

COMMUNICATION 130212

Received from: Trisa McConkey, CPA, CGA, Treasurer
Addressed to: Corporate Services Committee
Date: November 26, 2019
Topic: 2020 Interim Tax Levy

SUMMARY:

A By-law is required to allow for billing an interim tax levy on properties in 2020 until adoption of final tax rates can occur in the spring of 2020 once County and Education rates have been received and after Council approves the 2020 Budget.

COMMENT:

Section 317 of the Municipal Act, 2001 (The Act), allows a local municipality to levy on all taxable properties, an interim tax levy prior to the adoption of the final budget for each tax year. The maximum allowable interim levy is fifty (50) per cent of the prior year's annualized taxes. Annualized taxes reflect taxes levied against the property at final billing, including all tax adjustments due to supplementary assessment and resulting from assessment appeals. For properties that are new to the assessment roll for the current year, and were not assessed in the prior year, fifty per cent of the previous year's tax rate for the properties applicable tax class will be applied to the property's assessed value to generate an interim levy.

The Act requires that an interim tax levy by-law be passed in the year to which it applies or in November or December of the previous year, provided that the by-law does not come into effect until a specified day in the applicable year.

Interim Tax Bills will be mailed to customers by the end of January or early February 2020. These amounts will be due in two (2) equal installments on March 2nd and June 1st, 2020.

FINANCIAL IMPLICATIONS

An interim tax levy permits the municipality to collect some taxes so it can function operationally. It provides cash flow while avoiding the need to use an overdraft borrowing facility. It also allows property taxes to be spread over a minimum of four (4) payments for taxpayers making each instalment easier to accommodate from a cash flow perspective.

Taxpayers can arrange to pay their taxes via a monthly payment plan by contacting the Finance Department if they do not already have one in place.

STAFF RECOMMENDATION

THAT Council authorize the passing of an interim tax levy for 2020 based on 50% of the prior year's annualized taxes.