

Report to Council

Report Title: 2022 Property Tax Arrears

Prepared By: Jessica Pinkse, Tax Collector/Deputy Treasurer

Department: Finance

Date: February 14, 2023

Report Number: FIN2023-04 **File Number:** C11FIN

Attachments:

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2023-04 – 2022 Property Tax Arrears, prepared by Jessica Pinkse, Tax Collector/Deputy Treasurer for information purposes.

Report:

Background:

Property Taxation is the main revenue source for the Municipality of Brockton to fund its operations. As such, the Municipality must ensure that this major source of revenue is protected and monitored closely. This report shows the level of arrears as of December 31, 2022 and the steps in the collection process to protect these receivables. The tax process is a highly regulated process under the Municipal Act.

In 2022 the Municipality of Brockton levied \$10,438,164 in municipal taxes, this was an increase of 5.92% over the 2021 levy, and this resulted in an annual increase to the average household of \$76.97.

Analysis:

This report is to provide Council with additional information on the Property Tax Arrears for the year ending December 31, 2022. Each year the municipality reports their financial position to the Province, below is a chart that illustrates the Provincial standards on Tax Arrears:

Potential Level of Challenge		
Low	Moderate	High
Less than 10%	10 to 15%	More than 15%

At the end of 2022, the overall outstanding tax arrears were \$496,302.19 (excluding accumulated interest). However, the total uncollected for 2022 taxes equals \$387,636.02 which equals a total of 3.71% of the 2022 Municipal Tax Levy. The chart below will illustrate the changes from 2018 – 2022:

Year	Total Outstanding Taxes	Total Current Outstanding Taxes	Total Percent of Current Taxes Outstanding
2018	\$640,721	\$427,046	5.3%
2019	\$606,237	\$382,545	4.33%
2020	\$509,276	\$373,300	3.86%
2021	\$577,316	\$463,651	4.70%
2022	\$496,302	\$387,636	3.71%

The Municipality of Brockton had no tax sale proceedings in 2022. Six (6) new properties commenced for the Tax Sale Process in 2022; only three (3) accounts are still outstanding as all other registrants have paid their taxes in full. Staff continue to work with residents to ensure their account remains in good standing.

Listed below are a few of the various tools that are utilized by staff throughout the year to collect tax arrears:

- Send tax arrears notices (monthly)
- Make calls to those who are within the two - three-year arrears time frame
- Make payment arrangements to accommodate paying current year taxes, as well as any arrears balance

With the Municipality of Brockton having 3.71% outstanding Tax Arrears at year-end, we are below the Provincial low-risk average of < 10%. Therefore, this low average indicates that residents are able to pay their taxes, the Municipality has adequate tax collection procedures and low risk to cash flow issues.

In 2022, several supplemental tax bills and write-offs were processed. Many properties at the Walker West Subdivision, Turner Subdivision and JDR Subdivision have been reassessed due to increased housing construction in that area. Supplemental Tax Bills were sent to the residents, with payment due dates of September 29, 2022 and November 30, 2022.

Additionally, several write offs were processed. Write offs were most commonly for the Farm Tax Rebate Program as well as changes to physical property structures. Overall, the Municipality realized an additional \$140,932.69 in taxation revenue from the supplemental tax bills net of the write offs issued.

Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Recommendations help move the Municipality closer to its Vision | N/A |
| • Recommendations contribute to achieving Heritage, Culture, and Community | N/A |
| • Recommendations contribute to achieving Quality of Life | N/A |
| • Recommendations contribute to achieving Land Use Planning and the Natural Environment | N/A |
| • Recommendations contribute to achieving Economic Development | N/A |
| • Recommendations contribute to achieving Municipal Governance | N/A |

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective?
N/A

The outstanding taxes has a negative impact on the Municipality's cash flow.

Respectfully Submitted by:A handwritten signature in blue ink, appearing to read 'J. Pinkse'.

Jessica Pinkse, Tax Collector/Deputy Treasurer

Reviewed By:A handwritten signature in black ink, appearing to read 'Sonya Watson'.

Sonya Watson, Chief Administrative Officer