

For Information Only

Changes to the Tax Registration Process

Presented To: Finance and
Administration
Committee

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Type: Correspondence for
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Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

Report Summary

This report deals with recent changes to the Municipal Act, 2001. While the legislative changes vary, the focus of this report relates to some of the changes with the tax registration process and tax extension agreements that are outlined in part XI of the Act.

Financial Implications

The new registration process is expected to generate one-time revenue, net of costs, of approximately \$370,000 for 2018.

Signed By

Report Prepared By

Kyla Bell
Acting Manager of Taxation
Digitally Signed Feb 26, 18

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Feb 26, 18

Financial Implications

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Feb 28, 18

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Mar 4, 18

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Mar 5, 18

Background

When properties fall into serious tax arrears, municipalities are able to enforce collection via tax registration (registering a lien on title) and public tax sale if necessary. The authority for tax registration is found in Part XI of the Municipal Act, 2001 and Ontario Regulation 181/03, Municipal Tax Sales Rules.

With the passage of Bill 68, Modernizing Ontario's Municipal Legislation Act, 2017 on May 30, 2017, the Province of Ontario has implemented a number of changes to the Municipal Act, 2001, and some relate to tax registration.

Bill 68 provides the authority for a municipality to enter into tax extension agreements (re-payment plans) under the signature of the Treasurer and without the need for a municipal council to pass a bylaw to that effect.

As well, in the past, a municipality could only register a lien on the title of a property if three years of taxes remained outstanding as at January 1st. In an effort to facilitate the collection of taxes receivable, this legislative change authorizes a municipality to register a lien on title if two years of taxes remain outstanding at January 1st of any year.

In 2017, 224 properties were subject to tax registration. If lien changes were to be adopted in 2018, 350 additional properties could be subject to registration. This estimate is based on historical data. The resulting one-time increased user fee revenue, net of costs, from this action is estimated to be \$370,000 for 2018.

An information strategy regarding the changes to property tax registration will commence in early 2018 with community service announcements and correspondence to affected property owners.

Finance staff will implement this legislative change for 2018.