

## **#66. TOWN OF LUNENBURG PROCEDURAL POLICY**

### **INTERIM & FINAL TAX BILLING, INTEREST ON ASSESSMENT APPEAL REDUCTIONS, AND TAX COLLECTION/TAX SALE POLICY AS IT RELATES TO REAL PROPERTY**

#### **I. PURPOSE**

This Policy responds to the requirements of Part VI of the Municipal Government Act as it relates to tax collection. It provides direction for dealing with properties with tax arrears and subject to tax sale proceedings. It sets by policy, interest rates on overdue taxes. It also prescribes dates and methods for interim and final tax billings.

#### **II. POLICY PROCEDURE**

##### **1. Interest Rates on Overdue Taxes**

The interest rate charged for non-payment of taxes when due is set at 1.5% per month for each full month that payment is in arrears. Interest is calculated on outstanding principal amounts at the end of each month, not compounded.

##### **2. Interim Tax Billing**

Interim tax bills are issued in April of each year. Billings are based on 50% of the current property assessment multiplied by the previous year's tax rate with a due date of May 1. Interest will be charged on the unpaid interim taxes after that date as provided in paragraph 1 hereof.

##### **3. Final Tax Billing**

Final tax bills are issued in August of each year with a due date of September 1. Billings are based on the balance of the property taxes owing after the current year's tax rate is set. Interest will be charged on the unpaid final taxes after that date as provided in paragraph 1 hereof.

##### **4. Interest on Assessment Appeal Reductions**

If after final tax bills are issued and paid an assessment appeal court reduces the assessment, resulting in a credit on the account, the account shall also be credited with interest at the Town's banker's prime interest rate less 1.5% calculated daily, not compounded from the latter of the due date or date payment was made. This overpayment, including interest, will be refunded to the customer.

##### **5. Tax Collection and Tax Sale Policy**

Tax sale procedures should commence in November of each year. All properties that have taxes outstanding for three years will be subject to tax sale. The following process shall be followed:

- (1) November 1<sup>st</sup> - letter sent to all accounts outstanding for the prior fiscal year (one and two years in arrears) advising them that tax sale proceedings will be commenced in the future if satisfactory arrangements are not made for the payment of the account;

- (2) December 1<sup>st</sup> - list prepared in accordance with Section 137 of the Municipal Government Act and certified by the Treasurer;
- (3) Following preparation of the tax sale list (#2 above), a "preliminary notice" is sent to those properties on the list giving them thirty (30) days to make acceptable payment arrangements; and
- (4) Tax sale proceedings will commence on all properties who fail to make payment or acceptable payment arrangements. Tax sale procedures will then continue as required under the Municipal Government Act Section 139 and sections following as they relate to tax sales.

Clerk' Annotation For Official Policy Book

Date of Notice to Council Members of Intent to Consider: April 28, 2020

Date of Passage of Current Policy: May 12, 2020

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

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Municipal Clerk

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Date