



**City of Kingston  
Report to Council  
Report Number 15-142**

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**To:** Mayor and Members of Council  
**From:** Desirée Kennedy, Chief Financial Officer and City Treasurer  
**Resource Staff:** Stephen Dickey, Director of Financial Services  
Jeff Walker, Manager of Taxation and Revenue  
**Date of Meeting:** January 6, 2015  
**Subject:** 2015 Interim Tax Levy

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**Executive Summary:**

The *Municipal Act, 2001*, as amended, 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 2015 interim property taxes, including:

- a. that the 2015 interim tax bill be no greater than 50% of the 2014 taxes levied;
- b. that the rates be as specified in Schedule A to the by-law attached hereto;
- c. that the due date for interim taxes be February 27, 2015;
- d. that various payment options be provided; and
- e. that late payment charges be added to taxes that are in default.

January 6, 2015

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER AND CITY TREASURER

**Desirée Kennedy, Chief Financial Officer and  
City Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Lanie Hurdle, Community Services	Not required
Denis Leger, Transportation, Facilities & Emergency Services	Not required
Jim Keech, President and CEO, Utilities Kingston	Not required

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**Options/Discussion:**

The interim tax levy by-law is required in order to provide funds to assist in financing daily operating requirements until the final tax rates are set and the final tax bills are issued later in 2015. The *Municipal Act, 2001*, as amended (the Act) provides for taxes to be annualized where assessment was added to the collector's roll during the year, i.e. supplementary tax levies, and 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 2014 tax levy, an interim billing adjustment will be applied to accounts that have levies exceeding the allowable amount. To provide for the February 27, 2015 due date, tax bills must be mailed no later than February 6, 2015 to allow for the required 21 days' notice. Consequently, the by-law is being presented for three readings.

Payment methods, as provided for in the draft 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,
- through banks offering telephone and internet payment plans registered with the City of Kingston,
- by using one of the 24 hour drop boxes located at City Hall and John Counter Boulevard,
- by mail,
- by VISA or MasterCard online or over the telephone through Paymentus Corporation, a third party bill payment service (Paymentus charges a separate convenience fee per transaction), and
- by pre-authorized payment under the City's pre-authorized property tax payment program.

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*, as amended

**Notice Provisions:**

There are no notice provisions required for this report.

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**Accessibility Considerations:**

This report may be available in alternative formats upon request.

**Financial Considerations:**

The interim tax levy, for municipal and school purposes, will provide revenues of approximately \$125,000,000. 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, 2001*, as amended, the interim tax bill represents 50% of the previous year's total tax levy.

**Contacts:**

Desirée Kennedy, Chief Financial Officer and City Treasurer, Extension 2220

Stephen Dickey, Director of Financial Services, Extension 2370

Jeff Walker, Manager of Taxation and Revenue, Extension 2484

**Other City of Kingston Staff Consulted:**

No other City of Kingston staff consulted.

**Exhibits Attached:**

**Exhibit A:** Draft By-Law, being 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, including Schedule A - 2015 Interim Tax Rates

**By-Law Number. 2015-XX**

**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 6, 2015

**Whereas** sub-sections 317(1) and (2) of the *Municipal Act, 2001*, c.25, as amended, provide 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. Amounts may be levied on assessment added to the tax roll for the current year that were not on the assessment roll upon which the amounts are levied; and

**Whereas** clause 342(1)(a) of the *Municipal Act, 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*, 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*, 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*, contain 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*, 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.

**Therefore be it resolved that** the Council of The Corporation of the City of Kingston hereby enacts as follows:

1. 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 2014 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 2014 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 27<sup>th</sup> day of February 2015.
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 27<sup>th</sup> day of February 2015.
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 City 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 using the following methods:
  - 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 Chief Financial Officer and City 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.

- d. By VISA or MasterCard online or over the telephone through Paymentus Corporation, a third party automated bill payment service, subject to a convenience fee.

10. The City 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, c.25*, as amended.

11. This By-Law shall come into force and take effect on the date of its passing.

**Given all Three Readings and Passed: January 6, 2015**

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**John Bolognone**  
**City Clerk**

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**Bryan Paterson**  
**Mayor**

### City of Kingston - 2015 Interim Tax Rates

		Central	West	East
<b>Residential</b> RT, RF, RG, RP	Municipal	0.00499490	0.00499490	0.00499490
	Fire	0.00104854	0.00054856	0.00037614
	Garbage *	0.00007147	0.00007147	0.00007147
	Education	0.00101500	0.00101500	0.00101500
	<b>Total</b>	<b>0.00712991</b>	<b>0.00662993</b>	<b>0.00645751</b>
* Garbage rates are not levied on condominium properties				
<b>New Multi Residential</b> NT, NF	Municipal	0.00499490	0.00499490	0.00499490
	Fire	0.00104854	0.00054856	0.00037614
	Education	0.00101500	0.00101500	0.00101500
	<b>Total</b>	<b>0.00705844</b>	<b>0.00655846</b>	<b>0.00638604</b>
	<b>Multi Residential</b> MT, MF	Municipal	0.01144672	0.01144672
Fire		0.00240293	0.00125713	0.00086198
Education		0.00101500	0.00101500	0.00101500
<b>Total</b>		<b>0.01486465</b>	<b>0.01371885</b>	<b>0.01332370</b>
<b>Farmland, Managed Forest</b> FT, TT		Municipal	0.00124873	0.00124873
	Fire	0.00026213	0.00013714	0.00009403
	Education	0.00025375	0.00025375	0.00025375
	<b>Total</b>	<b>0.00176461</b>	<b>0.00163962</b>	<b>0.00159651</b>
	<b>Commercial Full</b> CT, DT, GT, ST, CH, CF, CG, CP, GF	Municipal	0.00988990	0.00988990
Fire		0.00207611	0.00108615	0.00074475
Education		0.00730000	0.00730000	0.00730000
<b>Total</b>		<b>0.01926601</b>	<b>0.01827605</b>	<b>0.01793465</b>
<b>Commercial New Construction Full</b> XT, YT, ZT, XF, XH, XP		Municipal	0.00988990	0.00988990
	Fire	0.00207611	0.00108615	0.00074475
	Education	0.00610000	0.00610000	0.00610000
	<b>Total</b>	<b>0.01806601</b>	<b>0.01707605</b>	<b>0.01673465</b>
	<b>Commercial Vacant (70%)</b> CU, CX, DU, SU, CQ, CW, CY	Municipal	0.00692293	0.00692293
Fire		0.00145328	0.00076031	0.00052132
Education		0.00511000	0.00511000	0.00511000
<b>Total</b>		<b>0.01348621</b>	<b>0.01279324</b>	<b>0.01255425</b>
<b>Commercial New Construction Vacant</b> XJ, XK, XQ, XR, XU, XV, XX, XY, YU, ZU		Municipal	0.00692293	0.00692293
	Fire	0.00145328	0.00076031	0.00052132
	Education	0.00427000	0.00427000	0.00427000
	<b>Total</b>	<b>0.01264621</b>	<b>0.01195324</b>	<b>0.01171425</b>

### City of Kingston - 2015 Interim Tax Rates

		Central	West	East
<b>Industrial Full</b> IT, LT, IH, IP	Municipal	0.01313659	0.01313659	0.01313659
	Fire	0.00275766	0.00144271	0.00098923
	Education	0.00780000	0.00780000	0.00780000
	<b>Total</b>	<b>0.02369425</b>	<b>0.02237930</b>	<b>0.02192582</b>
<b>Industrial New Construction Full</b> JT, KT, JF, JH, JP	Municipal	0.01313659	0.01313659	0.01313659
	Fire	0.00275766	0.00144271	0.00098923
	Education	0.00610000	0.00610000	0.00610000
	<b>Total</b>	<b>0.02199425</b>	<b>0.02067930</b>	<b>0.02022582</b>
<b>Industrial Vacant (65%)</b> IU, IX, LU, IK	Municipal	0.00853878	0.00853878	0.00853878
	Fire	0.00179248	0.00093777	0.00064300
	Education	0.00507000	0.00507000	0.00507000
	<b>Total</b>	<b>0.01540126</b>	<b>0.01454655</b>	<b>0.01425178</b>
<b>Industrial New Construction Vacant</b> JJ, JK, JQ, JR, JU, JV, JX, JY	Municipal	0.00853878	0.00853878	0.00853878
	Fire	0.00179248	0.00093777	0.00064300
	Education	0.00396500	0.00396500	0.00396500
	<b>Total</b>	<b>0.01429626</b>	<b>0.01344155</b>	<b>0.01314678</b>
<b>Industrial Farmland</b> I1	Municipal	0.00174822	0.00174822	0.00174822
	Fire	0.00036699	0.00019199	0.00013164
	Education	0.00035525	0.00035525	0.00035525
	<b>Total</b>	<b>0.00247046</b>	<b>0.00229546</b>	<b>0.00223511</b>
<b>Pipeline</b> PT	Municipal	0.00585802	0.00585802	0.00585802
	Fire	0.00122973	0.00064335	0.00044113
	Education	0.00713676	0.00713676	0.00713676
	<b>Total</b>	<b>0.01422451</b>	<b>0.01363813</b>	<b>0.01343591</b>
<b>Utility Transmission &amp; Distribution Corridors</b> UH	Municipal	0.09930000	0.09930000	0.09930000
	Education	0.17230000	0.17230000	0.17230000
	<b>Total</b>	<b>0.27160000</b>	<b>0.27160000</b>	<b>0.27160000</b>
<b>Railway Right-of-Way</b> WT	Municipal	0.20795000	0.20795000	0.20795000
	Education	0.26810000	0.26810000	0.26810000
	<b>Total</b>	<b>0.47605000</b>	<b>0.47605000</b>	<b>0.47605000</b>