

**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-liable 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 Liable charges- These charges can be affixed to a property. Several charges billed as general revenue are liable 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.

3.3. Merchant discount – the percentage fee charged by the financial institution or entity that issued the credit card to the entity accepting the credit card as a method of payment.

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 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 30th and one on October 31st (or the last working day of the month in question). Residents receive their tax bills approximately six weeks prior to the due date.

(b) Notwithstanding 4.2.1(a) and 4.2.2(a), the first due date for residential, commercial, and resource property taxes for the 2020/2021 fiscal year, shall be June 1st, 2020.

(c) Notwithstanding 4.2.2(a), residential and commercial property taxes may be billed to eligible non-profit organizations receiving tax relief under Administrative Order 2014-001-ADM, the *Tax Relief For Non-Profit Organizations Administrative Order*, in accordance with By-Law T-800, the *Property Tax Billing for Tax Relief Recipients By-law*.

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 30th, 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 152 of the 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 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.

(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.

(h) A municipality is not required to put a property up for tax sale (*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, as per section 158 (4) of the HRM Charter, and without further notice to the owner and encumbrances, to again advertise the property and sell it at either public auction or tender starting with the minimum reserve bid as set by Council resolution. Any remaining arrears after the tax sale, will be adjusted to the allowance for tax account (G/L 2521). Staff will then advise Council of the results, including any adjustments within 30 days of the tax sale via an information report.
- 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 nonpayment 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 132 – 138 of the HRM Charter**

(e) If the warrant process does not affect 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 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.

5A.0 Acceptance of Credit Cards

5A.1 The purpose of this section is to provide clarity to staff and customers as to the types of revenues that credit cards may be used as a method of payment. The section balances the cost of the merchant discount to HRM with the convenience to HRM customers.

5A.2 The types of revenue that may be paid by credit card from the effective date of this section, are set out in Table 1 of Schedule 3.

5A.3 The types of revenues that may be paid by credit card when future technology is implemented to enable such payments, are set out in Table 2 of Schedule 3.

5A.4 The types of revenues that shall not be paid by credit card, are set out in Table 3 of Schedule 3.

6.0 SCHEDULES:

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

Schedule 1 Tax Sale Administration Fees
Schedule 2 Penalty Fees
Schedule 3 Credit Card Usages

7.0 SCHEDULE 2

- (a) For the 2020-2021 fiscal year, the fees under Schedule 2 shall not be charged until the later of the:
 - (i) due date set by Council under 4.2.2(b); or
 - (ii) expiry date of any tax deferral program established due to covid-19, providing the owner qualified for such program.

Schedule 1 – Tax Sale Administration Fees	
Description of Fee Amount	Amount
Advanced Notice of Tax Sale Proceedings	\$50.00
Title Search Fee – External (per current RFQ)	Actual
Title Search Fee – Internal (Migrated properties)	\$25.00
Title Search Fee – Internal (Registry of Deeds Titles)	\$125.00
Survey	Actual
Notice of Intention to Sell	\$400.00
Preparation of Tax Sale Certificate *	\$75.00
Preparation of Deed	\$100.00
Deed Replacement Fee	\$250.00
Registration of Deed and Certificate	Actual

*Issued at time of Tax Sale

Schedule 2 – Penalty Fees	
Description of Fee Amount	Amount
Non-Sufficient Funds (NSF)	\$40.00

Schedule 3
Credit Card Usages

<u>Table 1</u> <u>Revenue Types That May Be Paid By Credit Card</u>	
Revenue Type	Where Accepted
Recreation services	Recreation centres On-line Customer service centres (where available)
Parking and municipal fines	Customer service centres, HRM Call Centre On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	Customer service centres
Dog licences	Customer service centres HRM Call Centre
Sale of Metro Transit tickets and Metro Transit passes	Customer service centres
Payments to HRM Police including <ul style="list-style-type: none"> • criminal records checks, • finger printing, • motor vehicle reports, • incident reports, • summons, pardons, and • FOIPOP applications 	HRM Police facilities (where available)
Sale of HRM cemetery plots and cemetery Services	HRM cemetery office
Property tax accounts providing there is no merchant discount cost to HRM and the payments are made using existing payment channels.	Payments may be made through a third party service provider.

<u>Table 2</u> <u>Revenue Types That May Be Paid By Credit Card</u> <u>When Future Technology is Implemented to Enable It</u>	
Revenue Type	Where Accepted
Parking at HRM operated parking lots	Payment kiosks
On-street parking	Payment kiosks Parking meters
Metro Transit fares	Metro Transit fare technology
Tax certificates	On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	On-line

Table 3
Revenue Types That Shall Not Be Paid By Credit Card

Revenue Type	
Property tax accounts and local improvement charges unless: <ul style="list-style-type: none"> • the payment is from a third party service providers acceptable to HRM; and • there is no cost to HRM. 	
Deed transfer tax	
Inter-Governmental transfers including grants in lieu of taxes and tax agreements	
Invoiced general revenues and recoveries including tipping fees	
Payments to HRM from parties: <ul style="list-style-type: none"> • operating HRM facilities, or • selling items on consignment such as Metro Transit tickets and Metro Transit passes 	
Payments pursuant to By-Law F-300, the <i>Fees for the Provision of Taxation Information By-law</i>	
Halifax Water bill payments paid at HRM Customer Service Centres	

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Amendment # 1	
Notice of Motion:	July 4, 2006
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Amendment # 2	
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Amendment # 6	
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Amendment # 7	
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