



Report to: General Committee

Date Report Authored: February 4, 2013

SUBJECT: Property Tax Instalments - Options
PREPARED BY: Paul Wealleans, Director, Revenues

RECOMMENDATIONS:

- 1) THAT the report entitled “Property Tax Instalments - Options” be received for information;
- 2) AND THAT Council retain the four instalment dates for 2013 and future years;
- 3) AND THAT staff be authorized and directed to do all the things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

None.

PURPOSE:

This report provides possible options and impacts of changing the tax instalment months for 2013 and 2014 arising from the Council decision in 2012 to reduce the total tax instalments from 6 to 4.

BACKGROUND:

The change in the number of tax instalments effective for the 2013 Interim Tax Billing has generated a number of inquiries from residents expressing concern relating to the ability to make payments with the new due dates.

At its meeting of January 30, 2013, Council requested:

“That staff be directed to report back to General Committee in February 2013 regarding options for the tax payment plan and the communications tools relative to the payment plan; and,

That staff consider payment dates of February and April; and, July and September.”

OPTIONS/ DISCUSSION:

Staff tabled a report to General Committee on April 12, 2012 recommending the change in the number of the interim and final tax instalments from six to four, effective for 2013. The motion was approved at General Committee and subsequently at Council on May 1, 2012.

Included in the report to General Committee was a survey conducted by Staff of other municipalities. As noted in the report, some municipalities provide 2, 4 or 6 instalments.

Ottawa has two instalments (March and June) while some of the municipalities that have 4 instalments include: Richmond Hill, Oakville, Burlington, Oshawa, Aurora, East Gwillimbury, King, Whitchurch-Stouffville.

Markham offers a Pre-authorized Tax Payment (PTP) program which allows residents to spread their payments over 4, 6 or 11 months. It is convenient, safe and secure. Markham has over 28,000 tax accounts on the PTP program.

The reasons for moving to 4 instalments included the following:

- 1) Reduction of \$11,700 in bank charges. Post-dated cheques are sent to our financial institution for storage purposes. As a result of a reduced number of cheques, the associated cost for this service has been reduced by \$11,700, which has been reflected in the 2013 budget;
- 2) Encouraging residents to take advantage of PTP. The eleven month PTP option allows the City to manage cash flow by balancing monthly expenses with property tax revenues. Over the last couple of weeks, approximately 300 residents have moved to the PTP option, with the majority utilizing the 11 payment option;
- 3) GreenPrint initiative – The PTP option reduces the impact on the environment through reduced paper (no return envelope) and vehicle use (no driving to the Civic Centre). As well, residents do not incur postage costs;
- 4) Cash Management processing efficiencies;
- 5) Additional investment income of \$265,000, which has been included in the 2013 budget.

The following are possible options and impacts with respect to changing the months of the tax instalments:

Option 1: Maintain the 4 instalments, but move the instalments to February & April and July & September, with one month in between.

If the 2014 instalments dates were changed to February & April and July & September, the full benefit derived from investment income based on the May 1, 2012 Council approved instalment change in 2013, would be lost. That revenue is estimated to be \$265,000 and represents a 0.22% impact on the operating budget. This change would mean the 2014 net operating budget would have to be increased by \$265,000 or a tax rate increase of 0.22% to offset the loss. Staff considered this option but did not support it because the loss of investment income is significant, and other PTP options to pay in four, six and eleven instalments, address the cash management concerns that residents may have.

2013 February and March Dates

Given the current date and that the Interim Tax Bills have been in the mail for some time, it is not administratively possible to change the processes for the 2013 Interim billing. Systems have been programmed to accommodate these changes and the instalment dates have been approved by Council.

July and September

It is possible to change the 2013 Final tax instalments from July & August to July & September; however, the amount of investment interest would be reduced. Based on estimates of current rates of return, this change would result in a \$132,500 investment income loss for 2013.

This represents a 0.11% variance on the 2013 operating budget as this investment income has already been incorporated into the budget. Savings of \$132,500 would have to be found elsewhere in the operating budget to offset this loss.

Option 2: Retain the Current Four Instalment Dates: February & March and July & August

The retention of the current dates would result in the same benefits as outlined earlier in this report. The two major benefits of the change were:

- 1) Encouraging residents to enroll in one of the three PTP plans (4, 6 or 11 months) which allows residents to choose the frequency of payment:
- 2) Investment income: the \$265,000 additional investment income has been applied to the 2013 operating budget to offset a potential tax rate increase. Its elimination would mean an increase in the budget by this amount, which equates to a 0.22% tax rate increase.

Option 3: Return to the 6 instalment dates

The City could return to the 6 instalment dates which were in place prior to 2013. This option would, however, negate all the benefits (noted earlier in this report) of moving to four instalments.

Recommendation:

It is recommended that the City maintain the four instalments.

Communication Plan

Council also requested that staff review the communication tools for informing residents of changes to the tax payment plans.

Following Council's approval of the change in the tax instalments in May 2012, staff undertook the following activities as part of its overall communication plan:

- Highlighted the change in the 2012 Final Tax Brochure (June 2012)

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- Included notices in the Economist and Sun and Liberal in 2012 on the City page (Aug 23, Aug 30, Sept 6, Oct 11, Oct 18)
 - Advertised in Markham Life Magazine (Winter 2012/13), (Spring 2013)
 - Posted information on the City of Markham Website
 - Posted counter signs (Tax/Cash and Contact Centre Counters) (from June 2012)
 - Posted information on the Electronic Information Boards (from August 28)
 - Included information in the 2013 Interim Tax Brochure
 - Included notices in the Economist and Sun and Liberal in 2013 (Jan 17)
 - Information was relayed through Social Media – Facebook and Twitter

In addition, the following communication actions were taken in January 2013:

- In the January 17, 2013 edition of the Economist and Sun and Liberal, an ad was prominently displayed explaining the PTP plan options on the City page
- Information was relayed through Social Media – Facebook and Twitter
- Posted updated information on the City of Markham Website

To improve communications to residents, the City has since undertaken the following action regarding information about tax instalment changes and available PTP plan options. Notices (attached) have been placed in Community Centres in the recreation and customer service areas as well as in Libraries. In addition, notices have also been placed in those communities centres where there is a separate seniors' centre.

- Notices have been posted in the following facilities:
 - Thornhill CC;
 - Milliken Mills CC;
 - Angus Glen CC;
 - Armadale CC;
 - Centennial CC;
 - Cornell CC;
 - Libraries: Angus Glen, Cornell, Markham Village, Milliken Mills, Thornhill, Unionville;
 - Markham Seniors Activity Centre (22 Water Street)

In addition, staff will:

- Consult with the Seniors Advisory Committee on other means to distribute information to other seniors groups and organizations.
- Develop and provide information to be included in the special section in the Seniors section of Markham Life explaining tax instalment changes and advantages of PPT.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

A change in both the interim and final instalment dates will result in an estimated annual loss of \$265,000 in investment income in the operating budget.

HUMAN RESOURCES CONSIDERATIONS

None.

ALIGNMENT WITH STRATEGIC PRIORITIES:

None.

BUSINESS UNITS CONSULTED AND AFFECTED:

None.

RECOMMENDED BY:

19/02/2013

19/02/2013

X



Joel Lustig
Treasurer

X



Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Attachment 1- Tax Payment Options

Attachment 1

THE CITY OF MARKHAM HAS MOVED FROM 6 TO 4 STANDARD TAX PAYMENT INSTALMENTS A YEAR

2013 Interim Tax Bill – Due Dates

1 st Instalment	February 5, 2013
2 nd Instalment	March 5, 2013
The balance of the 2013 instalment dates will be reflected on the Final Tax billing in July.	

WHAT ARE MY PAYMENT OPTIONS IF I OPT FOR THE PRE-AUTHORIZED TAX PAYMENT (PTP) PLAN?

The PTP plan provides residents with flexibility, allowing for payment of taxes in 4, 6 or 11 monthly instalments.

2013 Interim Pre-Authorized Tax Payment - Due Dates

4 Instalment Plan	February 5 and March 5, 2013
6 Instalment Plan	February 5, March 5 and April 5, 2013
11 Instalment Plan	February 1, March 1, April 1, May 1 and June 1, 2013
The balance of the 2013 instalment dates will be reflected on the Final Tax billing in July.	

To apply for the PTP plan, call 905-475-4864 or visit www.markham.ca.

Residents who do not wish to use the PTP plan are required to make their property tax payments through a maximum of 4 instalments per year.

