



Report to: General Committee

Date Report Authored: April 12, 2012

SUBJECT: Proposed Reduction in Property Tax Installments
PREPARED BY: Paul Wealleans, Director, Taxation

RECOMMENDATIONS:

- 1) THAT the report entitled "Proposed Reduction in Property Tax Installments" be received for information; and,
- 2) THAT Council approve changing the number of the interim and final tax installments from six to four, effective for the 2013 taxation year; and further,
- 3) THAT staff be authorized and directed to do all the things necessary to give effect to this resolution.

PURPOSE:

This purpose of this report is to seek Council approval for a reduction in the number of interim and final tax instalments from six to four, starting in the 2013 taxation year.

BACKGROUND:

At the E3 Steering Committee meeting of October 28, 2008, the Committee considered a proposal to reduce the number of tax installments from six to four. In subsequent meetings of the E3 Steering Committee and Budget Sub-committee, it was decided that the Town would not reduce the number of installments at that time due to timing constraints, but rather would change the dates of the installments from the third week of the month to the fifth day of the month unless the fifth day falls on a weekend in which case the due date will be the following workday.

OPTIONS/ DISCUSSION:

The option of reducing the current six annual installment program to four has now been reviewed and analyzed by Finance staff. For 2013, it is recommended that the current six installments option be reduced to four installments.

Staff has surveyed the number of interim and final tax installments provided by other municipalities as shown in the Table below. Richmond Hill, Oakville and Burlington currently are the municipalities that provide for the four installment program.

Municipality	Interim	Final	Total
Ottawa	1	1	2
Richmond Hill	2	2	4
Oakville	2	2	4
Burlington	2	2	4
Markham	3	3	6
Toronto	3	3	6
Mississauga	3	3	6
Brampton	3	3	6
Vaughan	3	3	6

The move to four annual installments dates will improve cash flow and enhance investment income. Staff analysis estimates, based on current rates, an additional \$265,000 (residential accounts \$164,000 and non-residential accounts \$101,000) for the 2013 taxation year in investment revenue for 2013 would be achieved by changing the number of installment due dates. The four installments for residential would be February and March for the Interim billing, and July and August for the Final billing. For commercial, the months would be February and March for the Interim billing, and October and November for the Final billing.

Currently, supplementary tax bills have three installments. Supplementary taxes relate to new properties, renovations or additions to properties that the Municipal Property Assessment Corporation (MPAC) assesses after the annual assessment roll is received by the Town and can include the current year and up to two prior years. Supplementary taxes are billed separately from the regular Interim or Final taxes. It is not recommended, at this time, to reduce the number of these installments because supplementary tax bills can potentially include up to three years of prior year taxes to be paid – which can be significant. To continue the ability of residents to be able to meet the potential high supplementary tax bills, it is recommended that three installments remain in place.

For the Interim, Final and Supplementary tax bills, the Town of Markham includes a business reply envelope that is pre-addressed to a service provider (Symcor). This process of sending cheques directly to a service provider is referred to as a “Retail Lockbox”. The Retail Lockbox services include the collection of customer payments from a designated lockbox site and transportation to a processing site where Symcor processes the remittances and deposits cheque payments directly into the Town’s General Bank Account. Payment data is then transmitted to Cash Management electronically for uploading to the Town’s Tax System (TXM).

Staff has reviewed and identified savings associated with the Retail Lockbox provider as a result of the option of reducing the current six annual installment program to four. It is estimated that the Town would realize \$11,700 savings based on the 2011 annual Lockbox fees of \$35,353.

Staff will ensure a plan to communicate this proposed change to Markham residents occurs with the mailing of the 2012 final tax bills and with the 2013 Interim tax bills. Notice will also be provided via Markham's website and local newspapers.

It should be noted that the option to enroll in the Town's Pre-authorized Payment Plan (PTP) in which monthly tax payments are made remains available. Residential property owners can enroll either in a six or eleven month plan and commercial property owners, in a six month plan. The six month plan coincides with the current six installment dates. If the reduction to four installments is approved, the PTP plan would be changed to offer a four, six or eleven month plan for residents and a four or six month plan for commercial.

The reduction of six installments to four installments may offer some opportunities for additional efficiencies in the manner in which cashiering functions can be offered at the Civic Centre. If the reduction to four tax installments is approved, staff will monitor the situation and determine if further improvements can be implemented.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

Moving from six annual tax installments to four will generate an estimated \$265,000 in annual investment income for the Town and reduce lockbox service fees by an estimated \$11,700. These adjustments will be reflected in the 2013 budget.

HUMAN RESOURCES CONSIDERATIONS

None.

ALIGNMENT WITH STRATEGIC PRIORITIES:

None.

BUSINESS UNITS CONSULTED AND AFFECTED:

None.

RECOMMENDED

X



Joel Lustig
Treasurer

X



Kimberley Kitteringham
Acting Commissioner, Corporate Services

ATTACHMENTS: None

