

19. Taxation Services



WHAT IS THE SERVICE?

Property taxes in Ontario consist of a *municipal* portion that is used to fund services and programs delivered by the municipality, and an education portion that is used to fund education across the Province. Municipalities are mandated by provincial legislation to levy and collect property taxes for municipal and education purposes. It is this municipal portion of the property tax bill that provides municipalities with the major source of revenue they require to operate on a day-to-day basis.

Property tax revenue is based on the total assessed value of all properties within the municipality. The Municipal Property Assessment Corporation (MPAC) is responsible for determining the current value assessment and tax class for all properties in Ontario. Municipal tax rates are set by municipal Council each year based on their budgetary requirements while the Province sets the education tax rates.

WHAT ARE THE MAJOR SERVICE DELIVERY ISSUES?

Issues facing the delivery of Taxation Services are:

- ▶ The complexity of the assessment system (for both the taxpayer and municipal staff)
- ▶ The complexity of the tax billing process based on legislative changes e.g., 'phase-ins' and 'capping'
- ▶ Need for public education on both the assessment process and how taxes are calculated
- ▶ The timeliness of assessments (e.g., time from completion of new properties/renovations to the time that new property/renovation assessment value is added to the assessment roll)
- ▶ The increasing number and complexity of assessment appeals

WHAT ARE THE RESULTS?

What percentage of tax dollars is outstanding?

FIG. 19.1 Current Year's Tax Arrears as a Percentage of Current Year Levy

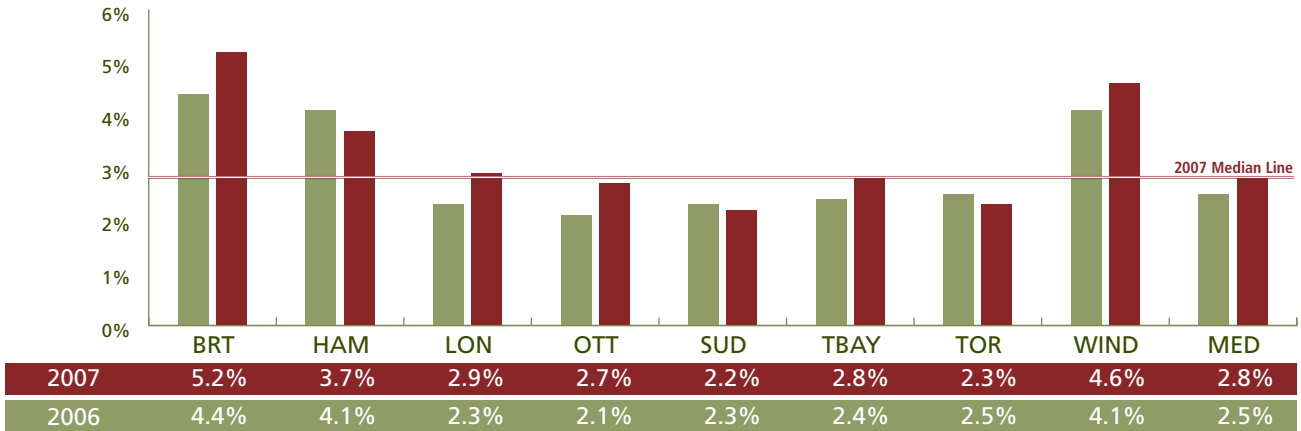


Figure 19.1 indicates the percentage of property taxes billed for the year that remained outstanding at the end of the year. A municipality showing a small percentage indicates that the majority of taxes billed have been collected. It should also be noted that some municipalities transfer other outstanding receivables to the tax account for collection, for example unpaid water billings.

How many accounts use pre-authorized payment plans?

FIG. 19.2 Percentage of Accounts (All Classes) enrolled in a Pre-Authorized Payment Plan

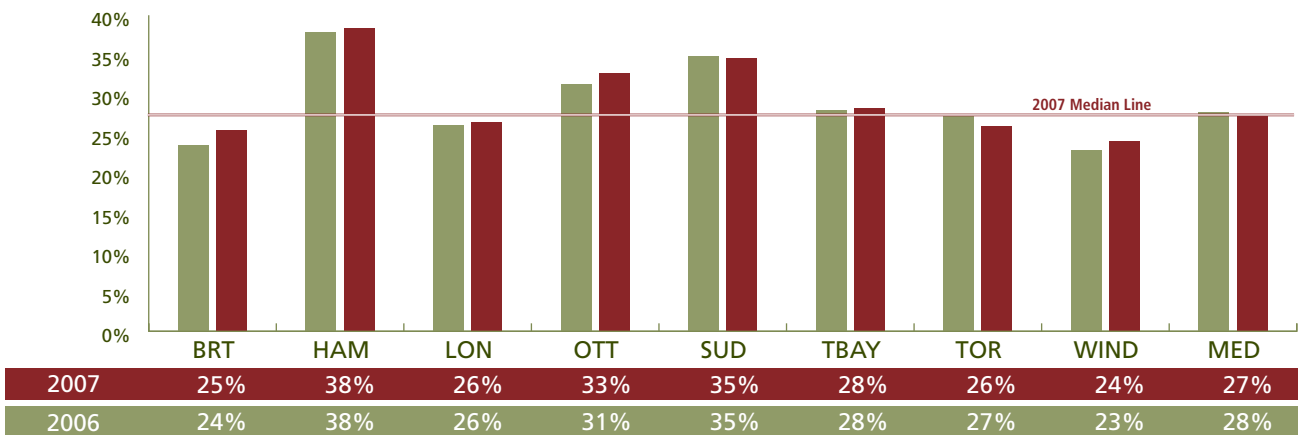


Figure 19.2 indicates the percentage of accounts enrolled in pre-authorized payment programs offered by the municipality. Programs offered by each municipality may vary depending upon the current billing practices within each municipality including the number of instalment payments.

How much does it cost to service a tax account?

FIG. 19.3 Cost to Maintain Taxation Accounts per Account Served

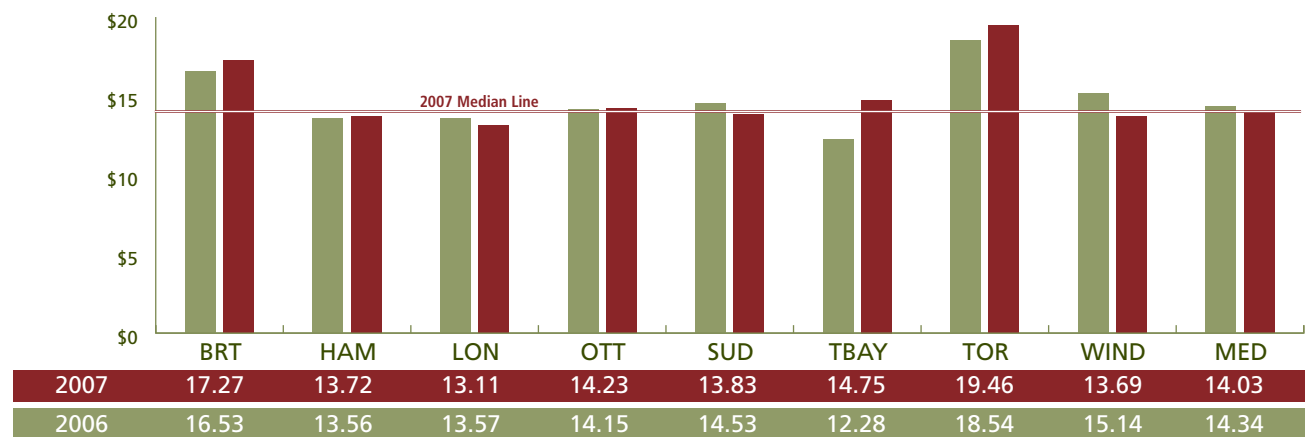


Figure 19.3 reflects the annual cost of maintaining a tax account. Taxable accounts include but are not limited to residential, multi-residential, commercial, industrial and farmland. Other accounts are classified as payments-in-lieu and generally represent properties owned by the various levels of government. Costs related to the preparation and mailing of all billings, including interim, final and supplementary bills, payment processing and collection are included in this calculation.

What SHOULD YOU CONSIDER WHEN REVIEWING THESE RESULTS?

Each municipality's results are influenced to varying degrees by a number of factors, including:

- ▶ Degree and types of collection procedures used by municipalities - acknowledging the expectations of Council in collection efforts, and any mandated policies or procedures
- ▶ Economic condition - municipal unemployment rate, cost of living, rate of growth in property assessments, etc.
- ▶ Variety and level of programs offered to the tax payer - the number and complexity of tax rebates, deferral and/or tax cancellation programs, 'Business Improvement Area' initiatives, etc.
- ▶ Degree to which tax billing systems are automated - some municipalities develop and maintain their own 'in-house' systems to calculate and issue billings, some municipalities use provincially-developed systems or external consultants to calculate taxes and still others employ a mixture of these approaches
- ▶ Range and number and/or flexibility of payment instalment dates - types of payment options such as pre-authorized payment plans (PAP) (where payments are withdrawn electronically), or internet-based payment options and the extent and effectiveness of advertising for these programs
- ▶ Number of payment-in-lieu of tax accounts administered by the municipality - these accounts may require specialized or manual bill calculations, or negotiated payments, resulting in higher costs to service a small number of accounts

For more information about the results, contact the Municipality's representative listed in Appendix F, page 94.