



REPORT

REPORT TO: Mayor Rick Bonnette and Members of Council

REPORT FROM: Wendy O'Donnell, CGA, Manager of Finance

DATE: January 16, 2012

REPORT NO.: CS-2012-0011

RE: Farm Deferral Program – Proposed Discontinuance
File No. F22/TA

RECOMMENDATION:

THAT Report No. CS-2012-0011 dated January 16, 2012, regarding the Farm Deferral Program – Proposed Discontinuance be received;

AND FURTHER THAT Council consider discontinuation of the Farm Deferral Program beginning with the 2012 Final Tax billing year and for that purpose advertise and hold a public meeting at the Council Meeting of February 21st for the farming community to depute as to their position on this proposal;

AND FURTHER THAT staff send notice of the meeting and a copy of the report to the 551 affected properties and notice to the EDO's contact list and the Halton Federation of Agriculture.

BACKGROUND:

On January 9, 2006 Council adopted a resolution to defer taxes on 'farmland' (FT) as identified by MPAC. Staff circulated a survey (Appendix A) to all property owners with a FT assessment to determine if the deferral was still wanted. 551 surveys were mailed on November 25th with a requested return date of December 22, 2011. Staff received 331 responses or 60%. 52% of respondents wanted to continue the deferral program and 48% wanted to discontinue/no preference to the program.

COMMENTS:

While there was majority support for the Farm Deferral Program it was not overwhelming and so staff are asking Council to consider discontinuing the farm deferral program for the following reasons:

1. **Manual preparation of the farm tax bill** – Vailtech, the Town's tax billing system does not have the programming that would allow for this process to be automated. Since the Town is the only municipality to bill this way it is not feasible for Vailtech to develop software for its clients and it would be cost prohibitive for the Town to source this programming out.
2. **Deferral requires staff to manually override the tax system** to produce these farm bills. Multiple inputting of tax rates and the potential risk of error in billing can occur. Also this deferral impacts other processes such as the processing of tax certificates, write-offs and ownership changes. Staff needs to manually change the system so that this information reflects the farm assessment of a property if one of these requests comes into the Town prior to the farm bill being processed. These manual changes put the system out of balance for a period of time and must be continually reconciled.
3. **Cost savings and staff efficiency** – the purchase of additional paper stock and postage would no longer be required. Also it takes approximately one staff member a full week to process just over 500 farm bills at a value of \$402,000. In comparison it only takes one staff member a week to produce over 19,000 tax bills at a value of over \$90m due to the automation of the Town's tax software.
4. **Region and School Board Payments** – Legislation requires the Town to pay installments to the Region and School Boards for taxes levied for the year. Payments to the Region are February, April, June, September and December. Payments to the School Boards are March, June, September and December. Even though we defer the farm assessment portion of a property to September the Town is still required to pay the Region and School Board the farm assessment on the installment dates listed. The Farmland (FT) assessment generates over \$400,000 a year. This requires the Town to cash flow roughly three quarters of these taxes which impact the Town's investment earnings.

Staff has received the following complaints from property owners with separated assessment bills:

- Property owners missing or forgetting that they receive a separate bill for the farm portion of their tax bill and are reminded when an arrears notice is issued that includes penalty. For 2011 over 120 of the 550 farm bills received arrears notices in October.
- A number of owners have indicated that they prefer the bill to be spread out over the four installments per year similar to their residentially assessed property and not all due on the last installment date for cash flow purposes.
- A number of owners including ones that want to continue with the deferral would also like to join the Town's pre-authorized monthly payment plan program. Due to software system constraints this option is not available to them due to the deferral of the farm portion. The Town's pre-authorized payment plan helps the taxpayer remain current, avoid penalty and reduce staff time spent on collection efforts.

To undertake the discontinuation consideration, staff are recommending that Council hold an advertised public meeting on the issue at the February 21st Council meeting and for that purpose send notice of the matter with a copy of this report to the 551 affected owners and a notice of the meeting to the EDO'S contact list and the Halton Federation of Agriculture.

RELATIONSHIP TO STRATEGIC PLAN:

This is an operational report and does not directly impact the Strategic Plan.

FINANCIAL IMPACT:

With the discontinuation of the Farm Deferral Program, taxes would be collected at the interim and final billing cycles.

The Town is also required to make payments to the Region and School Boards for the taxes levied on their behalf. With the elimination of this program the Town would no longer be required to cash flow the payment due to the Region and School Boards in April and June.

COMMUNICATIONS IMPACT:

Staff mailed a survey in November and attended a Farm Meeting on November 24 to discuss this Program. Staff are also recommending a public meeting on the issue be held on February 21, 2012.

SUSTAINABILITY IMPLICATIONS:

This is an operational report and does not have sustainability implications.

CONSULTATION:

Staff attended the annual Farm Meeting in November and also circulated a survey concerning the Farm Deferral program.

CONCLUSION:

This program achieved positive results when it was implemented back in 2006. However, staff is recommending the discontinuation of this program due to the manual nature and inefficiency of the program and the lack of overwhelming support for this program.

Respectfully submitted,

Wendy O'Donnell, CGA
Manager of Finance

Dennis Y. Perlin
Chief Administrative Officer

Ed DeSousa, CGA
Director of Corporate Services and
Treasurer

November 2011

TO OUR VALUED FARMERS

In 2006, Council approved the Deferral of the Farm portion of taxes to the end of September each year. As part of our ongoing commitment to our taxpayers, we are currently reviewing our tax billing processes to ensure it still meets your needs.

In order to assist the Town of Halton Hills in this review, we would ask that you complete the survey below.

Please check one of the following options:

- Continue with the deferral of the Farm portion of property taxes.**
(Currently you receive 3 tax bills per property: Interim (Jan) and Final (May) tax bill for the residential component of your property and a farm tax bill (Aug). Also, due to this split in billing, participation in the Town's preauthorized payment plans is not permitted.)
- Discontinue the Farm deferral program**
(Under this option you will receive 2 tax bills per property: Interim (Jan) and Final (May) tax bill. This will incorporate the farm assessment with your residential assessment. Under this bill process you can participate in the Town's monthly preauthorized payment plan.)
- No preference**

Please return your survey to the Town of Halton Hills, Corporate Services Department, 1 Halton Hills Drive, Halton Hills, On L7G 5G2 in the enclosed return envelope by December 22, 2011

Your assistance is greatly appreciated. Any questions or concerns may be directed to Corporate Services Tax Division at 905-873-2601 Ext. 2246 or 2240 or by email to sharonp@haltonhills.ca or wendyo@haltonhills.ca

Property Owner _____

Property Address _____

Assessment Roll No. _____