



**TOWN OF PICTOU
REVENUE COLLECTIONS POLICY**

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**TOWN OF PICTOU
REVENUE COLLECTIONS POLICY**

1.0 Short Title

1. This Policy may be cited as Revenue Collections Policy.

2.0 General Statement of Principle

This policy seeks to provide equitable, supportable, and legal guidelines to staff and the public which are designed to ensure that all taxpayers are well served in the process.

2.1 Guiding Principles

The following principles will guide the collection practices of the Town of Pictou:

- (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 this policy.
- (d) To direct those taxpayers in need of financial aid to all applicable sources of assistance including Low Income Exemption and opportunity for Tax Reduction for fraternal and non-profit organizations through By-laws of the Town 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 (Part 20 (XX) of the Municipal Government Act (MGA)).

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. An example includes, but is not limited to, Business Occupancy Taxes.

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, Local Improvement Charges, and other By-Law related charges. Real property taxes are also liable charges. (See 133 of the MGA). 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 (MGA).

4.0 Categories of Revenue

- (a) This policy applies to all Town Departments and the Town of Pictou Water Utility.
- (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-Liable 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. Residential and Commercial water bills are billed quarterly and are due and payable 30 days from date of issue.

4.1.2 Collection Procedures for Non-Liable Charges

- (a) Staff will follow up with amounts that have gone past the due date of net 30. 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 the Town Accountant 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 the Town of Pictou might owe the client;
 - 2) a refusal to do further business on a billed basis, i.e., cash only;

- 3) advising the client of legal action we may take (standard letter format), e.g., small claims court action or legal action to file judgments;
- 4) filing action in appropriate civil court, obtain judgment and file judgment at Registry of Deeds;
- 5) obtaining an 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 the Town of Pictou.

4.1.3 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.

4.1.4 Liable Charges – Real Property Taxes

- (a) Residential and commercial property taxes are billed twice annually with two due dates.
- (b) Residential and Commercial property tax bills will be current for 30 days prior to going into arrears. After the expressed due date interest at the per annum rate established annually by Council will be applied to accounts.

4.1.5 Collection Procedures for all Liables

- (a) Friendly Reminder Notices (attached as Schedule A) 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 from the preceding two fiscal years (the account is in arrears by 2 years), the property, subject to provision 4.1.5 (h) of this policy, shall be placed on the tax sale property list (see 134 (1) of the MGA).
- (b) A preliminary notice (Advance Notice of Tax Sale Proceedings – attached hereto as Schedule B) 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 14 days of the date of the preliminary notice.

- (c) After 14 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 possible survey Notice of Intention to Sell (attached hereto as Schedule C) 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 (see 134 (2)) of the MGA) subject to provision 4.15 (h) of this policy. 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 real property and/or other charges levied under By-Law of the Town of Pictou 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 hereto as Schedule D).
- (g) Tax Sale proceedings may be deferred by Council for a property for up to two years (section 134 (3) of the MGA). More specifically, Council will only defer proceedings under what is deemed to be, by Council, an exceptional circumstance and only after the review of a written request of the property owner for the deferral and a recommendation report prepared by the Chief Administrative Officer. The decision to defer proceedings under this provision of the policy shall further require that an acceptable payment agreement be executed in writing between the Town and the property owner that brings the account into current status within the same two year timeframe. Compliance with the payment agreement 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 agreement, 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 only be used as such.
- (h) A municipality is not required to put a property up for tax sale (MGA Section 134 (4)) where:
 - 1) The Town Solicitor advises there is high risk of litigation. The Chief Administrative Officer will forward any properties which may be creating litigation risk, upon notification thereto, or as they ascertain in the course of their research to the Town Solicitor 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, and possible survey costs, make the effort more costly than the return) (provision 134 (4) (b) of the MGA).

- 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 the Town has incurred to bring the property to tax sale status; e.g., 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) If the taxpayer is compliant with a payment arrangement.
- 5) 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 account to current status including all related arrears and tax sale expenses. Such payment could be received up to the close of business, i.e., 4:30 p.m. on the day preceding the day of the auction.
- 6) Any surplus of funds from the tax sale may be applied to reduce any non-liable charges owed by the owner of the land to the Town. These outstanding amounts do not need to have a 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 (see provision 152 of the MGA).
- 7) 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.

4.2 Business Occupancy Taxes – Non-liable charges

4.2.1 Collection Procedures for Business Occupancy (BO) Taxes

- (a) The collection process for BO accounts (as outlined below) will commence when the taxes (final billing) are in excess of 90 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 the Town Solicitor for further action.
- (f) Accounts will be granted a further 10 business days to settle after which the accounts may be sent to a 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 members, unless where there was an error in the original billing and corresponding back up by the Town Accountant and/or the C.A.O. 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 the Town Accountant and the C.A.O (in his or her capacity as Town Treasurer) (provision 38 of the MGA).
- (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 the Town of Pictou on its short term investments. The interest rate shall be determined and the interest calculated monthly but shall not be compounded (provision 114 (2) of the MGA).

SCHEDULE A – FRIENDLY REMINDER



**Town of Pictou
P.O. Box 640
Pictou, Nova Scotia
B0K 1H0**

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	<u>\$ -</u>

This balance is as of _____. Interest accrues monthly on overdue balances at a rate of (include rate annually set by Council)

You may contact the Town Office at 485-4372 for further details.

Please disregard this notice if a recent payment or arrangement has been made to clear the outstanding tax bill(s).

SCHEDULE B – ADVANCE NOTICE OF TAX SALE PROCEEDINGS

Date

Name
Address

Dear Name

Re. Pending Tax Sale Notification – Acct. No. XXXXXX

Our records indicate your property is in arrears by more than two (2) years and in the amount of \$xxxxx. You are required to pay this amount in full, or come to a satisfactory payment arrangement / schedule within the next 14 days by contacting the Town Office at 485-4372. Failure to do so will mean inclusion of the above noted property on a tax sale list. Once on a tax sale list all related legal and advertising costs get added to the account and must also be paid in full.

I emphasize that Town Council and the general public alike have stressed the importance of collecting tax arrears. To avoid legal costs and inclusion on the pending tax sale list please resolve this issue as soon as possible.

I urge you to give this notification your prompt attention.

Sincerely,

Chief Administrative Officer

SCHEDULE C – NOTICE OF INTENTION TO SELL

NOTICE OF INTENTION TO SELL

REGISTERED MAIL

Date

Name

Address

Dear Name:

RE: Assessment #

Location: (address)

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, _____ is indebted to Town of Pictou for:

Property tax arrears, 200X – 200X	-	\$
Interest	-	
Estimated Tax Sale Expenses	-	
Total		\$

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 ___(date)___, 200X, 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 Town's right to sell the property for taxes, you should contact a lawyer and so advise the Town 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 Town Office at 485-4372.

Sincerely,

Chief Administrative Officer

SCHEDULE D – REMINDER NOTICE OF OVERDUE CHARGES (NINE MONTHS)

The following information, or portions thereof, will be used to tailor letters to specific customers whose accounts go into arrears by nine months (provision 4.1.5 (f) of this policy).

RE. REMINDER OF NOTICE OF OVERDUE CHARGES

Date:

Acct:

Itemized below are all charges outstanding against this customer account as of the above date. These charges may include property taxes, local improvement 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 two years, the Towns Collection Policy prescribes that we must proceed to tax sale of the applicable property for overdue lienable charges. The Municipal Government Act states that accounts in arrears for more than 1 year can proceed to tax sale. Overdue non-lienable charges are forwarded to the Town Solicitor for more immediate action.

Invoice #	Due Date	Reference	Description	Balance
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Total owing:

Interest is calculated on a monthly basis on overdue amounts. The above includes interest calculated to the date of this 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 the Town Office at 485-4372.

PAYMENT INFORMATION

Payments may be made in person at the following address from 8:30 a.m. to 4:30 p.m. Monday to Friday. After hours please use our drop off box.

40 Water St
Pictou, NS

By Mail to:
P.O. Box 640
Pictou, NS
B0K 1H0

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

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 include 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 (s) of the MGA

A municipality may deduct, from a claim of a person against the municipality, by applying the payment to that persons account(s).

INTEREST CHARGES

Interest will be charged on any outstanding principal balance at a rate annually determined by Council.

RETURNED CHEQUE CHARGES

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

Sincerely,

Chief Administrative Officer

Clerk's Annotation for Official Policy Book

Date of Notice to Council Members
of Intent to Consider [7 days minimum]: December 10, 2007

Date of Passage of Current Policy: December 17, 2007

I certify that this Policy was adopted by Council as indicated above.

Scott Conrod
C.A.O. / Town Clerk

December 18, 2007
Date