



**GRAND VALLEY**

## **STAFF REPORT**

**To:** Mayor Soloman and Members of Council

**From:** Steven Freitas, Director of Finance/Treasurer

**Meeting Date:** December 10, 2024

**Report Number:** **2024-124**

**Subject:** 2025 Tax Installment Due Dates and Pre-Authorized Payment (PAP) Changes

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### **Recommendation**

1. **THAT** Council receives report - 2025 Tax Installment Due Dates and Pre-Authorized Payment (PAP) Changes and approves the changes as presented.
2. **THAT** a by-law be enacted to provide for a 2025 interim tax levy based on 50 percent of the previous year's taxes on those properties.
3. **THAT** the 2025 interim levy for properties enrolled in the due date plan be payable in two (2) instalments on February 11 and May 13, 2025.
4. **THAT** the Town no longer offer the [EXISTING (2) – 12 Installment PAP Plan] as an installment plan option for 2025.
5. **THAT** the Town continue to offer the [EXISTING (1) – 4 Installment PAP Plan] and that it adds three (3) NEW PAP payment plans beginning in 2025 as follows:
  - [OPTION A – 6 Installment PAP Plan]
  - [OPTION B – 8 Installment PAP Plan]
  - [OPTION C – 10 Installment PAP Plan]
6. **THAT** the 2025 interim levy for properties enrolled in a Town approved Pre-Authorized Tax Payment Program (PAP) be payable based on the taxpayer's selected installment plan. Payments will be calculated based on the previous year's tax levy on those properties divided into equal payments depending on the

selected number of installments (either 4, 6, 8, or 10) and deducted from their bank account on or about the tenth (10<sup>th</sup>) day of the month as follows:

- [EXISTING (1) – 4 Installment PAP Plan]
    - with payments in Feb, May, Aug & Nov 2025.
  - [OPTION A – 6 Installment PAP Plan]
    - with payments in Feb, Mar, Apr, Aug, Sep & Oct 2025.
  - [OPTION B – 8 Installment PAP Plan]
    - with payments in Feb, Mar, Apr, May, Aug, Sep, Oct & Nov 2025.
  - [OPTION C – 10 Installment PAP Plan]
    - with payments in Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct & Nov 2025.
7. **THAT** for 2025, and in accordance with existing By-laws, the following charges will be applied if payments are not received by the Town on or before the due date. A charge of 1.25% will be added on the first day of default (DOD) and on the first day of each calendar month thereafter, as long as the taxes remain unpaid. Monthly interest charges will be imposed on any unpaid taxes from previous years.
  8. **THAT** staff take the necessary steps to implement a Communications Plan for the 2025 PAP Plan & 2025 Installment Changes.
  9. **THAT** changes be made to the Terms & Conditions of the PAP agreement that participants will be removed from the program if a payment does not clear through their financial institution, if they have an unpaid balance, or if there is an ownership change recorded for their property.
  10. **THAT** changes be made to the Terms & Conditions of the PAP agreement such that re-enrolments to the PAP program are subject to a fee if the property tax account is reinstated to the program **within one year** following the removal from the program (either because of removal from the program by the Town or by request to be removed by the property owner).
  11. **THAT** staff include a NEW administration fee in the 2025 Fees & Charges By-law for any re-enrolment requests to the PAP program **within one year** following removal.

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## Executive Summary

### Purpose

The object of this report is to:

- present changes to the 2025 Pre-Authorized Tax Payment Plan (PAP);
- present changes to the 2025 Property Tax Installment Due Dates and the 2025 Pre-Authorized Tax Payment Plan Due Dates; and
- establish the 2025 Interim Tax Levy By-law.

Section 317 of the Municipal Act, 2001 provides municipalities with the ability to levy interim taxes. The purpose of an interim property tax levy is to provide the necessary cash flow to meet the Town’s own needs and its financial obligations to the County of Dufferin, the Province of Ontario for education purposes, and to the Fire, Library and Community Centre Boards during the first half of the year.

Section 317(3) of the Municipal Act, 2001 stipulates that the amount levied on a property shall not exceed 50 percent of the total taxes levied on the property in the prior year. Budgetary impacts are incorporated into the final tax rates used to calculate the final tax levy billing.

### **Key Findings**

Included in the body of the report.

### **Financial Implications**

An interim levy allows the municipality to meet its financial obligations during the first half of the year.

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## **Report**

### **Background**

In the Treasurer’s Update Report 2024-052 presented at the Council on August 13, 2024, there was discussion relating to cash-flow concerns on the Town’s general bank account. That report outlined that over the past 18 months, the Town’s operating bank account had been in overdraft position approximately 60% of the time (sometimes as high as or over \$1M).

Draft findings identified several items that could be contributing to the negative bank position(s) including but not limited to:

- Timing of property tax levy installments.
- Timing of property tax payments by residents and businesses.
- Timing of levy payments to the County and to the School Boards.
- Timing of levy payments to the various Boards (including Fire, Library, Community Centre & Medical).

- Arrears of tax payments.
- Payment arrangements including the Town’s Pre-Authorized Tax Payment Plan (PAP), non-PAP payment arrangements, payment methods (including credit cards), other Accounts Receivable arrears and the consistent application of penalties and interest on overdue property taxes and accounts receivable.

The following actions have been taken since April 2024 to minimize cash-flow issues for the Town:

### **Interest on Outstanding Accounts Receivables**

In early July 2024, it was found that interest charges on outstanding accounts receivable invoices had not been charged since the beginning of the year. Accordingly, interest charges were charged and will be added at the end of each month.

### **Property Tax Account Management**

Effective July 20, 2024, letters were sent to 15 property tax owners who were on unapproved alternative payment arrangements (not on the Town’s approved Pre-Authorized Tax Payment Plan). The letters advised that they would revert back to the 4-payment installment plan and be charged interest accordingly. Property owners were also advised that if they preferred to be on PAP, they would have to enrol, be current, and agree to us pulling installments on the 15th of the month under one of the two frequencies 1. Monthly or 2. Installment.

Effective July 20, 2024, letters were sent to 8 property tax owners who were on the Town’s approved Pre-Authorized Tax Payment Plan, but were in arrears, advising that they had been removed from PAP and would revert back to the 4-payment installment plan and be charged interest accordingly. Arrears ranged from \$500 to \$11,000. Should they wish to re-enrol in PAP, owners were advised they could only do so when all property arrears were paid.

### **Application of Penalties & Interest on Property Taxes**

For the Final 2024 Property Tax bill, I have updated information stated on the bills to correctly reflect the Town’s late payment charges policy, as included in By-Law 2024-28, specifically related the section that deals with “penalties and interest in default of payment thereof for the year 2024.”

By-Law 2024-28 states the following under 4. c.: “for any installment or any part of any installment of rates, taxes and assessments not paid on the due date, a penalty shall be added at one and one quarter (1.25) per cent **on the first day of default** and on the first day of each calendar month thereafter in which default continues, as set out in the Municipal Act, 2001”. I have looked at the 2024 Interim Tax Levy By-Law 2024-02, and the 2023 Final Tax Levy By-Law 2023-26 and they both have the same wording. We have also updated the “Late Payment Charges” on the Town’s Website to reflect this accordingly.

The addition of penalty on the first day of default is common in municipal taxation, and although it is included in our By-Law, it has not been part of past procedures. In accordance with the By-Law, I will be adding this penalty beginning with any defaults after the Aug 22, 2024, due date.

***Under Resolution: 2024-08-08, Council approved, notwithstanding Section 4.0 of By-Law 2024-28, that penalties would not be charged until the beginning of the following month for the last two installments of 2024.***

In the report, a number of future actions to minimize cash-flow issues were identified including:

### **Assessment Related Changes**

#### **Update included in Treasurer’s update from October 22, 2024:**

Property tax calculations related to severances, supplementary assessments and omitted assessments based on MPAC updates received from September 2023 until July 2024 were completed in September. These assessment changes resulted in 171 additional tax bills being issued generating approximately \$191,000 in additional property tax revenues (combined for the Town, County & Education). These tax bills relate to assessments changes (for 2023 or in some cases for 2023 & 2024) not included in the Final Assessment Roll received from MPAC at year-end 2023 for which property taxes were levied on to fund the Town’s approved 2024 budget. These bills were issued with installment dates of October 15 and November 21.

**Timing of Property Tax Levy Installments**

The report outlined that installment dates for property taxes have a significant impact on the cash flow of the Town. It identified and discussed the following:

- Consideration must be made to the inflows of Property Taxes as well as quarterly levy payments it must make to the County, the School Boards, the Fire Board and the Medical Board (March, June, September and December) as well as the monthly levy payments it must make to the Library Board and the Community Centre Board.
- Additionally, the Town needs to have sufficient funding at select times of the year to cover seasonal expenditures (i.e. Dec-Mar for Winter Maintenance and summer months for road construction) while covering recurring monthly expenditures related to labour and other operating costs.
- Currently, the Town has two payment options: the 4-installment schedule (February, May, August, and November) or the 12 monthly installment schedule offered under the PAP program.
- The following is an example of two property owners who have a mock property tax bill of \$12,000 annually and the cash flow implications of one being on instalments while the second is on monthly payments via the PAP Program:

	Annual Taxes Installments	
Property A	12,000	3,000 Quarterly
Property B	12,000	1,000 Monthly

	<b>Property A</b>	<b>YTD</b>	<b>Property B</b>	<b>YTD</b>
January		0		0
February	3,000	3,000	1,000	1,000
March		3,000	1,000	2,000
April		3,000	1,000	3,000
May	3,000	6,000	1,000	4,000
June		6,000	1,000	5,000
July		6,000	1,000	6,000
August	3,000	9,000	1,000	7,000
September		9,000	1,000	8,000
October		9,000	1,000	9,000
November	3,000	12,000	1,000	10,000
December		12,000	1,000	11,000
January		12,000	1,000	12,000

- As demonstrated in the simple example above, payments for Property B are not received as promptly as for Property A (note, under the current plan, January payments for individuals on PAP go to pay previous year’s taxes). These delays have a cash flow impact on the Town, and the Town does not charge penalties or interest on these accounts (those on PAP). However, we are mandated to make

levy payments regardless of when we collect the taxes or pay interest or penalty to the levying body. At a very high level, monthly PAP payments in 2024 are approximately \$110,000 or \$1.3M annually which is approximately 27.5% of our annual tax levy of \$4.8M.

The report identified that an analysis of payment installments would be brought forward to Council in a future report to outline options and impacts of different scenarios for regular installments and PAP installments (including the number of installments and dates).

**Discussion**

An analysis of has been completed which takes the following into consideration:

- Inflows of Property Taxes to the Town as well as quarterly levy payments the Town must make to the County, the School Boards, the Fire Board and the Medical Board (March, June, September and December) as well as the monthly levy payments it must make to the Library Board and the Community Centre Board.
- Additionally, the Town needs to have sufficient funding at select times of the year to cover seasonal expenditures (i.e. Dec-Mar for Winter Maintenance and summer months for road construction) while covering recurring monthly expenditures related to labour and other operating costs.

The following outlines the levy payments & estimated expenditures required by the Town in 2024:

	(A)=(B+C+D)	(B)	(C)	(D)=(E+F+G+H)	(E)	(F)	(G)	(H) Balance Split Equally	Monthly Cash Outflow	YTD Balance
Levy 2024 Est %	Total	County	Education	GV	Fire	Library	CC			
	\$8,348,431	\$2,447,574	\$1,077,401	\$4,823,455	\$1,056,162	\$268,440	\$200,881	\$3,297,972		
		29%	13%	58%	22%	6%	4%	68%		
Jan						\$22,370	\$16,740	\$274,831	\$313,941	\$313,941
Feb						\$22,370	\$16,740	\$274,831	\$313,941	\$627,882
Mar		\$611,894	\$269,350		\$264,040	\$22,370	\$16,740	\$274,831	\$1,459,225	\$2,087,108
Apr						\$22,370	\$16,740	\$274,831	\$313,941	\$2,401,049
May						\$22,370	\$16,740	\$274,831	\$313,941	\$2,714,990
Jun		\$611,894	\$269,350		\$264,040	\$22,370	\$16,740	\$274,831	\$1,459,225	\$4,174,215
Jul						\$22,370	\$16,740	\$274,831	\$313,941	\$4,488,156
Aug						\$22,370	\$16,740	\$274,831	\$313,941	\$4,802,098
Sep		\$611,894	\$269,350		\$264,040	\$22,370	\$16,740	\$274,831	\$1,459,225	\$6,261,323
Oct						\$22,370	\$16,740	\$274,831	\$313,941	\$6,575,264
Nov						\$22,370	\$16,740	\$274,831	\$313,941	\$6,889,205
Dec		\$611,894	\$269,350		\$264,040	\$22,370	\$16,740	\$274,831	\$1,459,225	\$8,348,431
<b>Totals</b>		<b>\$2,447,574</b>	<b>\$1,077,401</b>		<b>\$1,056,162</b>	<b>\$268,440</b>	<b>\$200,881</b>	<b>\$3,297,972</b>	<b>\$8,348,431</b>	

Applying the percentages and cash-flow requirements above to a mock property tax bill of \$12,000 annually we get the following:

	(A)=(B+C+D)	(B)	(C)	(D)=(E+F+G+H)				(H)	Monthly Cash Outflow	YTD Balance
	Total	County	Education	GV	Fire	Library	CC	Equally		
<b>Levy 2024</b>	<b>\$12,000</b>	<b>\$3,518</b>	<b>\$1,549</b>	<b>\$6,933</b>	<b>\$1,518</b>	<b>\$386</b>	<b>\$289</b>	<b>\$4,740</b>		
<b>Est %</b>		<b>29%</b>	<b>13%</b>	<b>58%</b>	<b>22%</b>	<b>6%</b>	<b>4%</b>	<b>68%</b>		
Jan		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$451
Feb		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$903
Mar		\$880	\$387	\$0	\$380	\$32	\$24	\$395	\$2,097	\$3,000
Apr		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$3,451
May		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$3,903
Jun		\$880	\$387	\$0	\$380	\$32	\$24	\$395	\$2,097	\$6,000
Jul		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$6,451
Aug		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$6,903
Sep		\$880	\$387	\$0	\$380	\$32	\$24	\$395	\$2,097	\$9,000
Oct		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$9,451
Nov		\$0	\$0	\$0	\$0	\$32	\$24	\$395	\$451	\$9,903
Dec		\$880	\$387	\$0	\$380	\$32	\$24	\$395	\$2,097	\$12,000

**Proposed Changes to the 2025 Pre-Authorized Tax Payment Program (PAP)**

Pre-Authorized payment plans are an easy and convenient method to ensure recurring bill payments are paid on time. Different payment installment plans allow easier budgeting to the taxpayer by spreading payments out without any special charges or interest. The payment plans offered by the Town should be chosen carefully to ensure that property tax inflows provide the necessary cash flow to meet the Town’s own needs and its financial obligations.

The table on the next page outlines the two existing payment plans [EXISTING (1) – 4 Installment PAP Plan] & [EXISTING (2) – 12 Installment PAP Plan] for comparison purposes:



An analysis of the table shows that the [EXISTING (2) – 12 Installment PAP Plan] is the worst option for the Town as the cash inflows of property taxes are significantly delayed in comparison to the baseline [EXISTING (1) – 4 Installment PAP Plan].

Under [EXISTING (2) – 12 Installment PAP Plan] the year-to-date (YTD) balance payments of \$3,000, \$6,000, \$9,000, and \$12,000 are collected 2 months later than in [EXISTING (1) – 4 Installment PAP Plan]. Furthermore, payments of property taxes for the current year are spread over into January of the next fiscal year.

Legend: < 4 Installment Plan = 4 Installment Plan

Month	EXISTING (1)		EXISTING (2)	
	4 Installment Plan		12 Installment Plan	
	Pmt	Balance	Pmt	Balance
Jan		\$0	\$0	\$0
Feb	\$3,000	\$3,000	\$1,000	\$1,000
Mar		\$3,000	\$1,000	\$2,000
Apr		\$3,000	\$1,000	\$3,000
May	\$3,000	\$6,000	\$1,000	\$4,000
Jun		\$6,000	\$1,000	\$5,000
Jul		\$6,000	\$1,000	\$6,000
Aug	\$3,000	\$9,000	\$1,000	\$7,000
Sep		\$9,000	\$1,000	\$8,000
Oct		\$9,000	\$1,000	\$9,000
Nov	\$3,000	\$12,000	\$1,000	\$10,000
Dec		\$12,000	\$1,000	\$11,000
Jan next yr			\$1,000	\$12,000

**RECOMMENDATION**

Based on this analysis, the recommendation is to no longer offer [EXISTING (2) – 12 Installment PAP Plan] as an installment plan option for 2025.

The following table outlines the two existing payment plans [EXISTING (1) – 4 Installment PAP Plan] & [EXISTING (2) – 12 Installment PAP Plan] along with 4 other plans [OPTIONS A to D] for comparison purposes:

Legend: < 4 Installment Plan = 4 Installment Plan > 4 Installment Plan

Month	EXISTING (1)		OPTION A		OPTION B		OPTION C		OPTION D		EXISTING (2)	
	4 Installment Plan		6 Installment Plan		8 Installment Plan		10 Installment Plan		11 Installment Plan		12 Installment Plan	
	Pmt	Balance	Pmt	Balance	Pmt	Balance	Pmt	Balance	Pmt	Balance	Pmt	Balance
Jan		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Feb	\$3,000	\$3,000	\$2,000	\$2,000	\$1,500	\$1,500	\$1,200	\$1,200	\$1,091	\$1,091	\$1,000	\$1,000
Mar		\$3,000	\$2,000	\$4,000	\$1,500	\$3,000	\$1,200	\$2,400	\$1,091	\$2,182	\$1,000	\$2,000
Apr		\$3,000	\$2,000	\$6,000	\$1,500	\$4,500	\$1,200	\$3,600	\$1,091	\$3,273	\$1,000	\$3,000
May	\$3,000	\$6,000		\$6,000	\$1,500	\$6,000	\$1,200	\$4,800	\$1,091	\$4,364	\$1,000	\$4,000
Jun		\$6,000		\$6,000	\$0	\$6,000	\$1,200	\$6,000	\$1,091	\$5,455	\$1,000	\$5,000
Jul		\$6,000		\$6,000	\$0	\$6,000	\$1,200	\$7,200	\$1,091	\$6,545	\$1,000	\$6,000
Aug	\$3,000	\$9,000	\$2,000	\$8,000	\$1,500	\$7,500	\$1,200	\$8,400	\$1,091	\$7,636	\$1,000	\$7,000
Sep		\$9,000	\$2,000	\$10,000	\$1,500	\$9,000	\$1,200	\$9,600	\$1,091	\$8,727	\$1,000	\$8,000
Oct		\$9,000	\$2,000	\$12,000	\$1,500	\$10,500	\$1,200	\$10,800	\$1,091	\$9,818	\$1,000	\$9,000
Nov	\$3,000	\$12,000		\$12,000	\$1,500	\$12,000	\$1,200	\$12,000	\$1,091	\$10,909	\$1,000	\$10,000
Dec		\$12,000		\$12,000	\$0	\$12,000	\$0	\$12,000	\$1,091	\$12,000	\$1,000	\$11,000
Jan next yr											\$1,000	\$12,000

An analysis of the table above shows that [OPTION A – 6 Installment PAP Plan], [OPTION B – 8 Installment PAP Plan] and [OPTION C – 10 Installment PAP Plan] are the payment plans that offer the Town cash inflows of property taxes that are comparable to the baseline [EXISTING (1) – 4 Installment PAP Plan].

**Impacts to the Town:**

- These payment plans ensure that property tax inflows provide the necessary cash flow to meet the Town’s own needs and its financial obligations.
- These payment plans begin in February each year which allows for payment schedules to be distributed to PAP participants in January when the Interim Property Tax Bills are sent out.
- Furthermore, current PAP participants in the existing 12 Installment Plan in 2024 (which will no longer be offered in 2025) will have their last payment deducted in January 2025.

**Impacts to the PAP participants in the existing 12 Installment Plan in 2024 (which will no longer be offered in 2025):**

- Participants will be contacted by email or phone (letter mail is not a viable option at this point due to the ongoing Canada Post strike) and asked to chose one of the approved PAP payment plans for 2025. Responses will need to be received no later than January 15, 2025.

- If a response is not received by January 15, 2025, enrollment in the Pre-Authorized Payment Plan (PAP) will be terminated and participants will revert back to the four (4) installment system.
- Depending on the payment plan chosen for 2025, PAP participants enrolled in the discontinued 12 installment plan could see their installment payments increase by 20% (if they choose the 10 installment plan) or greater if they choose the 8 or 6 installment plans.
- Depending on the payment plan chosen for 2025, the PAP participant's previous year's tax levy will be divided into equal payments (either 4, 6, 8, or 10) and deducted from their bank account based on the chosen frequency. It may be necessary to adjust the payment during the year due to assessment or tax rate changes. Payment schedules will be sent twice a year to property owners with the Interim Tax Bill and the Final Tax Bill advising of monthly payment amounts.

### **RECOMMENDATION**

The recommended PAP Plans for 2025 are as follows:

[EXISTING (1) – 4 Installment PAP Plan] with payments in Feb/May/Aug/Nov.

[OPTION A – 6 Installment PAP Plan] with payments in Feb/Mar/Apr/Aug/Sep/Oct.

[OPTION B – 8 Installment PAP Plan] with payments in Feb/Mar/Apr/May/Aug/Sep/Oct/Nov.

[OPTION C – 10 Installment PAP Plan] with payments in  
Feb/Mar/Apr/May/June/July/Aug/Sep/Oct/Nov.

### **Proposed 2025 Property Tax Installment Due Dates and the 2025 Pre-Authorized Tax Payment Plan Due Dates**

To provide the necessary cash flow to meet the Town's own needs and its financial obligations the following are the proposed tax installment due dates for 2025:

Proposed Due Dates for 2025:							
4 Installment Dates		PAP Dates (10th of ea mth)		DOD Interest		1st of the Mth Interest	
			none in Jan		none in Jan	Thu	2025-01-02
Tue	2025-02-11	Mon	2025-02-10	Wed	2025-02-12	Mon	2025-02-03
		Mon	2025-03-10	Tue	2025-03-11	Mon	2025-03-03
		Thu	2025-04-10	Fri	2025-04-11	Tue	2025-04-01
Tue	2025-05-13	Mon	2025-05-12	Wed	2025-05-14	Thu	2025-05-01
		Tue	2025-06-10	Wed	2025-06-11	Mon	2025-06-02
		Thu	2025-07-10	Fri	2025-07-11	Tue	2025-07-01
Tue	2025-08-12	Mon	2025-08-11	Wed	2025-08-13	Fri	2025-08-01
		Wed	2025-09-10	Thu	2025-09-11	Mon	2025-09-01
		Fri	2025-10-10	Mon	2025-10-13	Wed	2025-10-01
Mon	2025-11-10	Mon	2025-11-10	Tue	2025-11-11	Mon	2025-11-03
		Wed	2025-12-10	Thu	2025-12-11	Mon	2025-12-01

**Analysis:**

The proposed changes for the 4 Installment dates in 2025 result in payments being required generally 1 week earlier than in 2024.

The proposed changes for the due dates of the various PAP plans for 2025 result in payments being required generally 1 week earlier than in 2024 (on or about the 10<sup>th</sup> of the month versus the 15<sup>th</sup> of the month).

**OTHER PROPOSED CHANGES TO THE PAP PROGRAM**

The following changes are proposed to the Terms & Conditions of the PAP agreement:

- that participants will be removed from the program if a payment does not clear through their financial institution, if they have an unpaid balance, or if there is an ownership change recorded for their property.
- that re-enrolments to the PAP program are subject to a fee if the property tax account is reinstated to the program **within one year** following the removal from the program (either because of removal from the program by the Town or by request to be removed by the property owner).
- that a NEW administration fee be introduced in the 2025 Fees & Charges By-law for any re-enrolment requests to the PAP program **within one year** following removal.

**Late Payment Charges**

For 2025, and in accordance with existing By-laws, the following charges will be applied if payments are not received by the Town on or before the due date:

A charge of 1.25% will be added on the first day of default (DOD) and on the first day of each calendar month thereafter, as long as the taxes remain unpaid. Monthly interest charges will be imposed on any unpaid taxes from previous years. Interest rates are levied by the municipal bylaw pursuant to section 345 of the Municipal Act, 2001 c. 25.

### **Communications Plan for 2025 PAP Plan & 2025 Installment Changes**

The communications plan will have a multi pronged approach to ensure that taxpayers are informed of changes that will impact them. If approved, all changes will be posted in a news story on the Town's website and social media channels. If deemed appropriate, changes will be advertised in local newspapers. If deemed appropriate, changes will be included in a letter to be included with the 2025 Interim Tax Bill for distribution.

### **PAP participants in the existing 12 Installment Plan in 2024 (which will no longer be offered in 2025):**

- Participants will be contacted by email or phone (letter mail is not a viable option at this point due to the ongoing Canada Post strike) and asked to choose one of the approved PAP payment plans for 2025. Responses will need to be received no later than January 15, 2025.
- If a response is not received by January 15, 2025, enrollment in the Pre-Authorized Payment Plan (PAP) will be terminated and participants will revert back to the four (4) installment system.

### **Establishing the 2025 Interim Tax Levy By-law**

Annual property taxes are calculated by multiplying a property's current value assessment by the applicable tax rate. To determine the annual tax rates, staff require the annual returned roll provided by the Municipal Property Assessment Corporation (MPAC) each December for the following taxation year, the annual municipal levy requirement as determined by the budget process and the education tax rates as determined by the Province.

In a two-tier municipality, the lower-tier municipality also requires the annual levy requirement of the upper-tier. The complete list of information required to determine the annual tax rates is usually not available until the spring. Therefore, the final bill for annual taxes owing is typically issued in July.

The Municipal Act, 2001 provides municipalities with the ability to pass a By-law to levy interim taxes to meet financial obligations prior to the setting of the final tax rates. This report provides for an interim billing for the Town.

**Current Due Dates & PAP Programs for Towns in Dufferin County:**

Town	Normal Due Date Installments				PAP Plans
	#1	#2	#3	#4	
Grand Valley	2024-02-22	2024-05-23	2024-08-22	2024-11-21	Monthly, on the 15th of the month from Feb-Jan. Installments, on the 15th of installment months
East Garafraxa	2024-02-29	2024-05-30	2024-08-29	2024-11-28	None at this time
Amaranth	2024-02-22	2024-05-23	2024-08-22	2024-11-28	<b>THE DUE DATE PLAN:</b> The amount of the installment due is withdrawn from your account on the due date. <b>THE MONTHLY PLAN—12 PAYMENTS:</b> A monthly payment amount calculated both in Jan and again in Jul with your Final Tax Billing. The Dec payment will have to be adjusted to include any remaining balance or credit. Payment withdrawal date the 28th of each month.
Orangeville	2024-02-26	2024-04-25	Res/Farm/Pipe = 2023-06-27 Comm/Multi-Res = 2023-08-28	Res/Farm/Pipe = 2023-09-26 Comm/Multi-Res = 2023-10-26	<b>Standard 10-month Plan:</b> Divided into 10 equal instalments. The automatic withdrawals will happen on the first Friday of the month from January to October. <b>Yearly 12-month Plan:</b> Divided into 12 equal payments. The automatic withdrawals will happen on the first Friday of the month from Nov to Oct. (For 10 & 12 month plans, may need to adjust payment during year based on final tax billing. <b>Installment Due Date Plan:</b> Exact amt of tax installment withdrawn on the due dates.
Mono	2025-02-19	2025-05-21	2024-08-21	2024-10-16	<b>Installment Due Date Plan:</b> Exact amt of tax installment withdrawn on the due dates. <b>Monthly Payment Plan:</b> Your Interim Tax Bill will be divided into six equal installments which will be withdrawn on the 15th of each month from Jan to Jun. The Final Tax Bill will be apportioned in the same manner and withdrawn on the 15th of each month from Jul to Dec. If you join the plan after there have already been withdrawals for the year we will divide the amount owing by the number of months remaining in which to cover that bill. For example, if you join in March but after the 15th your remaining balance will be divided into three payments and withdrawn from April to June.
Mulmur	2025-02-19	2025-05-21	2025-08-20	2025-10-22	<b>Monthly Pre-Authorized Payment Plan:</b> Payments debited on or about the last business day of each month. January to June withdrawals will be based on half of previous year's annualized taxes. July to December withdrawals will be based on the current year actual taxes less payments made. Please note that December's withdrawal amount may vary to account for rounding of payment amounts throughout the year. <b>Installment Pre-Authorized Payment Plan:</b> Payments debited on or about the last business day of the month the instalments are due.
Melanchton	2024-02-20	2024-05-21	2024-08-20	2024-11-29	<b>THE DUE DATE PLAN:</b> Payment of the installment due is withdrawn on the due date. <b>THE MONTHLY PLAN:</b> Monthly payment amount calculated which will be withdrawn on the 28th of each month. The monthly payment amount collected may be slightly higher than your annualized Tax Amount, this is to help offset any increase for the final billing of the year. In July your account will be reviewed once the Final Tax Billing is calculated, and your August payment may have to be adjusted to include any remaining balance or credit.
Shelburn	2024-02-15	2024-05-16	2024-08-15	2024-10-17	<b>Option #1 Tax Instalment Due Date:</b> Payments debited on the tax instalment due date. <b>Option #2 10-Month Payment Plan:</b> The Interim Billing will be divided into 5 monthly payments from January to May. The Final Billing will be divided into 5 monthly payments from July to November. There will be NO monthly payment in June and December. A letter will accompany each tax bill advising the property owner of the amount that will be debited from the bank account that has been designated on the last Friday of each month (Jan 26, Feb 23, Mar 28, Apr 26, May 31, Jul 26, Aug 30, Sep 27, Oct 25, Nov 29) <b>Option #3 12-Month Payment Plan:</b> The Interim Billing will be divided into 6 monthly payments from January to June. The Final Billing will be divided into 6 monthly payments from July to December. A letter will accompany each tax bill advising the property owner of the amount that will be debited from the bank account that has been designated on the last Friday of each month.

### **Financial Impact**

An interim levy allows the municipality to meet its financial obligations during the first half of the year.

### **Conclusion**

A 2025 interim levy is required so that the Town can meet its financial obligations. The 2025 interim levy will be calculated pursuant to Section 317 of the Municipal Act, 2001, to be 50 per cent of the annualized taxes levied on a property in the previous year.

Interim instalment due dates for properties enrolled in the 4-installment due date plan will be February 11 and May 13, 2025.

All properties enrolled in the 2025 PAP program will have instalments due on the 10<sup>th</sup> of the months applicable to the installment plan they choose including the 4 Installment Plan, 6 Installment Plan, 8 installment plan or the 10 installment plan.

### **Consultations**

Meghan Townsend, Chief Administrative Officer/Clerk

### **Attachments**

Attachment 1 – DRAFT 2025 Interim Tax Levy By-law

### **This report was submitted by**

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### **This report was approved by**

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