

THE CORPORATION OF THE CITY OF WINDSOR
Office of the City Treasurer - Finance

**MISSION STATEMENT:**

"Our City is built on relationships – between citizens and their government, businesses and public institutions, city and region – all interconnected, mutually supportive, and focused on the brightest future we can create together."

LiveLink REPORT #: 16924 AF2014	Report Date: December 17, 2013
Author's Name: Janice Guthrie	Date to Council: January 6, 2014
Author's Phone: 519 255-6100 ext. 6271	Classification #:
Author's E-mail: jguthrie@city.windsor.on.ca	

To: Mayor and Members of City Council

Subject: 2014 Interim Property Tax Bills

1. RECOMMENDATION: City Wide: Ward(s): _____

THAT City Council DIRECT Administration to prepare 2014 interim property tax bills based upon 50% of the prior year total municipal levy (inclusive of education tax); and

THAT City Council DIRECT that the collection of the 2014 interim property taxes be done in three instalments unless the property owner is enrolled in a pre-authorized payment plan; and

THAT subject to any changes required due to Council's deliberations on the companion report dealing with penalties and interest on tax arrears, City Council ESTABLISH a rate of 1.25% to be imposed as a penalty for non-payment of property taxes on the first day of default and a further 1.25% per month as interest on taxes due but unpaid pursuant to Section 345 of the Ontario Municipal Act, 2001; and

THAT the City Solicitor be AUTHORIZED to prepare the necessary by-laws to enact the 2014 interim tax bills.

EXECUTIVE SUMMARY:

N/A

2. BACKGROUND:

Section 317 of the Municipal Act, 2001 S.O. 2001, c.25, as amended, provides that City Council, before the adoption of budget estimates for the current year under Section 290, may pass a by-law levying amounts on the assessment of property in the local municipality for local municipality purposes. Historically this by-law also provides for the due dates/instalments upon which payment will be required to be made and late payment charges should payments not be received on time.

3. DISCUSSION:

Amount of interim levy

Pursuant to the legislation, the amount of the interim levy cannot exceed 50% of total amount of taxes levied for the previous year (inclusive of both municipal and education taxes). Historically, Administration has recommended that Council establish the amount to be levied at exactly 50% of the prior year total taxes. This provides the necessary working capital to support operations for the first half of the year. Based upon the previous year, for 2014 the total estimated amount (rounded to the nearest 100,000) to be levied is:

Municipal	\$ 159,500,000
Education	<u>34,500,000</u>
Total	<u>\$ 194,000,000</u>

As Council will recall, 2014 is the 2nd year upon which a phased-in assessment will be applied to those property owner's whose overall property valuation increased as a result of the province-wide reassessment in 2013. Some property owner will have also received an updated assessment notice for changes that have occurred on their property over the last year. For purposes of the interim tax billing, while this revised assessment will be utilized and shown on the property tax notice, the amount of the property tax bill will also contain an adjustment (either upwards or downwards) called "Tax Capping Adjustment" to ensure that the overall tax bill equates to 50% of the 2013 Final Tax bill.

Upon finalization of the 2014 property tax rates (expected in April), final tax bills will be issued to property owners (expected in June). These bills will again be based upon the new 2014 assessment value as well as the approved 2014 tax rate; additionally the interim taxes billed will be deducted thus resulting in the proper final billing amount. Should property owners have questions about their 2014 interim tax bill they are encouraged to call 311.

Billing Due Dates and Installment Dates

Section 342 of the Municipal Act, 2001 provides that a municipality may pass a by-law prescribing one or more instalments on which the taxes will be due. Historically, City Council has directed that property taxes be payable in six instalments (three interim due dates and three final due dates). In addition, City Council has authorized that property taxes may be paid over a ten-month period (February to November). However, to do so requires enrolment in a pre-authorized payment plan.

Following Council's direction, Administration will establish the following dates for purposes of the 2014 Interim Tax Bill.

In-Person Payment*	Pre-authorized Payment Plans	
	Due Date Plan	10-month Plan
February 19, 2014	February 19, 2014	February 18, 2014
March 19, 2014	March 19, 2014	March 17, 2014
April 16, 2014	April 16, 2014	April 15, 2014
		May 15, 2014
		June 16, 2014

*Council will recall that there are several acceptable methods for making in-person payments including telephone or internet banking and over-the-counter at many financial institutions. Those wanting to pay by way of cheque may also do so through the mail or drop-off boxes located at City Hall or any customer service centre during regular operating hours. Receipts are no longer provided, however property owners are able to request a Statement of Account, at no charge, by calling 311.

Late Payment Charges

Historically, City Council has directed that late payment charges are applied as follows:

- 1 ¼% of the amount of tax due and unpaid as a penalty for non-payment on the first day of default and;
- 1 ¼% of the amount of tax due and unpaid as interest for non-payment on the first day of each month.

A companion report which addresses the issue of late payment charges and other options for the provision of tax relief is also before City Council for consideration. It is not the recommendation of Administration to facilitate tax relief by way of a lowering of the late payment charges. As such, the above noted rates are being recommended to continue to be applied to the interim tax bills where there is non-payment (subject to Council's deliberation and decision on the companion report).

4. RISK ANALYSIS:

Issuance of interim tax bills allows the municipality to raise the necessary funds to continue operations until such time as final budgets have been approved and actual taxes for the year can be determined. Any adjustments required as a result of the final budget requirement and final tax rates will be made later in the year with the final tax billings. Failure to issue interim tax bills would result in a shortfall of working capital and a requirement to utilize temporary borrowings.

5. FINANCIAL MATTERS:

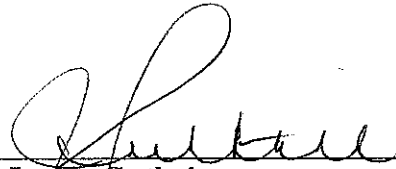
The tax revenue generated from the 2014 interim tax levy will be approximately \$194,000,000 inclusive of the education component and will provide the necessary working capital to support operations until such time as the final tax rates have been set and final tax bills issued.

6. CONSULTATIONS:

N/A

7. CONCLUSION:

Based upon the above noted, Administration will complete the Interim Billing process and issue tax bills later this month.



Janice Guthrie
Deputy Treasurer, Taxation and Financial
Projects



Onorio Colucci
Chief Financial Officer/City Treasurer and
Corporate Leader Finance and Technology



Helga Reidel
Chief Administrative Officer

ig

APPENDICES:

DEPARTMENTS/OTHERS CONSULTED:

Name:
Phone #: 519 ext.

NOTIFICATION :

Name	Address	Email Address	Telephone	FAX