

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 28, 2016**

Item 31, Report No. 27, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on June 28, 2016.

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#### **INTER-MUNICIPAL *PROVINCIAL OFFENCES ACT* FINE COLLECTION AGREEMENTS**

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Chief Financial Officer & City Treasurer and the Director of Financial Services/Deputy Treasurer, dated June 21, 2016:

##### **Recommendation**

The Chief Financial Officer & City Treasurer and the Director of Financial Services/Deputy Treasurer, in consultation with the City Solicitor and the Manager of Property Tax & Assessment recommend:

1. THAT the City Clerk be authorized to execute agreements to the satisfaction of the Director of Financial Services/Deputy Treasurer, including all ancillary documents, with Ontario municipalities to allow unpaid *Provincial Offences Act* ("POA") fines to be added to the tax rolls in such municipalities in order to collect such amounts on behalf of the City of Vaughan; and
2. THAT the City Clerk be authorized to execute agreements to the satisfaction of the Director of Financial Services/Deputy Treasurer, including all ancillary documents, with Ontario municipalities to allow unpaid *Provincial Offences Act* ("POA") fines to be added to the tax roll in the City of Vaughan in order to collect such amounts on behalf of reciprocating municipalities.

##### **Contribution to Sustainability**

Not applicable to this report.

##### **Economic Impact**

Inter-municipal agreements offer the opportunity for municipalities to improve the collection of defaulted POA fines through the addition of fine amounts owing to the tax rolls of Ontario municipalities. In addition to improved collections of the City's own POA fines, additional revenue will be earned from administration fees and interest charges related to the addition of other Ontario municipalities' POA fines to the City's tax roll.

##### **Communications Plan**

A Communications Plan will be developed to advise taxpayers of the City's initiative to work with other municipalities to improve the collection of POA fines through the addition of fine amounts owing to the tax roll.

##### **Purpose**

The purpose of this report is to seek Council authorization to enter into Inter-Municipal POA Fine Collection Agreements between the City of Vaughan and other Ontario municipalities.

##### **Background - Analysis and Options**

In November 2011, the Ontario Association of Police Services Boards released a white paper, *Provincial Offences Act Unpaid Fines: a Billion Dollar Problem*, which identified millions of dollars

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of outstanding POA fines worth almost \$1billion in Ontario. Most of the fines were related to the *Highway Traffic Act* and the *Compulsory Automobile Insurance Act*. Examples of offences under these Acts include not wearing a seat belt, speeding, careless driving, and driving without insurance. Other fines levied were for infractions under various other provincial statutes such as the *Liquor License Act*, *Occupational Health and Safety Act*, and *Trespass to Property Act* as well as municipal by-law infractions. The report recommended that the Province institute stronger collection sanctions including a broader ability for driver's license suspension and license plate renewal, vehicle impoundment and garnishment of income tax refunds as well as measures to enhance municipal efforts to collect the fines.

In 2009, the *Municipal Act* was amended to add section 441.1 which provides municipalities with the ability to add defaulted POA fines to the tax roll for collection purposes. Defaulted POA fines are those that remain unpaid for 91 days after the offence date and all trial and appeal dates have passed. Once added to the tax account, POA fines, like other amounts added to the tax roll, will be subject to interest charges (1.25% per month) as long as the fine remains outstanding as well as an administration fee.

An inter-municipal agreement also improves the City of Vaughan's collections in that lower tier municipalities, such as the City of Vaughan, generally do not administer and collect all of their own POA fines, but do directly collect property tax. With the inter-municipal agreement in place these POA fines will be collected by the City of Vaughan. Adding unpaid fines to a tax account to be collected as taxes is an effective collection tool. Fees and charges can cause the original amount to escalate which acts as a strong incentive for offenders to make payment. Interest and administration fees will be earned by the municipality which adds the POA fines to the tax roll, whereas the actual POA fine will be collected and paid to the municipality in which the fine occurred.

An Inter-Municipal POA Agreement process will improve collection of unpaid POA fines through the addition of fine amounts owing in one municipality to the tax roll in another municipality where the POA offender owns property. The Agreement allows a framework of terms, procedures and responsibilities of the each party to be established:

- Identify outstanding defaulted POA fine amounts within the originating municipality;
- Confirm that a POA fine amount is owed by a resident or company within a participating municipality and that the property is solely owned by the POA offender responsible for paying the fine;
- Add the POA fine amount to the tax roll in the municipality in which the offender owns a property and collect such amounts;
- Add the municipality's own fees for adding the charges to the tax roll as well as late payment charges and any other applicable fees in accordance with the municipality's existing by-laws and processes;
- Remit the POA fine amounts once collected to the municipality that requested the amount be added to the tax roll. The collecting municipality retains any penalty, interest or fees charged to the taxpayer to offset collection costs.

At this time, the fine may only be added to the property tax account if the ownership of the property is identical to the name of the offender. Where a property is jointly owned by two or more parties and only one party is responsible for paying the fine, the fine cannot be added to the tax account. These defaulted POA fines will be handled through other collection efforts including the use of a collection agency. Through this method, the unpaid fine will affect the individual or company's credit rating. The legislation and authority is currently under review.

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**Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

The POA collection process provides an effective tool that supports the strategic priorities established by the Service Excellence Strategy Map, in particular to ensure “Financial Sustainability” by improving the collection of outstanding POA fines owed, as well as incurring additional revenue from administration fees and interest due to POA fines added to the tax roll.

**Regional Implications**

The first Inter-Municipal POA Agreement will be between the City of Vaughan and the Regional Municipality of York.

**Conclusion**

Council authorization is sought to proceed with signing Inter-Municipal POA Fine Collection Agreements between the City of Vaughan and other Ontario municipalities in order to improve the collection of defaulted POA fines through the addition of such fine amounts to the property tax rolls of Ontario municipalities.

**Attachments**

None

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