



City of Lloydminster Information Report (IR)

Subject Matter: Draft Tax Arrears Agreement Policy

Department: Office of the City Clerk

Presented By: Scott Pretty

GPC Meeting Date: March 20, 2023

Topic: Administration is bringing forward a new policy for Council review pertaining to tax arrears agreements for properties in tax arrears.

Background: Tax arrears agreements in the City of Lloydminster have historically only been offered to Alberta-side taxpayers in arrears under the tax enforcement legislation of the *Municipal Government Act (MGA)*. Since Lloydminster is a border city, the tax enforcement legislation is different on either side of the border. Saskatchewan tax enforcement legislation, *The Tax Enforcement Act*, does not explicitly provide the same option for tax agreements. Upon consultation with our legal counsel, they advised that there was nothing in *The Tax Enforcement Act* prohibiting the City from offering tax agreements to Saskatchewan-side taxpayers in arrears. This would essentially be going above and beyond legislated requirements. Therefore, Administration decided to formalize the process for tax arrears agreements into a policy.

The new policy will also outline the available payment methods. The payment methods provided will ensure that no payments are missed and that tax arrears agreements are followed. It also adds the new payment method of a Tax Arrears PAD Agreement. This Tax Arrears PAD Agreement will be similar to our existing Property Tax PAD Agreement, except this will be offered to taxpayers currently in arrears rather than taxpayers pre-paying property taxes. The objective will be to get the taxpayers in arrears caught up on their property taxes and used to paying monthly through PAD and then offer to convert them to the Property Tax PAD Agreement once they are fully caught up so that they do not fall into arrears again in the future. In the long run, this should continue to improve collection rates and hopefully resolve some of the issues we currently have with the same taxpayers reappearing on the annual Tax Arrears Lists every year and never getting fully caught up.

Additionally, we can get taxpayers set up on this Tax Arrears PAD Agreement earlier in the tax enforcement cycle to get them caught up earlier. Our desired outcome is to avoid having Saskatchewan-side properties ending up at the Provincial Mediation Board (PMB), a third-party provincial entity, who makes agreements with them for payment and controls this process within the City. The PMB is generally very lenient in their payment agreements and often the payment amount they allow is not sufficient to catch the taxpayer up on their arrears in a timely manner. Under this new policy, our Tax Arrears Agreements will require taxpayers to be fully caught up within a 3-year period, in alignment with the tax enforcement legislation in the *MGA*. Otherwise, under the current process with the PMB in Saskatchewan, we can be waiting sometimes up to 10 years to get all arrears finally caught up based on the payment agreements they are allowing. This is not beneficial to the City of Lloydminster or the taxpayer who continues to accumulate penalties throughout the duration of the agreement.

Objective: The aim of the policy is to provide for consistent administration of Tax Arrears Agreements and outline their uses and the payment methods available.

Options:

1. That the Committee accept this report as information and that the item be brought forward to a future Regular Council meeting for decision.
2. That the Committee request more information and that the item be brought forward to a future Regular Council meeting for decision.
3. That the Committee request more information and that the item be brought forward to a future Governance & Priorities Committee meeting.

Alignment with Strategic Plan: This item is in alignment with the following strategic area: Delivering Good Governance. This new policy will ensure tax arrears agreements are administered consistently and provide additional payment methods to the taxpayers in arrears.

Governance Implications: This new policy will clearly outline the City's policy on Tax Arrears Agreements which were previously only offered to Alberta-side taxpayers under the tax enforcement legislation of the MGA. The policy will fall under the Property Tax Payment Installments Bylaw 13-2019.

Budget/Financial Implications: There are no immediate budget implications. In the long term, this new policy should help taxpayers in arrears to catch up and provide for more prompt collection of tax arrears. If taxpayers catch up on tax arrears earlier, we could see a decrease in revenues from tax penalties in the future. However, this is a positive trade-off as tax revenues will also be realized earlier with earlier payment.

Environmental Implications: N/A

Report Approval Details

Document Title:	Tax Arrears Agreement Policy.docx
Attachments:	- Tax Arrears Agreement Policy 137-03.docx
Final Approval Date:	Mar 6, 2023

This report and all of its attachments were approved and signed as outlined below:

Doug Rodwell

Dion Pollard