



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5, Canada

**Item No. 11.1.11**  
**Halifax Regional Council**  
**June 15, 2010**  
**June 22, 2010**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Acting Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Mike Labrecque".

Mike Labrecque, Deputy Chief Administrative Officer - Corporate  
Services and Strategy

**DATE:** May 26, 2010

**SUBJECT:** Penalty Fees - Amendments to Administrative Orders 14 and 18

**ORIGIN**

HRM Council approval of the 2010-11 Budget Resolution, which included these interest rate and fee amendments.

**RECOMMENDATION**

It is recommended that Halifax Regional Council

1. Approve an amendment to Administrative Order 14, Application of Interest Charges on Outstanding Accounts, to provide for an increase in the interest charges on outstanding accounts from 4% above the prime lending rate of the Halifax Regional Municipality's Banker to 1.25% monthly (15.00% annually) effective July 1, 2010;
2. Approve an amendment to Administrative Order 18, the Revenue Collections Policy, to provide for a new fee of \$5.00 for Friendly Reminder Notices effective July 1, 2010; and
3. Approve an amendments to Administrative Order 18, the Revenue Collections Policy, approving an increase in the charge for cheques returned for Non-Sufficient Funds (NSF's) from \$20.00 to \$40.00 effective July 1, 2010.

4. Approve housekeeping amendments to Administrative Order 18, the Revenue Collections Policy, with respect to tax bill due dates, HRM Charter references and elimination of schedules 1 - 5 per Appendix C.

## **BACKGROUND**

At the May 25<sup>th</sup> Regional Council meeting, Council approved the 2010-11 operating budget, which included consideration for the fee amendments. The purpose of this report is to obtain Council's approval to amend Administrative Orders 14 and 18, so that staff can effectively administer these fees from July 1, 2010 onward. Staff are also proposing a couple of updates/house keeping items with respect to AO 18.

Penalty fees for past due accounts receivable, collection letters and cheques returned as non-sufficient funds (NSF), are very common in both the public and private sectors, and are used as both an incentive for customers and residents to pay within established billing due dates and also as a collection tool. With respect to the budget shortfall for fiscal 2010-11, staff reviewed existing user fees, as well as developed new fees in an effort to increase operating revenue and decrease the budgetary shortfall.

Through this exercise staff proposed to Council in the 2010-11 fiscal operating budget:

- Increasing the rate of interest on past due accounts from prime plus 4% annually to 15% annually.
- A new fee of \$5.00 for friendly reminder notices
- Increasing the charge on NSF cheques from \$20.00 to \$40.00

## **DISCUSSION**

### **Interest Rate Increase on Outstanding Accounts Receivable**

HRM's rate of interest charged on past due accounts is prime plus 4%. With the prime rate currently at 2.25%, HRM's current monthly interest rate is 0.52% or 6.25% annually, is applied as simple daily interest and not compounded. Staff researched other municipalities and local utilities and discovered that interest on past due accounts is not pegged to the prime rate, but a set monthly rate as per schedule 1. Schedule 1 indicates that 1.25% month or 15% annually is consistently applied across other municipal units in Canada on overdue accounts receivables. Schedule 1 also clearly indicates that HRM has been very lenient in its application of interest on past due accounts.

HRM will continue to administer interest as simple daily interest, and interest charged will not be compounded. Accounts effected by this rate are tax and general revenue accounts. **Local improvement charges and taxes on HRM's deferral program will continue to be charged**

**interest as stated in the respective by-laws.**

It is staff's expectation that the revised interest rate will be punitive enough to encourage prompt payment of receivables, thus positively impacting cash flow and investment strategy.

**New \$5.00 Fee - Friendly Reminder Letter**

The Revenue Division in Finance has completed an internal re-alignment for 2010-11, which resulted in the creation of a collections department. The department's mandate is to be more proactive with respect to corporate collections. Friendly reminder letters will be issued bi-annually after the interim and final tax bill due dates, and charge a \$5.00 collection administration fee on each account a letter is issued on. Although the fee will generate operating revenue, staff will actively followup the letters with other means of escalated collection including, tax sale, warrant action, and small claims court. Staff expect this collection tool to encourage prompt payment of past due accounts as well as reducing the number of properties that escalate to tax sale or legal action. The \$5.00 fee will be administered under AO 18 schedule 2 (see appendix B - Amended Administrative Order 18).

**Increased Fee For Non-Sufficient Funds (NSF)**

HRM's current fee for NSF cheques is \$20.00. Staff proposed to make this fee more punitive though the 2010-11 proposed budget. Council approved the increase for the 2010-11 budget. The fee will be administered under AO 18 schedule 2 (see appendix B - Amended Administrative Order 18).

**Housekeeping Items Administrative Order 18**

Staff have amended Administrative Order 18, to properly reflect references to the tax bill due dates, and to update relevant sections of the HRM Charter from the MGA. Staff have also proposed to delete the various tax sale, and statement forms from the administrative order as they do change from time-to-time, and thus would require amendments to the administrative order. Staff will ensure that copies of tax sale forms and collection letters will be available for viewing on HRM's website.

### **BUDGET IMPLICATIONS**

These proposed fee changes were included in the approved 10/11 budget. The following table summarizes the budget implications of the fee amendments with a July 1 effective date:

<b>Fee Amendment</b>	<b>New Fee/charge</b>	<b>Incremental Revenue</b>	<b>Cost Center</b>
Interest rate on past due accounts	1.25% monthly	\$300,000	M550
Friendly Reminder Letter	\$5.00	\$5,625	A325
NSF charge	\$40.00	\$5,625	M550
<b>Total</b>		<b>\$311,250</b>	

### **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

### **COMMUNITY ENGAGEMENT**

Community engagement was not deemed to be necessary in this process. The fee amendments per this report are fair and equitable when compared to other Canadian municipalities and were brought forward to Council under the 2010-11 budget deliberations.

### **ALTERNATIVES**

None.

**ATTACHMENTS**

Schedule 1: Interest Rates on Past Due Accounts - Other Canadian Municipalities

Appendix A: Amended Administrative Order 14

Appendix B: Amended Administrative Order 18

Appendix C: Administrative Order 18

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jerry Blackwood, CGA, Manager, Revenue Operations, 490-6470



Report Approved by: Cathie O'Toole, CGA, Director of Finance, CFO 490-6308

**SCHEDULE 1: Interest Rates on Past Due Accounts - Other Canadian Municipalities and Local Utilities**

<b>Municipality/Utility</b>	<b>Monthly Interest Rate</b>	<b>Annual Interest Rate</b>
St. John's	1.25%	15.00%
Moncton	1.06%	12.72%
Toronto	1.25%	15.00%
Ottawa	1.25%	15.00%
Montreal	1.25%	15.00%
Winnipeg	1.25%	15.00%
Regina	1.25%	15.00%
Calgary	1.50%	18.00%
Victoria	2.00%	24.00%
NS Power	1.50%	19.56%
<b>HRWC</b>	<b>1.50%</b>	<b>19.56%</b>
Eastlink	2.00%	24.00%
Bell Aliant	2.00%	24.00%

## APPENDIX A: Amended Administrative Order 14

### **Administrative Order #14 Respecting the Application of Interest Charges on Outstanding Accounts**

Whereas, the Council of the Halifax Regional Municipality deems it desirable to impose interest charges on outstanding Accounts

#### **Application:**

Subject to Clause 2 hereof, the following interest rates shall apply:

1. (a) Simple Daily Interest, at the rate of ~~4% above the prime lending rate of the Halifax Regional Municipality's Banker~~ **1.25% monthly (15% annually)**, will be charged on outstanding amounts owing to the Halifax Regional Municipality.
- (b) Interest at the rate noted above shall be charged on outstanding accounts that remain unpaid after the due date noted on the invoice, bill, or charge summary dates on the document.

# **Halifax Regional Municipality Administrative Order 18 Revenue Collections Policy**



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# **HALIFAX REGIONAL MUNICIPALITY**

## **ADMINISTRATIVE ORDER NUMBER 18**

### **RESPECTING REVENUE COLLECTIONS POLICY**

BE IT RESOLVED as an Administrative Order of the Council of the Halifax Regional Municipality as follows:

#### **1.0 Short Title**

1. The Administrative Order may be cited as Administrative Order Number 18, the Revenue Collections Policy Administrative Order.

#### **2.0 General Statement of Principle**

The Revenue Division seeks to bill all applicable and approved sources of revenue accurately in support of Council's annual budget. Accurate billing is, therefore, the first step in the process of collecting funds. The fulfilment of the process occurs when the obligation is paid. This policy seeks to provide equitable, supportable, and legal guidelines to staff and the public which will ensure that all taxpayers are well served in the process.

#### **2.1 Guiding Principles**

The following principles will guide the collection practices of the Halifax Regional Municipality:

- (a) To ensure all taxpayers are served equitably
- (b) To clearly articulate the guidelines staff will apply in the collection process and the outcomes which will ensue on default
- (c) To follow through with necessary action upon default in keeping with the policy
- (d) To direct those taxpayers in need of financial aid to all applicable sources of assistance including HRM's Grants and Deferral programs and to any provincial programs
- (e) To be respectful and consistent in all cases
- (f) Staff will ensure they comply with Protection of Privacy legislation.

## 3.0 Definitions

**3.1 Non-lienable charges** -These are charges that under law cannot be affixed to a property and, therefore, cannot form an encumbrance against the value of that property. Many types of revenues are included in this category such as Solid Waste tipping fees, Bus Tickets and Passes, Payroll costs, Rentals, Encroachment fees, Police extra duty work and Transit bus warranty recoveries. These examples are not all inclusive.

**3.2 Lienable charges**- These charges can be affixed to a property. Several charges billed as general revenue are lienable against properties in accordance with the particular by laws which created the charges. Examples include: Unsightly Premises charges, Sewer Redevelopment/Trunk Sewer charges, Local Improvement charges, False alarm fines and Other By-law related charges. Real property taxes are also lienable charges. These charges remain as encumbrances on a property until such time as they are paid and can by definition initiate a tax sale process in accordance with the Municipal Government Act.

## 4.0 Categories of Revenue

(a) This policy applies to all Business units, Agencies, Boards and Commissions of Halifax Regional Municipality over which the Municipality has jurisdiction.

(b) Different collection policies and practices are required for various revenue streams due to the differences in legislation and the nature of those revenues.

### 4.1 General Revenues

#### 4.1.1 Non-Lienable Charges

(a) These amounts are billed and are due monthly. The due date for all of these types is 30 days from date of billing.

#### 4.1.2 Collection Procedures for Non-Lienable Charges

(b) Staff will follow up with a phone call to those accounts where amounts have gone past the due date of Net 30. Statements will be sent monthly showing the account status. Staff will then pursue and follow up until the account overdue status reaches 90 days or until the account becomes current. After 90 days any persistently overdue accounts will be turned over to our internal collections department and more serious action will be taken to collect, including:

- 1) requiring a payment arrangement or enacting a right of offset for any amounts that HRM might owe the client;
- 2) a refusal to do further business on a billed basis, ie cash only;
- 3) advising the client of legal action we may take (standard letter format) eg small claims court action or legal action to file judgements;

- 4) file action in appropriate civil court, obtain judgment and file judgment at Registry of Deeds;
- 5) obtain an action execution order or garnishee;
- 6) issuing a warrant to distrain (hold and possibly sell) goods of the client against the debt owed;
- 7) where internal collection efforts have not been successful, the account will be turned over to a third party collection agency on contract with the HRM.

#### **4.2.1 Liable Charges-General Revenues**

(a) Due dates on these charges are usually Net 30 days except local improvement charges which can be paid over many years depending on the nature and financial burden of the work to the resident and the particular by law which created them.

#### **4.2.2 Liable Charges-Real Property Taxes**

(a) Residential and commercial property taxes are billed twice annually with two due dates, one on April 30<sup>th</sup> and one on ~~September 30<sup>th</sup>~~ **October 31<sup>st</sup>** (or the last working day of the month in question). Residents receive their tax bills approximately six weeks prior to the due date.

#### **4.2.3 Collection Procedures for all Liables**

(a) Friendly Reminder Notices (attached) may be sent to all accounts with amounts in excess of one month overdue. Follow up with those notices is then undertaken and payment arrangements are put in place if requested. If no response or success is forthcoming from these steps and if the taxes on a property are still outstanding after June 30<sup>th</sup>, ~~following the previous year's due date of September 30<sup>th</sup>~~, **in the year immediately following that taxation year**, the property may be placed on the tax sale property list.

(b) A preliminary notice (Advance Notice of Tax Sale Proceedings) is sent to each assessed owner of property on the tax sale list as per Section ~~138~~ **152 of the MGA HRM Charter** advising that the property is liable to be sold for the arrears, with interest and expenses, and that tax sale procedures may be commenced and costs expended, which will also be liened against the property, unless the arrears are paid or a satisfactory payment arrangement is struck within 30 days of the date of the preliminary notice.

(c) After 30 days past the issuance of the preliminary notice, if the taxes have not been paid or arrangements made, staff will arrange for a title search and, if deemed necessary, undertake a survey of the property.

(d) Upon completion of the title search and survey Notice of Intention to Sell ~~(attached)~~ is then sent by registered mail to all registered owners and to the spouses of registered owners, with a copy to be sent to any mortgage company or any person with a lienholder interest in the property where applicable.

(e) All properties with taxes which are in arrears for the preceding three fiscal years SHALL be put up for tax sale. It should be noted that staff will proceed to tax sale for all lienables that are in excess of 3 years overdue. This means that installments of Local Improvement charges, Unsightly charges, False alarm charges, Trunk Sewer charges or any lienable charge, as well as, real property taxes can trigger the tax sale process.

(f) Staff will notify citizens and clients of all amounts that are outstanding in excess of nine months overdue that may place properties at risk of tax sale using the REMINDER NOTICE OF OVERDUE CHARGES **(attached)**.

(g) Tax sale proceedings may be deferred for a property for up to two years via a payment arrangement that will bring the property into a current status within two years. **Payment Arrangement Form attached.**

(h) A municipality is not required to put a property up for tax sale ~~(MGA Section 134 (4))~~ **(HRM Charter Section 148 (4))** where:

1) the solicitor for the municipality advises there is high risk of litigation. Tax staff will forward any properties which may be creating litigation risk, upon notification thereto, or as they ascertain in the course of their research to Legal Services for review.

2) the amount is below the collection limit established by council. Staff may not regularly pursue accounts in arrears where the total amount outstanding is less than \$500 as the staff time, costs for a title search (about \$300) and possible survey costs, make the effort more costly than the return. Staff will, nonetheless, regularly select some of these accounts at random to include in the tax sale process.

3) the property has been put up for tax sale three times in the past with no satisfactory offer. Staff will then proceed, without further notice to the owner and encumbrances, to again advertise the property and sell it at auction for the best price. The minimum amount acceptable would be all additional expenses we have incurred to bring the property to tax sale status. Eg title search fees, survey fees, tax auction expenses such as advertising, place rental and security etc. which amount will vary from property to property.

4) in that year the taxpayer qualifies for a deferral. Once a taxpayer no longer applies for or receives tax deferral, the tax sale process can immediately recommence, except where the taxpayer makes a payment arrangement for the amounts previously deferred. These deferred amounts will remain deferred in accordance with Section 6.6 of By Law T-700, Respecting Tax Deferrals. Such payment arrangement will be a reasonable amount as determined with the taxpayer and staff. The proposed payment arrangement will be in writing and the rules concerning breaks in the arrangement as outlined below will apply.

5) if the taxpayer is compliant with a payment arrangement. Under normal circumstances any payment arrangements made will bring the account into current status within a two year time frame.(except as discussed above for previously deferred taxes under By Law T-700) The proposed two year payment arrangement will be in writing and will allow for a deferral of the tax sale process. No other circumstances (except as specifically directed by Council) will allow for deferral. Compliance with the payment arrangement will be strictly upheld by staff. There will be allowance for two payments to be deferred either by request or by default. On the third instance of non payment as per the arrangement, notice will be given and the tax sale process will recommence with no recourse other than full payment.

This forgiveness of two payments clause is considered an insurance policy for unforeseen and unfortunate circumstances of any kind and should be used as such.

6) Once a property has been advertised in the newspaper for public auction at tax sale, in order to stop the auction, there is a requirement to pay a lump sum amount to bring the property to within two years of arrears along with a subsequent payment arrangement to clear the remaining arrears and current upcoming tax bills for the property. This would be the minimum arrangement that would prevent the property from proceeding to auction. Such payment could be received up to the close of business ie 4:30 pm on the day preceding the day of the auction. A signed payment arrangement will be subsequently required within a week of the auction date.

7) Any surplus of funds from the tax sale may be applied to reduce any non-lienable charges owed by the owner of the land to the municipality. These outstanding amounts need have no direct relationship to the property sold. The withdrawal of any surplus cannot be completed until after the redemption period (within six months after the sale date) where applicable. Properties are not redeemable if there are taxes owing that are greater than six years in arrears.

8) A tax sale deed shall be provided to the purchaser for the fee of \$100 to be paid at time of the sale and provided at any time after the sale if the property was not redeemable or after the six month waiting period if the property was redeemable.

#### **4.3.0 Business Occupancy Taxes - Non-lienable charges**

##### **4.3.1 Collection Procedures for Business Occupancy (BO) Taxes**

(a) The collection process for BO accounts (as outlined below) will commence when the taxes are in excess of 30 days overdue.

(b) The account owner is sent a friendly reminder letter indicating the owner has 15 days to settle.

(c) Accounts where no response is received are sent a collection letter explaining further steps that may be taken with an additional 15 days to settle

(d) Accounts without satisfactory settlement may be sent to the warrant process ~~Section 120-125 of the MGA~~ **Section 132 - 138 of the HRM Charter.**

(e) If the warrant process does not effect payment or an arrangement for payment, accounts will be forwarded to our internal collection department for further action.

(f) Accounts will be granted a further 10 business days to settle after which the accounts may be sent to HRM's third party collection agency.

(g) Payments made by a person to any associated real property accounts may be transferred to relieve related outstanding business occupancy accounts. Lienholders on the associated real property accounts may be notified of the overdue business occupancy amounts. ~~(Section 131 of the MGA)~~ **(Section 145 of the HRM Charter)**

## **5.0 Other Collection Policies**

- (a) Principal or interest for less than \$10 can be written off for accounts in arrears at staff's discretion.
- (b) Interest charges on an account may be relieved by staff when it is determined that the account has been in dispute and the process to settle the debt has been prolonged and the client is not at fault.
- (c) Interest charges on an account may be relieved by staff if it is determined that insufficient support for the billing or insufficient follow up by staff has resulted in undue interest charges.
- (d) Where staff determines that both the taxpayer and staff may have been jointly responsible for delays in billing, or in providing appropriate details to support or refute the billing or for lack of timely follow up, staff may grant partial interest relief on an account up to their applicable spending authorization limits.
- (e) No adjustment to billings can be made, except as outlined above by any staff member, unless where there was an error in the original billing and corresponding back up by appropriate managerial levels of staff involved is provided.
- (f) No account will be sent to write off unless all efforts have been exhausted in its collection and will only be so sent after recommendation of supervisor and concurrence of team leader and manager.
- (g) Only Council can approve final write off of any revenue accounts. Such write off reports will be provided not less than once per year.
- (h) After an assessment appeal is determined and any appeal from that decision is decided, any taxes that were overpaid shall be refunded to the applicant, together with interest at a rate equal to the rate actually earned by Halifax Regional Municipality on its short term investments. The interest rate shall be determined and the interest calculated monthly but shall not be compounded.

## 6.0 SCHEDULES:

Schedules attached hereto form part of this Administration Order and are intended for guidance and information purposes.

Schedule 1   ~~Friendly Reminder Notice~~   Tax Sale Administration Fees

Schedule 2   ~~Advance Notice of Tax Sale Proceedings~~   Penalty Fees

~~Schedule 3 — Notice of Intention to Sell —~~

~~Schedule 4 — Reminder Notice of Overdue Charges~~

~~Schedule 5 — Payment Arrangement Form —~~

~~Schedule 6 — Tax Sale Administration Fees~~

I HEREBY CERTIFY THAT the foregoing Administrative Order was duly adopted by Halifax Regional Council the 6<sup>th</sup> day of December, 2005.

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Mayor

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Municipal Clerk

I, Jan Gibson, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above-noted Administrative Order was passed at a meeting of Halifax Regional Council held on the 6<sup>th</sup> day of December, 2005.

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Jan Gibson, Municipal Clerk



Notice of Motion: December 6, 2005

Approved: December 13, 2005

Amendment # 1

Notice of Motion: July 4, 2006

Approved: August 1, 2006

**Schedule 1: Tax Sale Administration Fees**

<b>Description of Fee</b>	<b>Amount</b>
Advanced Notice of Tax Sale Proceedings	\$50.00
Title Search	actual
Survey	actual
Notice of Intention to Sell	\$400.00
Preparation of Tax Sale Certificate *	\$75.00
Preparation of Deed	\$100.00
Registration of Deed and Certificate	actual

\* Issued at time of Tax Sale

**Schedule 2: Penalty Fees**

Description of Fee	Amount
Friendly Reminder Notice	\$5.00
Non Sufficient Funds (NSF)	\$40.00

# **Halifax Regional Municipality Administrative Order 18 Revenue Collections Policy**

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#### 4.1.2 Collection Procedures for Non-Lienable Charges

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- 1) requiring a payment arrangement or enacting a right of offset for any amounts that HRM might owe the client;
- 2) a refusal to do further business on a billed basis, ie cash only;
- 3) advising the client of legal action we may take (standard letter format) eg small claims court action or legal action to file judgements;

- 4) file action in appropriate civil court, obtain judgment and file judgment at Registry of Deeds;
- 5) obtain and action execution order or garnishee;
- 6) issuing a warrant to distrain (hold and possibly sell) goods of the client against the debt owed;
- 7) where internal collection efforts have not been successful, the account will be turned over to a third party collection agency on contract with the HRM.

#### **4.2.1 Liable Charges-General Revenues**

(a) Due dates on these charges are usually Net 30 days except local improvement charges which can be paid over many years depending on the nature and financial burden of the work to the resident and the particular by law which created them.

#### **4.2.2 Liable Charges-Real Property Taxes**

(a) Residential and commercial property taxes are billed twice annually with two due dates, one on April 30<sup>th</sup> and one on September 30<sup>th</sup> (or the last working day of the month in question). Residents receive their tax bills approximately six weeks prior to the due date.

#### **4.2.3 Collection Procedures for all Liables**

(a) Friendly Reminder Notices (attached) may be sent to all accounts with amounts in excess of one month overdue. Follow up with those notices is then undertaken and payment arrangements are put in place if requested. If no response or success is forthcoming from these steps and if the taxes on a property are still outstanding after June 30<sup>th</sup>, following the previous year's due date of September 30<sup>th</sup>, the property may be placed on the tax sale property list.

(b) A preliminary notice (Advance Notice of Tax Sale Proceedings) is sent to each assessed owner of property on the tax sale list as per Section 138 of the MGA advising that the property is liable to be sold for the arrears, with interest and expenses, and that tax sale procedures may be commenced and costs expended, which will also be liened against the property, unless the arrears are paid or a satisfactory payment arrangement is struck within 30 days of the date of the preliminary notice.

(c) After 30 days past the issuance of the preliminary notice, if the taxes have not been paid or arrangements made, staff will arrange for a title search and, if deemed necessary, undertake a survey of the property.

(d) Upon completion of the title search and survey Notice of Intention to Sell (attached) is then sent by registered mail to all registered owners and to the spouses of registered owners, with a copy to be sent to any mortgage company or any person with a lienholder interest in the property where applicable.



(e) All properties with taxes which are in arrears for the preceding three fiscal years SHALL be put up for tax sale. It should be noted that staff will proceed to tax sale for all lienables that are in excess of 3 years overdue. This means that installments of Local Improvement charges, Unsightly charges, False alarm charges, Trunk Sewer charges or any lienable charge, as well as, real property taxes can trigger the tax sale process.

(f) Staff will notify citizens and clients of all amounts that are outstanding in excess of nine months overdue that may place properties at risk of tax sale using the REMINDER NOTICE OF OVERDUE CHARGES (attached).

(g) Tax sale proceedings may be deferred for a property for up to two years via a payment arrangement that will bring the property into a current status within two years. Payment Arrangement Form attached.

(h) A municipality is not required to put a property up for tax sale (MGA Section 134 (4)) where:

1) the solicitor for the municipality advises there is high risk of litigation. Tax staff will forward any properties which may be creating litigation risk, upon notification thereto, or as they ascertain in the course of their research to Legal Services for review.

2) the amount is below the collection limit established by council. Staff may not regularly pursue accounts in arrears where the total amount outstanding is less than \$500 as the staff time, costs for a title search (about \$300) and possible survey costs, make the effort more costly than the return. Staff will, nonetheless, regularly select some of these accounts at random to include in the tax sale process.

3) the property has been put up for tax sale three times in the past with no satisfactory offer. Staff will then proceed, without further notice to the owner and encumbrances, to again advertise the property and sell it at auction for the best price. The minimum amount acceptable would be all additional expenses we have incurred to bring the property to tax sale status. Eg title search fees, survey fees, tax auction expenses such as advertising, place rental and security etc. which amount will vary from property to property.

4) in that year the taxpayer qualifies for a deferral. Once a taxpayer no longer applies for or receives tax deferral, the tax sale process can immediately recommence, except where the taxpayer makes a payment arrangement for the amounts previously deferred. These deferred amounts will remain deferred in accordance with Section 6.6 of By Law T-700, Respecting Tax Deferrals. Such payment arrangement will be a reasonable amount as determined with the taxpayer and staff. The proposed payment arrangement will be in writing and the rules concerning breaks in the arrangement as outlined below will apply.

5) if the taxpayer is compliant with a payment arrangement. Under normal circumstances any payment arrangements made will bring the account into current status within a two year time frame.(except as discussed above for previously deferred taxes under By Law T-700) The proposed two year payment arrangement will be in writing and will allow for a deferral of the tax sale process. No other circumstances (except as specifically directed by Council) will allow for deferral. Compliance with the payment arrangement will be strictly upheld by staff. There will be allowance for two payments to be deferred either by request or by default. On the third instance of non payment as per the arrangement, notice will be given and the tax sale process will recommence with no recourse other than full payment. This forgiveness of two payments clause is considered an insurance policy for unforeseen and unfortunate circumstances of any kind and should be used as such.

6) Once a property has been advertised in the newspaper for public auction at tax sale, in order to stop the auction, there is a requirement to pay a lump sum amount to bring the property to within two years of arrears along with a subsequent payment arrangement to clear the remaining arrears and current upcoming tax bills for the property. This would be the minimum arrangement that would prevent the property from proceeding to auction. Such payment could be received up to the close of business ie 4:30 pm on the day preceding the day of the auction. A signed payment arrangement will be subsequently required within a week of the auction date.

7) Any surplus of funds from the tax sale may be applied to reduce any non-lienable charges owed by the owner of the land to the municipality. These outstanding amounts need have no direct relationship to the property sold. The withdrawal of any surplus cannot be completed until after the redemption period (within six months after the sale date) where applicable. Properties are not redeemable if there are taxes owing that are greater than six years in arrears.

8) A tax sale deed shall be provided to the purchaser for the fee of \$100 to be paid at time of the sale and provided at any time after the sale if the property was not redeemable or after the six month waiting period if the property was redeemable.

### **4.3.0 Business Occupancy Taxes - Non-lienable charges**

#### **4.3.1 Collection Procedures for Business Occupancy (BO) Taxes**

(a) The collection process for BO accounts (as outlined below) will commence when the taxes are in excess of 30 days overdue

(b) The account owner is sent a friendly reminder letter indicating the owner has 15 days to settle.

(c) Accounts where no response is received are sent a collection letter explaining further steps that may be taken with an additional 15 days to settle

(d) Accounts without satisfactory settlement may be sent to the warrant process **Section 120-125** of the MGA

(e) If the warrant process does not effect payment or an arrangement for payment, accounts will be forwarded to our internal collection department for further action.

(f) Accounts will be granted a further 10 business days to settle after which the accounts may be sent to HRM's third party collection agency.

(g) Payments made by a person to any associated real property accounts may be transferred to relieve related outstanding business occupancy accounts. Lienholders on the associated real property accounts may be notified of the overdue business occupancy amounts. (Section 131 of the MGA)

## 5.0 Other Collection Policies

- (a) Principal or interest for less than \$10 can be written off for accounts in arrears at staff's discretion.
- (b) Interest charges on an account may be relieved by staff when it is determined that the account has been in dispute and the process to settle the debt has been prolonged and the client is not at fault.
- (c) Interest charges on an account may be relieved by staff if it is determined that insufficient support for the billing or insufficient follow up by staff has resulted in undue interest charges.
- (d) Where staff determines that both the taxpayer and staff may have been jointly responsible for delays in billing, or in providing appropriate details to support or refute the billing or for lack of timely follow up, staff may grant partial interest relief on an account up to their applicable spending authorization limits.
- (e) No adjustment to billings can be made, except as outlined above by any staff member, unless where there was an error in the original billing and corresponding back up by appropriate managerial levels of staff involved is provided.
- (f) No account will be sent to write off unless all efforts have been exhausted in its collection and will only be so sent after recommendation of supervisor and concurrence of team leader and manager.
- (g) Only Council can approve final write off of any revenue accounts. Such write off reports will be provided not less than once per year.
- (h) After an assessment appeal is determined and any appeal from that decision is decided, any taxes that were overpaid shall be refunded to the applicant, together with interest at a rate equal to the rate actually earned by Halifax Regional Municipality on its short term investments. The interest rate shall be determined and the interest calculated monthly but shall not be compounded.

## **6.0 SCHEDULES:**

Schedules attached hereto form part of this Administration Order and are intended for guidance and information purposes.

- Schedule 1     Friendly Reminder Notice
- Schedule 2     Advance Notice of Tax Sale Proceedings
- Schedule 3     Notice of Intention to Sell
- Schedule 4     Reminder Notice of Overdue Charges
- Schedule 5     Payment Arrangement Form
- Schedule 6     Tax Sale Administration Fees

I HEREBY CERTIFY THAT the foregoing Administrative Order was duly adopted by Halifax Regional Council the 6<sup>th</sup> day of December, 2005.

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Mayor

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Municipal Clerk

I, Jan Gibson, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above-noted Administrative Order was passed at a meeting of Halifax Regional Council held on the 6<sup>th</sup> day of December, 2005.

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Jan Gibson, Municipal Clerk

Notice of Motion: December 6, 2005

Approved: December 13, 2005

Amendment # 1

Notice of Motion: July 4, 2006

Approved: August 1, 2006



P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Friendly Reminder Notice

Date:

Property Owner:  
Address

RE: Assessment Account # \_\_\_\_\_

Property Description \_\_\_\_\_

Dear Customer,

Our records indicate the following property tax invoice(s) on the above noted account remain(s) past due.

<u>Date</u>	<u>Interest Included</u>	<u>Balance</u>
Total:		\$ _____

This balance is as of \_\_ (date) \_\_\_\_\_. Interest accrues daily on overdue balances at a rate of 4% above the HRM banker's commercial Prime Rate.

You may contact 490-4000 for further details.

Please disregard this notice if a recent payment or arrangement has been made to clear the outstanding invoices.

Regards,

Halifax Regional Municipality  
Revenue Division-Property Taxation

## NOTICE OF INTENTION TO SELL

### REGISTERED MAIL

November 1, 2005

Jack Smith  
24 Any Street  
Halifax NS  
B3J 1A5

Dear Sir/Madam:

Re: **Assessment # 02721198**  
**Location: 24 Any St - Lot 512 Halifax - Dwelling**

In accordance with Section 140 of the Municipal Government Act, we are hereby notifying you of our Notice of Intention to Sell for arrears of taxes and other rates and charges on the above noted property.

The assessed owner, **Jack Smith** is indebted to Halifax Regional Municipality for:

Property tax arrears- 2001-2005	-	\$6,523.05
Interest	-	\$1,024.13
Estimated Tax Sale Expenses	-	\$307.75
<b>Total</b>	-	<b>\$7,854.93</b>

Further, take notice that if such rates, taxes, interest, together with the expenses that have been incurred, are not paid in full **within sixty (60) days** from the date of this notice; we will proceed to sell said property February 7, 2006 in accordance with the provisions of the Municipal Government Act of the Province of Nova Scotia for the arrears of rates and taxes together with any additional interest and expenses incidental to the sale. If you dispute the Municipality's right to sell the property for taxes, you should contact a Lawyer and so advise the Municipality in writing; however please be advised that the tax sale process will continue unless there has been a procedural irregularity.

For further details please contact the Taxation Office at 902-490-4656 or 902-490-6769.

Yours truly,

\_\_\_\_\_  
S. Dale MacLennan CA,  
Treasurer  
Halifax Regional Municipality

\*Interest Rate is subject to change.

Karen Hodder - Tax Resource

## Advance Notice of Tax Sale Proceedings

29 Nov 2005

Re : STATEMENT OF ACCOUNT  
Account No. :

Page : 1  
Due Date : 29 Nov 2005

A review of our records indicate that your account has outstanding amounts in excess of one year. Our procedures include listing properties for tax sale when accounts are outstanding for such extended periods. This letter is to allow a final opportunity to make payment in full before December 16, 2005 on all outstanding interest plus billings 2004 and prior.

----- Reference -----	Due				Interest
Number	Date	Date	Reference	Balance	Included
11-467330	3 Mar 03	8 May 03	--	1,016.59	40.46
11-904580	1 Aug 03	14 Oct 03		2,281.94	91.64
11-327170	1 Mar 04	30 Apr 04		2,290.07	91.72
11-750920	3 Aug 04	30 Sep 04		3,814.27	152.46
41-723280	30 Oct 04	4 Dec 04		107.77	7.77
41-832460	31 Jan 05	7 Mar 05		132.75	7.75
11-223540	1 Mar 05	29 Apr 05		3,051.82	121.74
11-671310	3 Aug 05	30 Sep 05		2,954.17	41.53
31-977540	7 Nov 05	28 Feb 06	-	60.88	.00
Total :				15,710.26	

Should your account remain outstanding after December 16, 2005 search will be ordered incurring additional legal expenses against your account. I urge you to give this matter your prompt attention.

\*Interest Rate is subject to change.



### PAYMENT INFORMATION

Payments may be made in person at the following Customer Service Centres from 8:30 to 4:30 Monday to Friday (except holidays):

40 Alderney Drive - 2<sup>nd</sup> Floor Alderney Gate  
Duke Street - Lower Level Scotia Square  
6960 Mumford Road - West End Mall

51 Forest Hills Parkway - 2<sup>nd</sup> Floor Cole Harbour Place  
636 Sackville Drive - Acadia School  
Hwy. 107 at E Petpeswick Rd - Musquodoboit Harbour

By Mail to:

Halifax Regional Municipality  
P O Box 1749  
Halifax NS B3J 3A5

- Please include cheque or money with one copy of this statement
- Please write your **Customer Account Number** on the back of the cheque or money order
- Please make the cheque or money order payable to the **Halifax Regional Municipality**
- Please allow sufficient time for your payment to reach our office by the due date to avoid interest charges.
  
- Use our **Drop-Off Box Locations** for Cheque and money Order's Only:
- **\*\*do not use for prompt payment application.**
  
- 2<sup>nd</sup> Floor Cole Harbour Place      2<sup>nd</sup> Floor Alderney Gate Building
- Acadia School      Scotia Square Customer Service Centre
- 6960 Mumford Rd

### PAYMENT APPLICATION - Part VI Section 131 of the MGA (Municipal Government Act)

Where a person, including a person paying on behalf of another person, pays only a portion of the taxes due, the Treasurer shall apply and credit the amount as follows:

- (A) firstly, to the payment of the taxes rated upon the person in respect of business occupancy assessment;
- (B) secondly, to the payment of any other taxes that are not a lien on any property; and
- (C) thirdly, to the payment of accumulated interest and then the taxes longest in arrears with respect to any real property designated by the person.

### TAXES INCLUDE Part VI Section 3 (bz) of the MGA

Taxes includes municipal rates, area rates, change in use tax, forest property tax, recreational property tax, capital charges, one-time charges, local improvement charges and any rates, charges or debts prescribed, by the enactment authorizing them, to be a lien on the property.

### RIGHT OF OFFSET Part VI Section 119 (3) of the MGA

A municipality may set off a sum due from a person to the municipality against a claim that person has against the municipality.

### INTEREST CHARGES

Interest will be charged on any outstanding principal balance at a rate of 4% above the HRM's bankers' commercial prime.

### RETURNED CHEQUE CHARGES

a \$20.00 fee will be charged on any returned cheque.

### INQUIRIES

Please call Karen Hodder at (902) 490-6769

Financial Services - Collection Department  
REMINDER NOTICE OF OVERDUE CHARGES

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13 Dec 2005

Customer Account No...:  
Assessment Number.....:

Itemized below are all charges outstanding against this customer account as at the above date. These charges may include property taxes, local improvement charges, false alarm charges, other lienable charges deemed lienable by a Municipal By-law or by the Municipal Government Act as well as any charges that are not lienable. Lienable charges affix to the property and must be settled prior to any property transfer. Please review this notice and contact us to arrange payment for overdue charges. Should this account remain outstanding for over three years, the Municipal Government Act prescribes that we must proceed to tax sale of the applicable property for overdue lienable charges. Overdue Non-lienable charges are forwarded to our Legal Department for action.

Invoice #	Due Date	Reference	Description	Balance
51-885850	30 Apr 03	07811837	Business Occupancy Tax	714.10
51-295910	14 Oct 03	07811837	Business Occupancy Tax	4,626.05
51-717260	30 Apr 04	07811837	Business Occupancy Tax	3,180.70
51-149260	30 Sep 04	07811837	Business Occupancy Tax	915.44
31-949340	29 Aug 05	07811837	Collection Expenses	734.78
Total :				10,171.07

Interest is calculated on a daily basis on overdue amounts. The interest amount on this notice includes interest to the date of the notice. Any payments received against this notice will be applied in accordance with Section 131 of the Municipal Government Act. Please see reverse for payment information. If you have any questions regarding this notice, please contact our Collections Specialist, Sherry Day at 902-490-6730 or by email to [daysh@halifax.ca](mailto:daysh@halifax.ca).

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40 Alderney Drive - 2<sup>nd</sup> Floor Alderney Gate  
Duke Street - Lower Level Scotia Square  
6960 Mumford Road - West End Mall

51 Forest Hills Parkway - 2<sup>nd</sup> Floor Cole Harbour Place  
636 Sackville Drive - Acadia School  
Hwy. 107 at E Petpeswick Rd. - Musquodoboit Harbour

By **Mail** to:  
Halifax Regional Municipality  
PO Box 1749  
Halifax NS B3J 3A5

- Please include cheque or money with one copy of this statement
- Please write your **Customer Account Number** on the back of the cheque or money order
- Please make the cheque or money order payable to the **Halifax Regional Municipality**
- Please allow sufficient time for your payment to reach our office by the due date to avoid interest charges.
- Use our **Drop-Off Box Locations** for Cheque and Money Order's Only:  
\*\*do not use for prompt payment application.

- |  |  |
|--|--|
| • 2 <sup>nd</sup> Floor Cole Harbour Place | 2 <sup>nd</sup> Floor Alderney Gate Building |
| • Acadia School                            | Scotia Square Customer Service Center        |
| • Woodside Ferry Terminal                  | 6960 Mumford Rd                              |

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A municipality may set off a sum due from a person to the municipality against a claim that person has against the municipality.

### **INTEREST CHARGES**

Interest will be charged on any outstanding principal balance at a rate of 4% above the HRM's bankers' commercial prime.

### **RETURNED CHEQUE POLICY**

A \$20.00 fee will be charged on any returned cheque.

### **INQUIRIES**

Please phone (902) 490-4000 or toll-free 1-800-835-6428.  
TTY/TDD 490-6645 for the Hearing Impaired.  
HRM Website - [www.halifax.ca](http://www.halifax.ca)



P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Date: \_\_\_\_\_

## CONFIRMATION OF PAYMENT ARRANGEMENTS REVENUE DIVISION

RE: Assessment Account # \_\_\_\_\_ Customer # \_\_\_\_\_

Property Location \_\_\_\_\_

This will confirm that \_\_\_\_\_ agree(s) to pay in monthly installments of \$ \_\_\_\_\_ for \_\_\_\_\_ months to bring the above noted account into a current status.

I agree to an automatic pre-authorized payment plan from my bank account.

Yes: ☐

No: ☐

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

**SCHEDULE 6: TAX SALE ADMINISTRATION FEES**

<b>Description of Fee</b>	<b>Amount</b>
Advanced Notice of Tax Sale Proceedings	\$50.00
Title Search	actual
Survey	actual
Notice of Intention to Sell	\$400.00
Preparation of Certificate of Sale *	\$75.00
Preparation of Deed	\$100.00
Registration of Deed & Certificate of Sale	actual

\* Issued at time of Tax Sale