



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 12-014

TO: Mayor and Members of Council

FROM: Desirée Kennedy, City Treasurer

RESOURCE STAFF: Steve Dickey, Deputy Treasurer
Pat Carrol, Manager of Taxation and Revenue

DATE OF MEETING: January 10, 2012

SUBJECT: 2012 INTERIM TAX LEVY

EXECUTIVE SUMMARY:

The Municipal Act, 2001 allows municipal councils to pass by-laws for the purpose of levying an interim tax levy, prior to the adoption of the estimates for the year. The interim tax amount to be levied shall not exceed 50% of the total amount of taxes levied on the property in the previous year. This levy will provide funds to assist in financing daily operations and reduce reliance on short-term borrowings prior to setting tax rates and issuing the final tax bill.

RECOMMENDATION:

THAT a by-law be presented for three readings to provide for the levying and collecting of 2012 interim property taxes, including:

- a. that the 2012 interim tax bill be no greater than 50% of the 2011 taxes levied;
- b. that the rates be as specified in Appendix A attached hereto;
- c. that the due date for interim taxes be February 29, 2012;
- d. that various payment options be provided; and
- e. that late payment charges be added to taxes that are in default.

January 10, 2012

- Page 2 -

AUTHORIZING SIGNATURES:ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES

Desirée Kennedy, City Treasurer

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	N/R
Lanie Hurdle, <i>Community Services</i>	N/R
Denis Leger, <i>Transportation, Properties & Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

OPTIONS/DISCUSSION:

The Municipal Act, 2001 (the Act) allows municipal councils to pass by-laws providing for the levying of an interim tax levy prior to the adoption of the estimates for the year. The interim tax amount to be levied shall not exceed 50% of the total amount of taxes levied on the property in the previous year. The Act also provides for taxes to be annualized where assessment was added to the collector’s roll during the year, i.e. supplementary tax levies, and additionally, where a new assessment has been added to the current year’s roll, the interim tax levy shall apply to the new assessment.

To achieve the allowable amounts to be levied, i.e. 50% of 2011 tax levy, an interim billing adjustment will be applied to accounts that have levies exceeding the allowable amount. To provide for the February 29, 2012 due date, tax bills must be mailed no later than February 8, 2012 to allow for the required 21 days notice.

Payment methods, as provided for in the by-law, include in person at City Hall (216 Ontario St.), at any financial institution in the City of Kingston area having payment arrangements with the City of Kingston and through banks offering telephone and internet payment plans registered with the City of Kingston. Payments may also be sent by mail or dropped in one of the 24-hour drop boxes located at City Hall and John Counter Boulevard.

The by-law also provides for the imposition of late payment charges, at a rate of 1¼ per cent per month, for the non-payment of taxes. Penalty charges are imposed for the non-payment of taxes on the first day of default and interest will be charged on unpaid taxes on the first day of each month thereafter.

EXISTING POLICY/BY LAW:

Municipal Act, 2001

NOTICE PROVISIONS:

Not applicable

ACCESSIBILITY CONSIDERATIONS:

Not applicable

FINANCIAL CONSIDERATIONS:

The interim tax levy, for municipal and school purposes, will provide revenues of approximately \$113M. This revenue will assist in financing daily operations, reduce reliance on short-term borrowings and maximize investment income. In order to provide the necessary cash flow, and as provided for in the Municipal Act, the interim tax bill represents 50% of the previous year’s total tax levy.

CONTACTS:

Desirée Kennedy, City Treasurer	Ext. 2220
Stephen Dickey, Deputy Treasurer	Ext. 2370
Pat Carrol, Manager of Taxation & Revenue	Ext. 2468
Jeff Walker, Supervisor of Taxation & Cashiering	Ext. 2484

OTHER CITY OF KINGSTON STAFF CONSULTED:

Not applicable

EXHIBITS ATTACHED:

Appendix A: Draft by-law with Schedule A - 2012 Interim Tax Rates

BY-LAW NO. 2012-XXX

A BY-LAW TO PROVIDE FOR AN INTERIM TAX LEVY; PAYMENT OF TAXES BY INSTALMENT; PENALTY AND INTEREST AT ONE AND ONE QUARTER PERCENT MONTHLY ON TAX ARREARS

PASSED: January 10, 2012

WHEREAS sub-sections 317(1) and (2) of the Municipal Act, 2001, S.O. 2001, c.25, as amended, provides that:

1. The council of a local municipality, before the adoption of the estimates for the year under section 290 of the Municipal Act, 2001, may pass a by-law levying amounts on the assessment of the property in the local municipality rateable for local municipality purposes.
2. A by-law for levying amounts under subsection (1) shall be passed in the year that the amounts are to be levied or may be passed in December of the previous year if it provides that it does not come into force until a specified day in the following year; and

WHEREAS sub-section 317(3) of the Municipal Act, 2001, contains the following additional rules:

1. The amounts levied on a property shall not exceed the prescribed percentage or 50 percent if no percentage is prescribed, of the total amount of taxes for municipal and school purposes levied on the property for the previous year.
2. The percentage under paragraph 1 may be different for different property classes but shall be the same for all properties in a property class.
3. For the purposes of calculating the total amount of taxes for the previous year under paragraph 1, if any taxes for municipal and school purposes were levied on a property for only part of the previous year because assessment was added to the collector's roll during the year, an amount shall be added equal to the additional taxes that would have been levied on the property if the taxes for municipal and school purposes had been levied for the entire year; and

WHEREAS sub-section 317(5) of the Municipal Act, 2001, contains the following additional rule:

1. The amounts may be levied on assessment added to the tax roll for the current year that was not on the assessment roll upon which the amounts are levied; and

WHEREAS clause 342(1)(a) of the Municipal Act, 2001, S.O. 2001, c.25, as amended, provides that the council of a local municipality may pass by-laws providing for the payment of taxes in one amount or by instalments and the date or dates in the year for which the taxes are imposed on which the taxes or installments are due; and

WHEREAS subsection 343(4) of the Municipal Act, 2001, S.O. 2001, c.25, as amended, provides that a local municipality may pass a by-law providing for the billing of a property class separately from the other property classes; and

WHEREAS sub-section 345(1) of the Municipal Act, 2001, S.O. 2001, c.25, as amended, provides that the council of a local municipality may pass by-laws to impose late payment charges for the non-payment of taxes or any instalment by the due date; and

WHEREAS sub-sections 345(2) and (3) of the Municipal Act, 2001, contains the following additional rules:

1. A percentage charge, not to exceed 1¼ per cent of the amount of taxes due and unpaid, may be imposed as a penalty for the non-payment of taxes on the first day of default or such later date as the by-law specifies.
2. Interest charges, not to exceed 1¼ per cent each month of the amount of taxes due and unpaid, may be imposed for the non-payment of taxes in the manner specified in the by-law but interest may not start to accrue before the first day of default; and

WHEREAS sub-section 346(2) of the Municipal Act, 2001, S.O. 2001, c.25, as amended, provides that the council of a local municipality may pass by-laws to provide for the payment of taxes by any person into a financial institution to the credit of the treasurer of the municipality and, in that case, the person making the payment shall be entitled to be issued a receipt by the institution for the amount paid; and

WHEREAS Council deems it expedient to pass a by-law for such purposes.

NOW THEREFORE BE IT RESOLVED THAT the Council of the Corporation of the City of Kingston enacts as follows:

1. That an interim tax rate is hereby imposed and levied on the whole of the assessment for real property in each of the “Residential Assessment”, “New Multi-Residential Assessment”, “Multi-Residential Assessment”, “Commercial Assessment”, “Industrial Assessment”, “Pipe Line Assessment”, “Farm Assessment”, “Managed Forest Assessment”, “Railway Property Assessment” and “Utility Transmission and Distribution Corridor Assessment” and the applicable subclasses pursuant to Section 7 of the Assessment Act, R.S.O. 1990, c.A.31, as amended, as set out in Schedule A attached hereto.

2. All amounts as calculated above shall be adjusted by an amount to provide that the levy does not exceed 50 percent of the 2011 tax levy, subject to the following rules:
 - a. Taxes for municipal and school purposes levied on a property for only part of the previous year because assessment was added to the collector's roll during the year, shall have an amount added equal to the additional taxes that would have been levied on the property if the taxes for municipal and school purposes had been levied for the entire year.
 - b. The amounts levied on assessment added to the tax roll for the current year that was not on the assessment roll upon which the amounts are levied, shall be deemed to be 50% of the 2011 tax levy.
3. Taxes levied for Residential, New Multi-residential, Pipeline, Managed Forests, and Farm property classes for the said interim tax levy will be billed together and shall become due and payable on the 29th day of February 2012.
4. Taxes levied for Commercial, Industrial, Multi-residential, Railway and Utility Transmission & Distribution Corridor property classes for the said interim tax levy will be billed together and shall become due and payable on the 29th day of February 2012.
5. A percentage charge of 1¼ per cent of taxes due and unpaid shall be imposed as a penalty for non-payment of taxes, or any instalment thereof, and shall be added to any tax or instalment remaining unpaid on the first day of default.
6. Interest charges shall be imposed for the non-payment of taxes on the first day of each month at the rate of 1¼ per cent per month (15% per annum) of taxes due and unpaid.
7. Penalties and interest on all taxes of the interim tax levy in default shall become due and payable and shall be collected forthwith as if the same had originally been imposed and formed part of such unpaid interim tax levy.
8. The tax bill shall be sent to the taxpayer's residence or place of business or to the premises in respect of which the taxes are payable unless the taxpayer directs the treasurer in writing to send the bill to another address, in which case it shall be sent to that address.
9. The taxes are payable at the following:
 - a. City of Kingston municipal office at 216 Ontario Street, Kingston, Ontario.
 - b. At any financial institution in the City of Kingston area having payment arrangements with the City of Kingston.

- c. Under the city's pre-authorized property tax payment program, and provided the treasurer has received and approved a taxpayer's request to use the alternative instalments and due dates under that program pursuant to City of Kingston By-Law No. 2003-368.

10. The Treasurer is hereby empowered to accept partial payments from time to time on account of taxes due and shall credit such payment first on account of the interest and percentage charges, if any, added to such taxes and shall credit the remainder of such payment against that part of the taxes that has been in arrears for the greatest period of time but no such payment shall be received after a tax arrears certificate has been registered under section 374 of the Municipal Act, 2001, S.O. 2001, c.25, as amended.

11. This by-law shall come into force and take effect on the day of passing.

GIVEN ALL THREE READINGS AND PASSED: January 10, 2012

CITY CLERK

MAYOR

CITY OF KINGSTON - 2012 INTERIM TAX RATES

		Central	West	East
1 Residential RT, RF, RG, RP * Garbage rates are not levied on condominium properties	Municipal	0.00626428	0.00575022	0.00556642
	Garbage *	0.00007555	0.00007555	0.00007555
	Education	0.00115500	0.00115500	0.00115500
	Total	0.00749483	0.00698077	0.00679697
2 New Multi Residential NT	Municipal	0.00626428	0.00575022	0.00556642
	Education	0.00115500	0.00115500	0.00115500
	Total	0.00741928	0.00690522	0.00672142
3 Multi Residential MT, MF	Municipal	0.01555649	0.01427992	0.01382347
	Education	0.00115500	0.00115500	0.00115500
	Total	0.01671149	0.01543492	0.01497847
4 Farmland FT	Municipal	0.00156607	0.00143756	0.00139161
	Education	0.00028875	0.00028875	0.00028875
	Total	0.00185482	0.00172631	0.00168036
5 Managed Forest TT	Municipal	0.00156607	0.00143756	0.00139161
	Education	0.00028875	0.00028875	0.00028875
	Total	0.00185482	0.00172631	0.00168036
6a Commercial Full CT, DT, GT, ST, CH, CF, CG, CP, GF	Municipal	0.01240328	0.01138546	0.01102153
	Education	0.00803182	0.00803182	0.00803182
	Total	0.02043510	0.01941728	0.01905335
6b Com New Const Full XT, YT, ZT, XF, XH, XP	Municipal	0.01240328	0.01138546	0.01102153
	Education	0.00665000	0.00665000	0.00665000
	Total	0.01905328	0.01803546	0.01767153
6c Commercial Vacant (70%) CU, CX, DU, SU, CQ, CW, CY	Municipal	0.00868229	0.00796982	0.00771507
	Education	0.00562227	0.00562227	0.00562227
	Total	0.01430456	0.01359209	0.01333734
6d ComNew Const Vacant XJ, XK, XQ, XR, XU, XV, XX, XY, YU, ZU	Municipal	0.00868229	0.00796982	0.00771507
	Education	0.00465500	0.00465500	0.00465500
	Total	0.01333729	0.01262482	0.01237007
7a Industrial Full IT, LT, IH, IP	Municipal	0.01647506	0.01512311	0.01463970
	Education	0.00965000	0.00965000	0.00965000
	Total	0.02612506	0.02477311	0.02428970
7b Ind New Const Full JT, KT, JF, JH, JP	Municipal	0.01647506	0.01512311	0.01463970
	Education	0.00665000	0.00665000	0.00665000
	Total	0.02312506	0.02177311	0.02128970
7c Industrial Vacant (65%) IU, IX, LU, IK	Municipal	0.01070879	0.00983002	0.00951581
	Education	0.00627250	0.00627250	0.00627250
	Total	0.01698129	0.01610252	0.01578831
7d Ind New Const Vacant JJ, JK, JQ, JR, JU, JV, JX, JY	Municipal	0.01070879	0.00983002	0.00951581
	Education	0.00432250	0.00432250	0.00432250
	Total	0.01503129	0.01415252	0.01383831
7e Industrial Farmland I1	Municipal	0.00156607	0.00143756	0.00139161
	Education	0.00091730	0.00091730	0.00091730
	Total	0.00248337	0.00235486	0.00230891
8 Pipeline PT	Municipal	0.00734675	0.00674387	0.00652831
	Education	0.00781062	0.00781062	0.00781062
	Total	0.01515737	0.01455449	0.01433893
9 Utility Trans. & Distrib. Cor UH	Municipal	0.09930000	0.09930000	0.09930000
	Education	0.17230000	0.17230000	0.17230000
	Total	0.27160000	0.27160000	0.27160000
10 Railway Right-of-Way WT	Municipal	0.20795000	0.20795000	0.20795000
	Education	0.26810000	0.26810000	0.26810000
	Total	0.47605000	0.47605000	0.47605000