

## City of Hamilton Tax Collection Policy

### **Policy**

The policy of the Taxation section of Corporate Services is to ensure the prompt, effective and efficient collection of realty taxation levied, utilizing the means provided in the following legislation:

- a) The Municipal Act (2001);
- b) The Assessment Act;
- c) City By-laws.

Methods permitted to enforce collection of realty taxation consist of the following:

- a) Penalty and Interest Levy;
- b) Rent Attornment;
- c) Bailiffs; and
- d) Tax Sale.

### 1. **Realty Taxation Billing**

Realty taxation will be billed on the basis of four instalments per year. Due dates will be on the last business day of the following months:

Interim Levy – Due February and April  
Final Levy – Due June and September

City Tax levying By-laws will authorize the exact dates every year.

### 2. **Payment Application Rules**

Tax payments are due on the prescribed due dates and shall be applied first to the oldest year's penalties and interest, then the oldest years taxes and then the oldest years other charges (if any).

### 3. **Payment Options**

Payments can be made in person, by mail, through a drop box, or at a financial institution (in person, by phone, or online). All payments will be honoured as on time as long as they are stamped or post marked on or before the due date.

The City also offers four pre-authorized payment plans. There is a 10 month plan, with payments the first business day of February to November (inclusive). The City also offers a 12 month plan, with payments the first business day January to December (inclusive). These two plans are penalty exempt.

There is also an instalment plan, with payments withdrawn on the tax due dates, as well as a 12 month arrears plan, with payments withdrawn the last business day of January to December (inclusive). Penalties and interest are applied on any outstanding tax balances under these two plans. Any taxpayer who has two or more returned payments is subject to removal from any of our pre-authorized payment plans.

#### **4. Notice of Tax Arrears**

Notice of tax arrears are to be mailed to all delinquent taxpayers in May and again in November. Taxpayers that are three or more years in arrears, will receive personal letters in January of each year advising that their properties will be registered for tax sale if the third year remains outstanding.

#### **5. Supplementary and Omitted Assessments**

The City will issue a minimum of three supplementary/omitted tax bills per year. Supplementary and omitted tax bills are issued for various reasons such as; new construction, tax class conversion, building additions, etc. There will be two instalment due dates for each billing. Taxpayers will be allowed to join one of our monthly pre-authorized payment plans in order to spread the payments out further (up to 6 months).

#### **6. Collection Enforcement**

##### **a) Penalty and Interest on Taxation Arrears**

A penalty charge of 1.25 percent per month (15 percent per year), shall be imposed on overdue taxes. The penalty shall be imposed the first day of default, and on the first day of each calendar month thereafter in which default continues, but not after December 31st of the year during which such taxes were levied. Penalty applied for the month is applied on the first of the month and for the whole month.

Interest to be charged on unpaid tax arrears shall be at a rate of 1.25 percent per month (15 percent per year). Interest is charged the first day of the month and is applied for the entire month on all tax arrears due and unpaid. Tax arrears refer to taxes outstanding from prior years.

**b) Rent Attornment**

The Municipality may seize the rents of an income producing property, whether commercial or residential upon giving proper notice. This method would only be used in extreme cases where the ability to collect by normal means may be jeopardized.

**c) Bailiffs**

Bailiffs would be used where there is the potential that the recovery of tax arrears by the other methods would not cover the outstanding taxes or where we are prohibited by one of the other methods due to overriding legislation. An example would be a tenant of a federal property not paying taxes and the federal agency unwilling to assist in collection. Federal property cannot be sold for tax sale, thereby taking away our ability to collect.

**d) Tax Registration/Sale**

Tax registration is used for unimproved (vacant) land in the second year following that in which the real property taxes become owing. For improved land the tax registration shall commence the third year following that in which the real property taxes become owing. Once a property is registered under the tax sale process, the homeowner has one year to pay the taxes in full, or enter a two year extension agreement in which to make arrangements to pay the taxes in full. If after one year from the date of registration the taxes remain un-paid the property may be sold by the municipality to recover the tax arrears.

Arrears on properties suspected of contamination, classified as Brownfield properties, follow the procedures identified in Report ECO03027/FCS03157 for 2003.

**7. Penalty and Interest Write-offs**

The following approvals are based on signing authorities for other functions such as purchasing and payment approvals.

Penalty and interest are only written-off upon a valid reason given by a taxpayer with a good payment history, or because of a gross or manifest assessment error. Assessment legislation only allows for assessment adjustments for current and prior two years. In most cases, it is allowed on a one-time only request, and staff are to record the reason in remarks on the system and on the balance adjustment done to reverse the charge.

Customer Service Officers can approve up to \$100.00;

Tax Managers can approve up to \$10,000;

Tax Director can approve up to \$50,000;

Treasurer can approve up to \$100,000;

City Council approval is required for over \$100,000.

#### 8. **Small Balance Write-Offs**

Amounts less than \$5.00 are written-off before tax billings and reminder notices as it is administratively more costly to bill and collect amounts less than \$5.00.

#### 9. **Special Payment Arrangements / Deferrals**

Under the current Municipal Act a Treasurer can only write-off taxes upon a failed tax sale or successful assessment appeal. Where special circumstances exist, the Treasurer can authorize the deferral of tax arrears and the freezing of penalty and interest charges where it is not in the Cities best interest to proceed with a tax sale. This option would also be considered where in extreme cases it is in the best interest of all parties. Examples of such situations would be a private mortgage holder taking over a property significantly in arrears and disrepair, new owners assuming a brownfield property offering to remediate and clean-up of dilapidated properties, etc.

#### 10. **Charitable and Vacancy Rebate Programs**

Both programs require applications to be submitted no later than February 28<sup>th</sup> of the year following the year the application is made. Every year, taxpayers in both groups miss the deadline and ask that the Municipality accept their applications late. Upon a request, in writing, along with a valid reason for the approval, the Tax Managers or Director are allowed to accept a late application as a one-time allowance.

**11. User Fees**

User fees are approved every year by a User Fee By-law submitted through the yearly budget process. The recommended 2007 user fees based on the 2006 approved fee's, including a cost of living increase of 2% where applicable are:

- Metered Water Arrears Added to Taxes	\$28.00
- Returned Cheque Fee	\$28.00
- Tax Certificates	\$52.00
- Tax Letters	\$22.00
- Ownership Change Fee	\$11.00
- Mortgage Letters 0-2 Properties	\$22.00
3-10 Properties	\$42.00
11-50 Properties	\$63.00
50-100 Properties	\$113.00
- On-Line Mortgage Status per Property	\$5.00
- New Account Fee	\$15.00
- Arrears Notice Fee	\$2.50
- Extension Agreement	\$165.00
- Tax Registration (Phase 1)	\$900.00
- Tax Registration (Phase 2) (Tax Sale)	\$1,175.00
- Apportionment Fee – Current Year (New 07)	\$50.00