2	
Brantford	5.6	5.7	5.5	3.0	
Burlington	3.9	3.6	3.1	3.3	
Niagara Falls	9.9	8.5	8.7	9.1	
Average	5.64	5.15	5.09	4.95	

On December 31, 2015 approximately \$7,355,240 remained uncollected from the City's tax billing of \$285,541,430 million. As illustrated in the above noted chart, the 2015 tax arrears ratio for the City of Greater Sudbury is 2.5%. The 2015 data from the other subject municipalities will not be known until the publication of their 2015 Financial Information Return.

CONCLUSION

Staff in the Finance Division will continue it's best efforts to recover the City's taxes receivable.