



27. TAXATION SERVICES

Taxation services is the efficient and effective collection of all taxes owing to the municipality. 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 should you consider when reviewing the results?

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

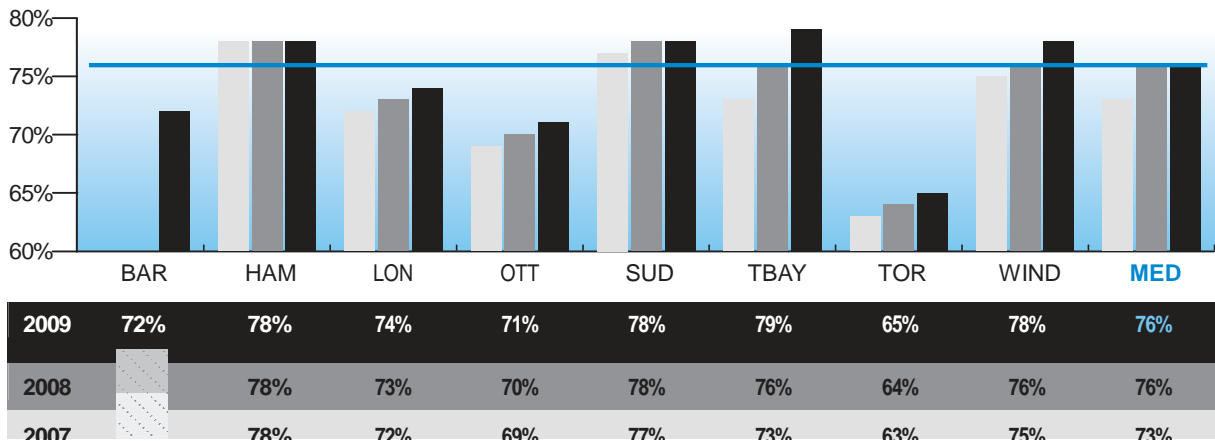
- degree/types of collection procedures: acknowledging the expectations of Council in collection efforts, and any mandated policies or procedures
- economic condition: municipal unemployment rate, cost of living, rate of growth in property assessments etc.
- variety and level of programs offered to the tax payer: 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of payment installment dates: types of payment options such as pre-authorized payment plans (PAP) (where payments are withdrawn electronically), or internet-based payment options and the extent and effectiveness of advertising for these programs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: accounts may require specialized or manual bill calculations, or negotiated payments, resulting in higher costs to service a small number of accounts

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What are the results?

What percentage of your property tax bill goes to the municipality?

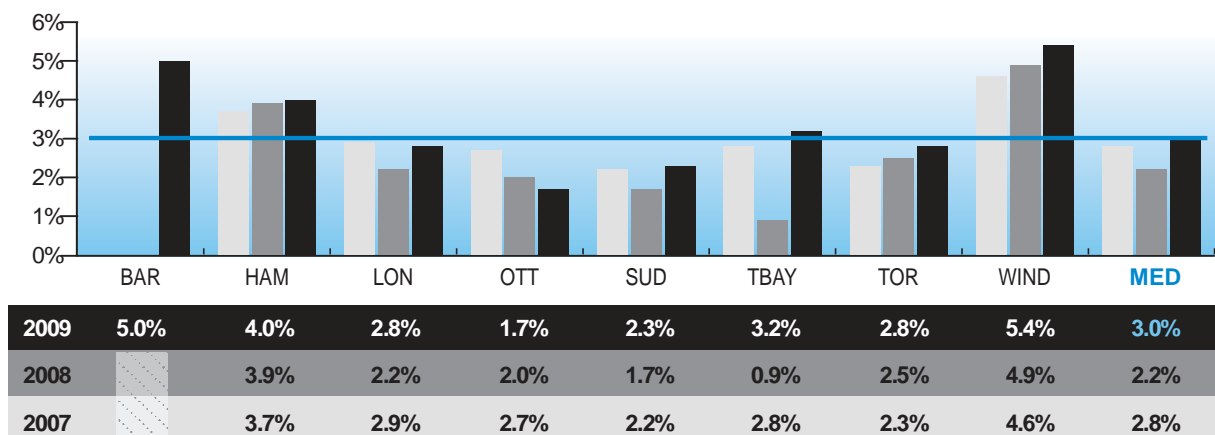
Fig. 27.1 Municipal Taxes as a Percentage of the Tax Levy (All Classes)



Source: TXRS111 (Community Impact)

What percentage of current year's tax dollars is outstanding?

Fig. 27.2 Current Year's Tax Arrears as a Percentage of Current Year Levy



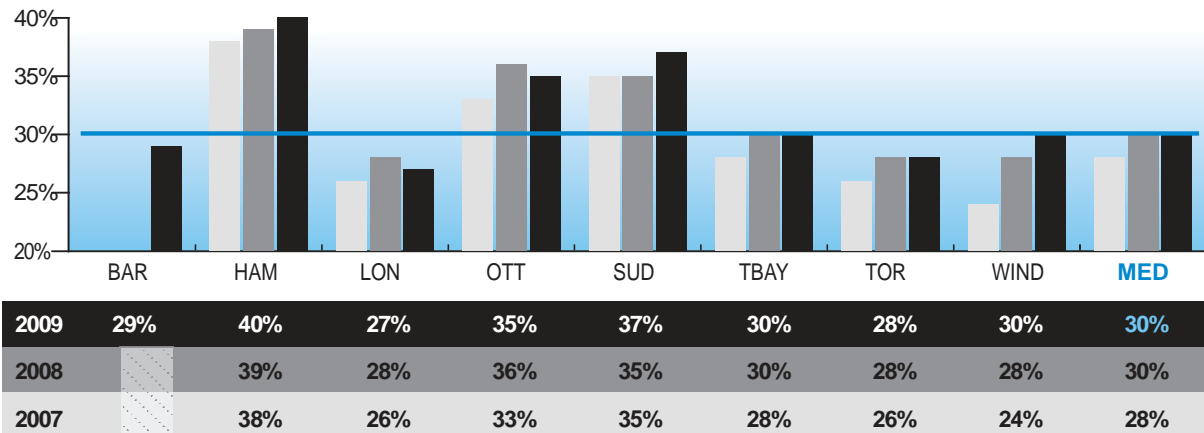
Source: TXRS135 (Community Impact)

Figure 27.2 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.

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What percentage of accounts use pre-authorized payment plans?

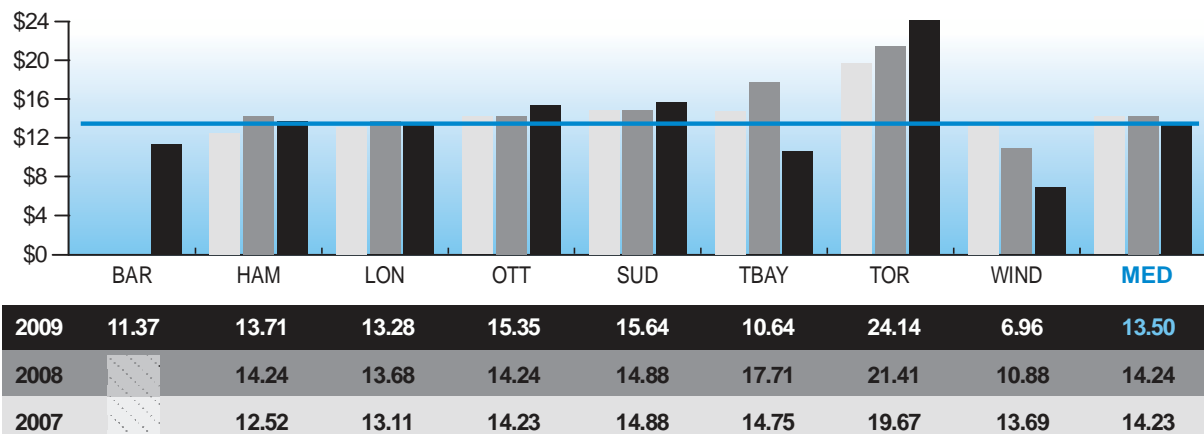
Fig. 27.3 Percentage of Accounts (All Classes) enrolled in a Pre-Authorized Payment Plan



Source: TXR405 (Customer Service)

How much does it cost to maintain a tax account?

Fig. 27.4 Operating Cost to Maintain Taxation Accounts per Account Serviced



Source: TXRS310 (Efficiency)

Figure 27.4 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.