

## Report to Council

**Report Title:** Semi-Annual Tax Arrears to June 30, 2023

**Prepared By:** Jessica Pinkse, Tax Collector/Deputy Treasurer

**Department:** Finance

**Date:** July 11, 2023

**Report Number:** FIN2023-19 **File Number:** C11FIN

### Attachments:

### Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2023-19 – Semi-Annual Tax Arrears to June 30, 2023, 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 June 30, 2023 and the steps in the collection process to protect these receivables. The tax process is a highly regulated process under the Municipal Act.

#### Analysis:

Total tax arrears as of June 30<sup>th</sup>, 2023 are \$570,519.89 which equals 2.90% of the 2023 Levy. The breakdown of tax arrears by year is noted below.

Year	Amount Outstanding	Percentage of Total
2023	\$305,449.46	53.5%
2022	\$211,683.92	37.1%
2021	\$51,519.21	9.0%
2020+	\$1,867.30	0.3%
<b>Total Arrears</b>	<b>\$570,519.89</b>	<b>100.0%</b>

**\*Note, the above table does not include penalty and interest charges outstanding.**

The \$570,519.89 includes all charges: County, Educational, Municipal, Tile Drain Loans, BIA Charges, Waste Management Fees and added administrative fees. This is a taxes receivable listing and does not differentiate between the different revenue sources.

Of the \$211,683.92 outstanding from 2022, the breakdown of properties outstanding are as follows:

Tax Class	Amount Outstanding	Percentage Total	Total Number of Properties
Commercial/Industrial	\$28,422.80	13.43%	9 properties
Multi-residential	\$29,782.81	14.07%	2 properties
Residential/Farm	\$153,478.30	72.50%	81 properties
<b>Total</b>	<b>\$211,683.91</b>	<b>100.0%</b>	

The 2022 amount does not include amounts owing for 2021 or earlier. Of the nine (9) commercial/industrial and two (2) multi-residential properties that have an outstanding balance in 2021; one (1) of those properties have outstanding amounts from 2021 and earlier. Since last year, we are seeing that property owners who are already in financial arrears are struggling to pay off balances since 2021. This can result from a variety of economic factors such as inflation, increased tax rates, and higher interest rates. Municipalities are still waiting on an announcement from the Province of Ontario with regards to a new assessment cycle.

Since January 2023, several supplemental tax bills were issued for 2022 reassessments. Many properties at the Walker West 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 March 31, 2023 and May 31, 2023. The Municipality realized an additional \$39,355.26 in taxation revenue from the supplemental tax bills that were issued which is included in 2023 arrears, if remaining unpaid.

In June 2023, several tax bill credits were issued as a result of Farm Forestry Exemption eligibility changes as well as applying the Farm Tax Rate for eligible properties. The result of these credits is a decrease of \$85,565 in taxation revenue. These tax write offs are within the budgeted decrease in revenue.

Supplemental tax bills for 2023 reassessments have not yet been processed. These bills are scheduled to be issued following the issuance of Final Tax Bills with due dates of September 29<sup>th</sup>, and November 30<sup>th</sup>, along with the Final Tax Bill deadlines. The Municipality is expected to receive \$175,000 in additional tax funding from these reassessments.

## **Tax Sales**

The Municipality of Brockton currently has one (1) property registered for tax sale, this sale will proceed on the 6th of September, 2023.

## **Tax Collection Efforts**

Listed below are a few of the various tools that staff utilize 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 balances

Staff continue to work with residents to ensure their account remains in good standing.

### **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 Municipalities cash flow.

#### **Reviewed By:**



Trish Serratore, Chief Financial Officer

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#### **Respectfully Submitted by:**



Jessica Pinkse, Tax Collector/Deputy Treasurer

#### **Reviewed By:**



Sonya Watson, Chief Administrative Officer