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Item No.
HRM Grants Committee
December 1, 2014

TO: Chair and Members of HRM Grants Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Director of Finance & ICT/CFO

DATE: November 18, 2014

SUBJECT: Tax Relief for Non-Profit Organizations: Default Management - Arrears

INFORMATION REPORT

ORIGIN

November 3, 2014 – Grants Committee requested a report on the status of tax arrears for those organizations in receipt of tax relief pursuant to Administrative Order 2014-001-ADM.

LEGISLATIVE AUTHORITY

Halifax Charter (2008) s. 79 respecting grants and contributions.

BACKGROUND

Tax arrears are considered any amount outstanding prior to April 1st of the current fiscal year, excluding any payment plan agreement in effect with HRM Finance (Revenue Division). A payment plan allows the property owner to pay arrears in monthly instalments and prevents tax sale proceedings. Pre-authorized payment plans are also available whereby a property owner set up monthly deductions through their financial institution. Screening all applicants for tax relief for debt to the Municipality ensures that recipients are treated in a fair and consistent manner, interest charges are minimized, and accounts are in good standing.

DISCUSSION

The staff report of October 14, 2014, recommended that all additions and renewals in the tax relief program be conditional upon payment of arrears or a signed payment plan.

- As of the Grants Committee meeting of November 3, 2014, there were twenty-six (26) in arrears for a combined total of \$117,368. Staff followed up with notification and as of November 18, 2014, a balance of \$90,865 remains. However, 50% (\$45,580) of the amount outstanding is attributable to one non-profit organization with multiple holdings.

- Of the new applicants recommended for addition to the program only one (1) had arrears in the amount of \$28,000 and was referred to Revenue to set up a payment plan.

To leverage compliance, an award could be pro-rated until such time as the arrears have been resolved. This is not an option under the current administrative order and arguably would compound the situation. In the alternative, annual screening for arrears is a pro-active approach but persistent debt or non-cooperation could result in tax sale proceedings or non-renewal of a lease agreement for tenants of HRM-owned property.

FINANCIAL IMPLICATIONS

None. Collection shall proceed through the regular process.

COMMUNITY ENGAGEMENT

Not applicable. This is an information report only.

ALTERNATIVES

None recommended. If arrears are allowed to accrue, with interest, property owners may face tax sale proceedings or unmanageable debt. Addressing default in a timely manner is intended to encourage property owners to self-manage and assists them in budgeting. A payment plan for arrears or a pre-payment plan for automated monthly deductions are options available to all organizations.

ATTACHMENTS

1. Arrears as of November 5, 2014, and Updated to November 18, 2014.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance & ICT 902.490.5469;
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Original Signed

Report Approved by: _____
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Attachment 1

Arrears Outstanding Prior to April 1, 2014: Program Participants			
As of November 18, 2014			
Organization	Arrears November 5, 2014	Status November 18, 2014 ¹	Notes
1	\$5,584	\$0	Payment plan.
2	\$691	\$0	Payment received.
3	\$2,330	\$2,330	Telephone notification. Written notification.
4	\$1,402	\$0	Payment received.
5	\$837	\$837	BID levy. Telephone notification. Written notification.
6	\$2,027	\$2,027	Written notification.
7	\$45,580	\$45,580	Written notification.
8	\$2,650	\$0	Payment received.
9	\$11,274	\$11,274	Written notification.
10	\$100	\$0	False alarm charge.
11	\$732	\$732	BID levy. Telephone notification. Written notification.
12	\$4,777	\$4,777	Written Notification.
13	\$100	\$0	False alarm charge.
14	\$2,702	\$0	Mortgage company contacted.
15	\$810	\$0	Payment plan.
16	\$100	\$0	False alarm charge.
17	\$7,823	\$7,823	Meeting with HRM staff re: collection (tenancy).
18	\$7,432	\$7,432	Pre-authorized payment plan application.
19	\$8,053	\$8,053	Telephone notification. Written Notification.
20	\$1,427	\$0	Payment received.
21	\$1,829	\$0	Payment received.
22	\$1,636	\$0	Payment plan.
23	\$100	\$0	False alarm charge.
24	\$2,806	\$0	Payment received.
25	\$4,155	\$0	Payment plan
26	\$411	\$0	Payment received
TOTAL: 26	\$117,368	\$90,865	

Notes:

1. The status as of November 18, 2014, is amended to remove nominal amounts under \$100 (false alarm charges) and organizations with an approved payment plan for arrears.