



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: January 18, 2021

Report No: CORS-002-21

Subject: Property Tax - Acceptable Methods of Payment

Recommendation: THAT the Town of Milton no longer accept cash as an acceptable form of payment for property taxes at Town Hall.

THAT communication to the public of the change begin in January in advance of the first interim property tax installment date of February 26, 2021.

EXECUTIVE SUMMARY

- Cash payments at Town Hall represented 0.9% of all property tax payments in the year 2019, and only 0.4% in 2020 given the impacts of COVID-19.
- The Town accepts a number of payment methods including online, cheque, debit, credit card (via third party) as well as payments through mortgage lenders and financial institutions.
- Several municipalities have already discontinued the acceptance of cash payments at Town Halls for property taxes, as well as a number of other fee and payments.
- There are a number of benefits to the Town associated with eliminating this payment type, including health and safety improvements, risk mitigation, process efficiency/modernization and other service enhancements.
- If approved, communication to the public would occur through inserts in the tax mailing in late January, social media and website postings, newspaper, and signage in Town Hall.

REPORT

Background

The Town provides a number of methods to property owners to pay property taxes, including:

- cash payments through financial institutions and/or mortgage lenders;
- online through internet banking;



Background

- Town managed pre-authorized payment plans;
- payments by way of cheque through the drop-box, mail or in-person drop off at cashiers;
- credit card online through a third party vendor and not affiliated with the Town; and
- in-person at Town Hall using debit or cash

The acceptable methods of payment are identified through Council approved Policy 111 (Financial Management - Taxation and Assessment Base Management), which was approved in 2018 through report CORS-041-20. The policy delegates the authority to the Manager, Taxation and Assessment to add, remove or revise the acceptable methods as required.

Based on the Town's experience in 2020, trends in both the municipal sector as well as more broadly, and in consideration of several potential benefits outlined further below, a review of the potential discontinuation of the use of cash at Town Hall as an acceptable method of payment for property taxes is appropriate at this time.

Discussion

Property Tax and Town Hall Cashiers Payment Statistics

Over the years there has been a shift in payment type to electronic payments even before the COVID-19 pandemic. In review of the total 2019 property tax revenue collected, cash payments accounted for only 0.9% of total revenues collected meanwhile debit, online banking, electronic funds transfer, pre-authorized property tax payment program (PTP), mortgage payments and cheque payments combined accounted for 97.2%. The Town has seen a further drop in cash payments to 0.4% of the total property taxes collected in 2020 including during the COVID-19 pandemic, as shown below.



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Discussion

Payment Method	% of Property Tax Revenues	
	2020*	2019
CASH	0.4	0.9
DEBIT	0.7	1.5
CHEQUE	19.5	21.0
ONLINE BANKING	39.3	35.4
MORTGAGE	13.0	12.8
Pre-Authorized (PTP)	25.7	26.5
OTHER	1.5	1.9
Total	100.0	100.0

* As of November 2020

Due to the COVID-19 pandemic, Town Hall was closed to the public during the months of March, April and May therefore cash was not accepted for the second property tax installment that was due on March 31, 2020. All other accepted methods of tax payments were still available to residents. During this period, the majority of residents who would have otherwise come to Town Hall to pay in person and/or by cash had migrated to digital or other payment options. Upon re-opening of Town Hall in June 2020, the Town has been encouraging residents not to use cash, however, has continued to accept cash.

Upon review of the final tax due date month of September 2019 (pre-pandemic) in comparison with the final tax due date month of October 2020 (during the pandemic), there has been an overall reduction of Town Hall transactions as seen in the below table:

Town Hall Cashier Services	Final Tax Due Date Month		Change	% Change
	2019	2020		
Total # Transactions	2,520	1,216	(1,304)	-51.7%
Total # Cash Transactions	551	173	(378)	-68.6%
Total # Tax Cash Transactions	254	93	(161)	-63.4%

From a dollar value perspective, there was a 61% reduction in the tax cash transactions for the final installment payment from 2019 to 2020, which exceeded the percentage reduction in overall transactions (that was only 24%). Further, at \$93,566 and \$5,225, the property tax and other cash transactions made up only 0.84% and 0.05% of the total transactions processed at Town Hall in October 2020, respectively.



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Town Hall Cashier Services	Final Tax Due Date Month		Change	% Change
	2019	2020		
Total Transaction Value (\$)	14,689,232	11,096,214	(3,593,018)	-24.5%
Total Tax Cash Transactions (\$)	241,645	93,566	(148,079)	-61.3%
Total Other Cash Transactions (\$)	26,232	5,225	(21,007)	-80.1%

For the full year 2019, \$1.8 million (89%) of the \$2.0 million of the cash that was collected at Town Hall related to property tax payments.

Other Considerations

There are a number of benefits associated with the removal of cash as a payment option for property taxes at Town Hall. They include:

- Promotes modernized electronic payment methods that can be received and deposited faster;
- Reduces foot traffic in Town Hall (and thereby improves service times for other on-site services)
- Promotes a healthier work environment as it eliminates the handling of cash (especially in the short term as the COVID-19 pandemic persists)
- Eliminates the risk of counterfeit bills, theft or laundering;
- Reduces the need for armoured car services;
- Reduces the administrative functions for cash balancing, preparing cash deposits and coin exchange.

While there are many potential benefits, some of the potential challenges that need to be considered include:

- Acceptance by the remaining portion of the public that continue to prefer cash payment;
- Additional volume of electronic payment processing (and associated reconciliation if incorrect property or account information is provided)

Municipal Scan

There are examples of other municipalities that have already discontinued the acceptance of cash for the purposes of property taxes. The following table provides a few select examples, in all four cases the changes have been made on a permanent basis.



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Municipality	Eliminating Cash	Effective Date	Comments
Oakville	Yes	July 2020	Tax Only - June 2020; Other Fees - Oct 2020
Brampton	Yes	January 2021	Tax and Building Division Fees only
Markham	Yes	January 2020	Tax and all other fees
Mississauga	Yes	July 2020	Tax, Enforcement, Finance and Clerks Fees

Recommendation

The recommendation to discontinue cash payments at Town Hall for the purposes of property taxes has been arrived at based on the findings presented above in this report and as part of the Town's efforts to modernize processes. The 2019 and 2020 tax collection figures demonstrate that sufficient alternative methods of payment are available to the public to provide for convenient and accessible payment options. Should any property owner wish to continue to utilize cash, they can always continue to do so at their local bank branch as well. In addition to the long term benefits outlined, there is also the short term benefits that are associated with reducing the in-person volumes and touchpoints during the remainder of the COVID-19 pandemic and recovery.

As noted above, other municipalities have discontinued the use of cash at Town beyond just property taxes and have also included areas in the building division, clerks and other fees. At this time staff are not proposing a change in those areas as property tax payments represent the majority of the large dollar value cash transactions. In 2019 and 2020, for example, property tax cash payments have accounted for 89% and 92% of the total cash transactions at Town Hall, respectively. A communication plan for property tax payments only can be more targeted, and many of the benefits noted above can be largely realized with just property taxes at this time. Following implementation of the recommendations herein, staff may revisit the other areas (individually or collectively) in the future.

Communication Plan

The first regular installment due date for 2021 will be February 26th. Communications to the public can be completed through a tax insert mailed along with the Interim 2021 tax bill in late January, through Town Hall signage as well as communication through the Town's tax web page, social media platforms and the local newspaper.



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Financial Impact

The Town of Milton currently collects in excess of \$208 million in property tax revenue each year, including the amounts received on behalf of the Region of Halton and the School Boards. As such it is important to ensure the related collection process is efficient and accessible, while providing the appropriate amount of safeguards and controls. The recommendations outlined herein are expected to improve the collection process in several respects, while still providing a sufficient number of payment alternatives to ensure convenience to the public.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Lesley Payton

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Attachments

None

CAO Approval
Andrew M. Siltala
Chief Administrative Officer