

**Date:** 2020-11-02

**Subject:** **Property Tax Collection Update**

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**Report Number:** Corporate Support Services-2020-423

**Recommendations:**

1. That the report titled: **Property Tax Collection Update** to the Committee of Council meeting December 2, 2020, be received.
2. That the 2021 property tax billing, penalties and interest and collection activities be administered without exceptions at this time; and
3. That staff continue to closely monitor property tax collections and tax arrears activity throughout the 2021 fiscal year; and
4. That staff report back to Council to inform and provide options, if any indicators suggest deviations from historical trends for property tax collections or tax arrears.

**Overview:**

- **At the onset of this pandemic, Council immediately recognized the serious economic impact that COVID-19 was having in our community and took action to provide temporary financial relief.**
- **Council suspended penalties and interest and collection activities on overdue property tax accounts until December 31, 2020 to provide assistance to taxpayers during the COVID-19 pandemic. This decision provided financial relief of approximately \$10.3 million to many in our community that were most impacted by this pandemic.**
- **Throughout the year, staff have monitored property tax collection activities against previous year trends to immediately identify any**

**significant changes in property tax revenue received. To date, property tax collections continue to be received in a similar trend to prior years.**

- **It is recommended that the 2021 property tax billing, penalties and interest and collection activities be administered without exceptions. Staff are in close contact with municipal counterparts throughout the GTA and can confirm that this approach is consistent with our peers.**
- **Staff will continue to closely monitor property tax payments and/or levels of tax arrears and should any changes in previous trends or activity occur, staff will report back to Council to inform and provide options, as required.**

### **Background:**

At the onset of this pandemic, Council immediately recognized the serious economic impact that COVID-19 was having in our community and took action to provide temporary financial relief.

Council suspended penalty and interest charges from April 1 to December 31, 2020 to provide additional flexibility in the timing of tax payments. This decision provided financial relief of approximately \$10.3 million to many in our community that were most impacted by this pandemic.

The temporary financial relief provided during this pandemic will expire on December 31, 2020, leading to penalty and interest charges being accrued on property tax accounts that are overdue effective January 1, 2021. The instalment due dates for interim taxes have now passed and any 2020 interim taxes not paid are outstanding. The due dates for final taxes were September 23, October 21 and November 18.

The Tax Billing and Collection Policy # 13.10.0 provides the framework for the administration of the City's property taxes receivable including the processes to be followed when accounts fall into arrears.

### **Current Situation:**

Throughout the year, staff have monitored property tax collection activities against previous year trends to immediately identify any significant changes in property tax revenue received and/or tax arrears.

The table below by property type shows the total taxes billed in 2020 compared to the arrears as of the end of October:

Total Billed 2020			October 30, 2020		
Property Type	Property Count	Taxes	Property Count	2020 Tax Arrears	Percentage of Total Billed
Vacant Land	4,000	29,975,271.69	794	2,015,717.60	6.7%
Residential	157,316	830,308,386.58	28,129	58,735,950.57	7.1%
Commercial	3,439	122,386,439.37	1,213	5,062,908.82	4.1%
Industrial	2,749	203,609,438.47	806	6,350,051.99	3.1%
Other	2,620	10,182,640.38	193	637,240.71	6.3%
<b>Total</b>	<b>170,124</b>	<b>1,196,462,176.49</b>	<b>31,135</b>	<b>72,801,869.69</b>	<b>6.1%</b>

To date, property tax collections continue to be received in a similar trend to prior years. Therefore, at this time, it is recommended that for 2021 property tax billing, penalties/interest and collection activities be administered as per normal practice. The table below details the taxes billed and total tax collections received from January to October in 2018, 2019 and 2020. The total collected includes amounts for prior tax years as well as payments made for any tax related fees and charges.

	2020	2019	2018
Property Tax (\$Million)	Jan-Oct	Jan-Oct	Jan-Oct
Billed amount	961.9	1,117.0	1,074.5
Total collected at Bank	973.3	1,124.3	1,084.2
<b>Index</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>

The City's status on tax receivables for 2020 will not be known until Q1 in 2021 when all payments and adjustments have been applied to accounts. It is difficult to compare current tax arrears given that the due dates in 2020 are different than in previous years. At time of writing, there is still an outstanding instalment due date on November 18<sup>th</sup> with over \$165 Million in taxes coming due. Staff will be in position to report with greater certainty on the status of tax receivables early in 2021.

Staff are in close contact with our municipal counterparts throughout the GTA and can confirm that the approach to administer property tax collection activities without

exceptions is consistent with our peers. However, some municipalities are contemplating application-based deferral programs.

Application-based deferral programs are intended to better focus financial relief to those in need, while encouraging those taxpayers that have the means to continue to pay by the scheduled installment due dates. Staff are working closely with municipalities considering this type of program to determine if such a program would be beneficial to the City, including potential eligibility criteria, legislative, legal and fairness implications, along with administrative resource requirements.

In addition to the above, staff will continue to closely monitor property tax payments and/or levels of tax arrears and should any changes in previous trends or activity occur, staff will report back to Council to inform and provide options, as required.

### **Corporate Implications:**

#### **Financial Implications:**

There are no direct financial implications related to the recommendations in this report.

### **Strategic Plan:**

This report achieves the Strategic Plan priority of Good Government by practicing proactive effective management of finances, policies and service delivery.

### **Term of Council Priorities:**

This report fulfils the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

### **Conclusion:**

Property tax collections are in-line with historical trends. Hence, staff recommend that the 2021 property tax billing, penalties and interest and collection activities be administered as per normal practice beginning January 1, 2021. Staff are in close contact with municipal counterparts throughout the GTA and can confirm that this approach is consistent with our peers.

Staff will continue to closely monitor property tax payments and/or levels of tax arrears and should any changes in previous trends or activity occur, staff will report back to Council to inform and provide options, as required.

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