



## REPORT

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**TO:** Mayor Lawlor and Members of Council

**FROM:** Joseph Vandermeer, Deputy Treasurer

**DATE:** September 16, 2024

**REPORT NO.:** CS-2024-023

**SUBJECT:** Property Tax Billing and Collection Policy

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### RECOMMENDATION:

THAT Report No. CS-2024-023, dated September 16, 2024, regarding amendments to the Property Tax Billing and Collection Policy be received;

AND FURTHER THAT the Property Tax Billing and Collection Policy be approved and made effective January 1, 2025.

### KEY POINTS:

The following are key points for consideration with respect to this report:

- The Property Tax Billing and Collection Policy provides staff with detailed guidance on the procedures for billing and collecting property taxes.
- Periodically, this policy is reviewed to ensure continued alignment with applicable legislation.
- The primary recommended change is to transition from a three-year tax sale process to a two-year tax sale process, as permitted by the *Municipal Act*.

### BACKGROUND AND DISCUSSION:

The Property Tax Billing and Collection Policy applies to all staff of the Town of Halton Hills, ensuring equitable and consistent treatment of all taxpayers in alignment with governing legislation, including the Municipal Act and the Assessment Act.

## COMMENTS:

In 2017, the Province of Ontario introduced several amendments to the Municipal Act. There is an option under Section 373(1), for a tax arrears certificate to be registered if any portion of tax arrears remains outstanding for a property as of January 1st in the second year following the year in which the real property taxes became due, instead of the third year.

Before these amendments in 2017, a tax arrears certificate could only be registered if any portion of tax arrears remained outstanding as of January 1st in the third year following the year in which the real property taxes became due.

Staff recommends amending the current Property Tax Billing and Collection Policy to incorporate the option to initiate the municipal tax sale process after two years of tax arrears, to improve the outcomes for property owners facing significant arrears.

## RATIONALE:

Under the current Property Tax Billing and Collection Policy, the tax sale process begins when a property has accumulated three full years of tax arrears. For example, properties with unpaid taxes from 2021-2023 would enter the process in January 2024. The tax sale process typically takes approximately 1.5-2 years to complete and involves the following steps:

1. **Issuance of Farm Debt Notices:** These are issued at least 30 business days before proceeding with tax registration and go to all properties.
2. **Conducting Title Searches.**
3. **Registration of a Tax Arrears Certificate:** After registration, a full year must pass before proceeding further.
4. **Sending First and Final Notices:** These are sent to all interested parties during the one-year waiting period.
5. **Advertising and Completing the Tax Sale:** This step is dependent on consultant availability.

As a result, property owners may accumulate nearly five years of tax arrears by the time the tax sale occurs, making it increasingly difficult for those attempting to resolve their arrears.

Staff have limited tools to assist property owners in returning their tax account to a 'current' status and face the additional challenge of limited options to contact property owners when taxes go unpaid. Typically, there is only a mailing address and name on file, as email addresses and phone numbers are not provided to the Town by the land registry office when properties change ownership.

In most cases, when letters are sent regarding tax arrears, there is little to no response from the property owners. It is often only when the tax sale process is initiated that communication begins and the outstanding tax arrears can be managed.

The initiation of the municipal tax sale process serves to escalate the consequences for tax payers with arrears, thereby encouraging prompt payment. In recent years, this approach has led to successful collections on nearly all properties with significant arrears, as demonstrated by the statistics provided in Table 1 below:

**Table 1 – Historic Tax Sale Information**

Tax Sale Information								
Process	2024	%age	2023	%age	2022	%age	2021	%age
Notice of Tax Sale / Warning Letter	54		50		49		50	
Farm Debt Mediation Notice	42	78%	34	68%	35	71%	25	50%
Lien Registered on Property (Tax Arrears Certificate)	14	26%	16	32%	20	41%	15	30%
First Notice	13	24%	8	16%	16	33%	8	16%
Final Notice		0%	7	14%	4	8%	5	10%
Advertised for Tax Sale		0%		0%	1	2%	1	2%
Tax Sale		0%		0%	1	2%	1	2%
Extension Agreements		0%	1	2%	4	8%	3	6%

*Note: Advertised for Tax Sale, Tax Sale and EA - are complete 365 days from Lien Registered and would be conducted in the following calendar year; however for statistical purposes the numbers (in these 3 categories) reflect the progression of the files registered above (ie. from the same calendar year)*

The tax sale processes for 2023 and 2024 are still ongoing, and as such the information from the later stages of these processes is currently unavailable.

**CONCLUSION:**

The updated Property Tax Billing and Collection policy not only aligns with changes in the tax sale process under the Municipal Act but also serves as a proactive tool to support property owners in managing their arrears.

By initiating the tax sale process after two years, instead of three, the aim is to reduce the financial burden on owners by encouraging an earlier resolution and avoiding further escalation and fees.

While amendments to governing legislation are typically reflected automatically in the Town’s Property Tax Billing and Collection policy, it is important to note that initiating the tax sale process after two years is not a mandatory requirement of the Municipal Act.

**STRATEGIC PLAN ALIGNMENT:**

This report is administrative in nature and does not have an impact on the Town’s Strategic Plan.

**RELATIONSHIP TO CLIMATE CHANGE:**

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

**PUBLIC ENGAGEMENT:**

Public Engagement was not needed as this report is administrative in nature.

**INTERNAL CONSULTATION:**

Internal Consultation was not needed as this report is administrative in nature.

**FINANCIAL IMPLICATIONS:**

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer