



State Comptroller of Israel | Local Government
Audit Report | 2023

Financial Audit

**Municipal Property
Tax in Local
Authorities – The
Service to the
Residents**

Municipal Property Tax in Local Authorities – The Service to the Residents

Background

One of the local authority's key roles is to provide services to residents, business owners, and other stakeholders who live and work within its jurisdiction. Consumers of services in the modern era are not satisfied with the mere receipt of the service but expect quality service and a quick response, among other things, through digital channels, availability of the services, and information accessible and adapted to them in real-time¹. The relationship with the public in the new era requires knowledge and understanding, and it is based on communication channels and advanced tools that are constantly improved².

Municipal property tax is the main tax that local authorities in Israel collect and the main financial source to fulfill their duties and provide services to their residents. To collect municipal property tax, most local authorities use three main channels: telephone service, online service, and face-to-face service. The great diversity of service recipients, ranging between an audience that prefers face-to-face service and those that prefers digital channel service, challenges the authority with managing diverse service channels and prioritizing them. The availability of the municipal property tax collection service to the resident and its quality is measured from several aspects, including the information on its website; The scope of the online service and its quality; The processing duration of the inquiries; And the quality and availability of the telephone and face-to-face service.

1 State Comptroller, **Local Government Audit Reports 2021** (2021), "Online services of local authorities in routine and during emergencies", pp. 311–414.

2 The Ministry of Interior and Mifam Emek Yizre'el and the Upper Galilee, "The communication channels with the public in the digital age" (October 2018).



Key Figures

3 out of 6

the examined local authorities that did not regularly monitor the distribution of municipal property tax inquiries in the various service channels (the **Nof HaGalil** Municipality and the **Kiryat Tivon** and **Reina** Local Authorities)

only 40%

taxpayers' rate in the **Emek Yizre'el** Regional Council (6,721 taxpayers) who joined the digital voucher service as of 2022 (the authority with the most significant rate of subscribers)

about 49,000

online municipal property tax inquiries submitted to the revenue collection departments in the municipalities of **Ashdod**, **Kfar Saba**, and **Nof HaGalil**, in the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority in 2021 (without inquiries submitted via e-mail)

120 days

the longest standard time for processing an application for a discount for the needy people set by a local authority (the **Kfar Saba** Municipality)

21 days

the shortest standard time for processing an application for a discount for the needy people set by a local authority (the **Emek Yizre'el** Regional Council)

34%

online inquiries rate (11,158 inquiries) submitted to the **Ashdod** Municipality in 2021 and whose processing time exceeded the standard times set in the municipality's level of service agreement

25,198

telephone inquiries to the revenue collection departments (out of about 262,000 calls), in which applicants gave up waiting in 2021, in the municipalities of **Ashdod**, **Kfar Saba**, and **Nof HaGalil**, in the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority

23%

the abandoned calls rate in the call center (7,758 calls) out of all incoming calls in the **Nof HaGalil** Municipality in 2021

7%

the abandoned calls rate in the call center (5,602 calls) out of all incoming calls in the **Kfar Saba** Municipality in 2021

16:00

the latest response time via telephone at the revenue collection departments of the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** and **Reina** Local Authorities

20:00

the latest response time via telephone at the revenue collection departments of the municipalities of **Ashdod**, **Kfar Saba**, and **Nof HaGalil**



Audit Actions

 From May to November 2022, the State Comptroller's Office examined the municipal property tax service to the residents in the local authorities, including providing information to the public; The service level agreements; The online, face-to-face, and telephone service; And the service quality. The examination was conducted in six local authorities: the municipalities of **Ashdod**, **Kfar Saba**, and **Nof HaGalil**³, the local authorities of **Kiryat Tivon** and **Reina**, and the **Emek Yizre'el** Regional Council (the local authorities examined). The audit presents examples of complaints reviewed by the Ombudsman in the State Comptroller's Office regarding the municipal property tax service to the residents in 2019–2021 and the decisions made on said matters.

Key Findings



 **Publication of Information** – all the local authorities examined – **Ashdod**, **Kfar Saba**, **Nof HaGalil**, **Emek Yizre'el**, **Kiryat Tivon**, and **Reina**, did not publish their updated municipal property tax orders on the bulletin boards at the authority, and two of them – the local authorities of **Kiryat Tivon** and **Reina** – did not publish the municipal property tax order on their websites at times prescribed by law. Regarding the publication of the application for extraordinary approval – the municipalities of **Kfar Saba** and **Nof HaGalil**, the **Emek Yizre'el** Regional Council, and the local authorities of **Kiryat Tivon** and **Reina** did not publish all the information they are required to publish concerning the application for extraordinary approval which they submitted to the Ministries of Interior and Finance according to the Ministry of Interior's Director General Circular of 2/2011. Publication of municipal property tax discounts and their rates – the **Nof HaGalil** Municipality and the **Reina** Local Authority did not publish information on their websites regarding the discounts and exemptions they grant to those eligible and the criteria for their eligibility; The **Kiryat Tivon** Local Authority did not publish the list of discounts in a centralized and accessible manner; And the **Kfar Saba** Municipality and the **Emek Yizre'el** Regional Council did not publish information regarding discounts for people in need.

 **The Channels of Communication with the Revenue Collection Department** – the **Nof HaGalil** Municipality, the **Emek Yizre'el** Regional Council, and the **Reina** Local

³ In 2019 the name of the local authority was changed from Nazareth Illit To Nof Hagalil.



Authority did not publish on their websites the hours of operation of the call centers at the revenue collection department.



Publication of Information in the Annual Payment Notice on General Municipal Property Tax – it was found that the **Nof HaGalil** Municipality and the local authorities of **Kiryat Tivon** and **Reina** did not publish in the annual payment notice sent to the residents the details of the Public Complaints Commissioner and the methods of submitting a complaint, as required. It was also found that the **Ashdod** Municipality did not publish the reception hours and the hours of operation of the call centers in the revenue collection department and that the **Reina** Local Authority did not publish the contact details with the revenue collection department in the annual payment notice. This notice lacks basic contact details, details for inquiries and making payments, including reception hours at the revenue collection department and its address, the phone number for inquiries or payments, and the possible means of payment.



The Local Authorities Monitoring the Service Channels Usage – Face-to-Face, Telephone, and Online – the **Nof HaGalil** Municipality and the local authorities of **Kiryat Tivon** and **Reina** do not monitor the breakdown of inquiries between the various service channels in the revenue collection department.



Online Services on the Local Authorities' Websites – it was found that all the examined local authorities have established websites on the internet as required by law, and they also use them to provide an online municipal property tax service to the residents. However, the level of online services was not uniform, and the authorities differed considerably in the online service available to residents on their websites. Examining 18 essential online municipal property tax services on the websites of the examined local authorities, raised that the **Ashdod** Municipality makes available to the residents on its website all the services examined, the **Kfar Saba** Municipality and the **Kiryat Tivon** Local Authority made available to residents more than 80% of the online services examined, and the **Emek Yizre'el** Regional Council about 61% of services. On the other hand, the **Nof HaGalil** Municipality and the **Reina** Local Authority made less than 50% of the online services available to the residents. For example, on the websites of the **Nof HaGalil** Municipality and the **Reina** Local Authority, there is no form for a general inquiry, and it is impossible to make an appointment for face-to-face service in the revenue collection department; In the **Reina** Local Authority, it is impossible to submit an online request for confirmation to the Land Registry; The **Nof HaGalil** Municipality, the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** and **Reina** Local Authorities do not make available to the residents a refund request form or a form for changing the mailing address; And on the websites of all the examined local authorities, except for the **Ashdod** Municipality, it is impossible to submit an online application for a residency permit, on the **Reina** Local Authority website one can download the form above and fill it out manually.

**The Authorities Actions for Encouraging the Transition to Digital Payment**

Vouchers – although there is no obligation to do so, in recent years, some local authorities have begun to promote the transition from mailing municipal property tax payment notices via post to digital delivery: in the municipalities of **Ashdod**, **Kfar Saba** and **Nof HaGalil**, in the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority there has been an increasing trend in the number of taxpayers who receive payment notices digitally every year – from 2020 until the audit date. For example, the **Kiryat Tivon** Local Authority doubled the number of taxpayers to whom it digitally sends municipal property tax payment notices from 798 taxpayers in 2020 to 1,668 taxpayers in 2022. In the municipalities of **Ashdod** and **Kfar Saba**, the increase rate in the number of people registering for the service is more moderate, and the rate of receiving digital payment notices therein increases by about 10% every year, and in each of the authorities above in 2022 there were more than 12,000 taxpayers who receive payment notifications digitally. In 2022, the **Nof HaGalil** Municipality began a "pilot" to examine the transition to digitally mailing the payment notices, and it operated said service in a limited manner; it was found that the municipality sent the municipal property tax payment notices also by post to those who registered for the digital voucher service; The **Reina** Local Authority distributed the municipal property tax payment notices to taxpayers by post only. It was found that despite the examined local authorities' encouragement of the transition from payment vouchers distributed via post to digital payment vouchers, most taxpayers still receive municipal property tax payment notices by post. For example, in the **Ashdod** Municipality, 81% of taxpayers still receive their payment vouchers via post; In the **Kfar Saba** Municipality – 67% of taxpayers; In the **Nof HaGalil** Municipality – 95% of the taxpayers; In the **Emek Yizre'el** Regional Council – 60% of the taxpayers; In the **Kiryat Tivon** Local Authority – 70% of the taxpayers; And in the **Reina** Local Authority – 100% of the taxpayers.



Setting a Service Level Agreement for the Revenue Collection Department and its Publication, and Standard Times for Processing Online Inquiries – the **Nof HaGalil** Municipality and the local authorities of **Kiryat Tivon** and **Reina** did not set a service level agreement; The **Nof HaGalil** Municipality and the **Reina** Local Authority did not define standard times for processing residents' inquiries made to the revenue collection department, and the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority set standard times. Still, they did not publish them to the residents on their websites.

**Processing Times for Online Inquiries Compared to the Established Standard**

Times – it was found that the processing time for 11,158 (about 34%) of the inquiries submitted to the **Ashdod** Municipality and 414 (about 20%) of the inquiries submitted to the **Emek Yizre'el** Regional Council exceeded the standard times set by said authorities. In contrast, the processing time for 38 (about 1%) of the inquiries submitted to the **Kfar Saba** Municipality and for 24 (3%) of the inquiries submitted to the **Kiryat Tivon** Local Authority exceeded the standard times they set. From an analysis of the distribution of inquiries for which the processing time exceeded the standard times, it



was found that in the **Kfar Saba** Municipality, the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority requests for a discount or exemption had the most significant percentage of deviations of all the types of said inquiries in the authority in 2021: in the **Kfar Saba** Municipality, the processing time of 55% of said inquiries (21 inquiries) exceeded the standard; In the **Emek Yizre'el** Regional Council – in 40% of the inquiries above (166 inquiries); And the **Kiryat Tivon** Local Authority – in 46% of the inquiries above (11 inquiries). It was also found that in the **Ashdod** and **Kfar Saba** Municipalities, in the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority, requests for change of holders had a high rate of deviation in 2021: in the **Ashdod** Municipality, the processing time for 37% of said requests (4,128 requests) exceeded the standard set at three days; In the **Kfar Saba** Municipality, the processing time for 13% of the requests above (5 requests) exceeded the standard set for 14 days; In the **Emek Yizre'el** Regional Council, the processing time for 15% of the requests above (62 requests) exceeded the standard set for 14 days; And in the **Kiryat Tivon** Local Authority, the processing time for 42% of the requests above (10 requests) exceeded the standard set for 30 days.

 **The Operation Hours of the Phone Service and Face-to-Face Service in the Revenue Collection Department** – in all the examined local authorities – **Ashdod**, **Kfar Saba**, **Nof HaGalil**, **Emek Yizre'el**, **Kiryat Tivon** and **Reina**, reception hours at the revenue collection department are concentrated in the morning and afternoon hours, which may force some residents to be absent from work to receive face-to-face services; The call centers in the municipalities of **Ashdod**, **Kfar Saba** and **Nof HaGalil** are available to the public from morning to evening; In the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** and **Reina** Local Authorities, response via phone to inquiries regarding municipal property tax is available until noon only.

 **Monitoring the Waiting Times for Face-to-Face Service and Service Via Phone in the Revenue Collection Department** – five out of six examined local authorities – the municipalities of **Kfar Saba** and **Nof HaGalil**, the **Emek Yizre'el** Regional Council and the local authorities of **Kiryat Tivon** and **Reina** did not gather information on the waiting times of the recipients of face-to-face service in the revenue collection departments. Regarding the quality of the phone service, it was found that the municipalities of **Ashdod**, **Kfar Saba**, and **Nof HaGalil** monitored the data regularly to improve its service, the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority did not monitor the data regularly even though it is available to them, and the **Reina** Local Authority does not collect data on the quality of the phone service.

 **Calls Abandoned in the Call Centers** – it was raised that out of about 261,830 inquiries received in 2021 at the call centers of the revenue collection departments in five of the six examined authorities – **Ashdod**, **Kfar Saba**, **Nof HaGalil**, **Emek Yizre'el**, **Kiryat Tivon**, 25,198 inquiries, about 9.6% of the total inquiries, were



abandoned during the waiting time. The **Reina** Local Authority does not monitor phone service data.

 **Satisfaction Survey** – it was found that the **Nof HaGalil** Municipality and the **Kiryat Tivon** and **Reina** Local Authorities did not conduct a satisfaction survey in 2019–2022 to receive feedback from their residents regarding the handling of their inquiries and to examine their satisfaction with the service in the revenue collection departments.



Publication of Information – the **Ashdod** Municipality has published a complete and detailed list of the municipal property tax discounts it gives, including their rate and the conditions and documents required to receive them, and even a link to the appropriate form for submitting the discount request. The municipality publishes on its website a booklet containing collated, comprehensive, and essential information for the residents about their rights and obligations regarding municipal property tax, as well as essential instructions on the subject.

Compliance with the Standard-Times Set for Processing Inquiries – the **Kfar Saba** Municipality and the **Kiryat Tivon** Local Authority met the standard times set for handling inquiries by the revenue collection department – at the **Kfar Saba** Municipality, in 99% of inquiries; And at the **Kiryat Tivon** Local Authority, in 97% of inquiries.

Monitoring the Waiting Times in Face-to-Face Service in the Revenue Collection Departments – the **Ashdod** Municipality consistently and in detail measured and analyzed the quality of the face-to-face service in the department to draw lessons and improve it.

Publication of Data Regarding the Quality of the Call Centers – the **Kfar Saba** Municipality publishes monthly data on its website, regarding the quality of the service, including the waiting times and the rate of abandoned calls.

Satisfaction Survey – the municipalities of **Ashdod** and **Kfar Saba** and the **Emek Yizre'el** Regional Council conducted satisfaction surveys among residents who turned to receive services at the revenue collection departments.

Key Recommendations



It is recommended that the **Nof HaGalil** Municipality and the **Kiryat Tivon** and **Reina** Local Authorities regularly monitor the distribution of inquiries between the various service channels – face-to-face, telephone, and online. The monitoring of the usage figures of the service channels enables to examine the use extent of the services in the face-to-face and



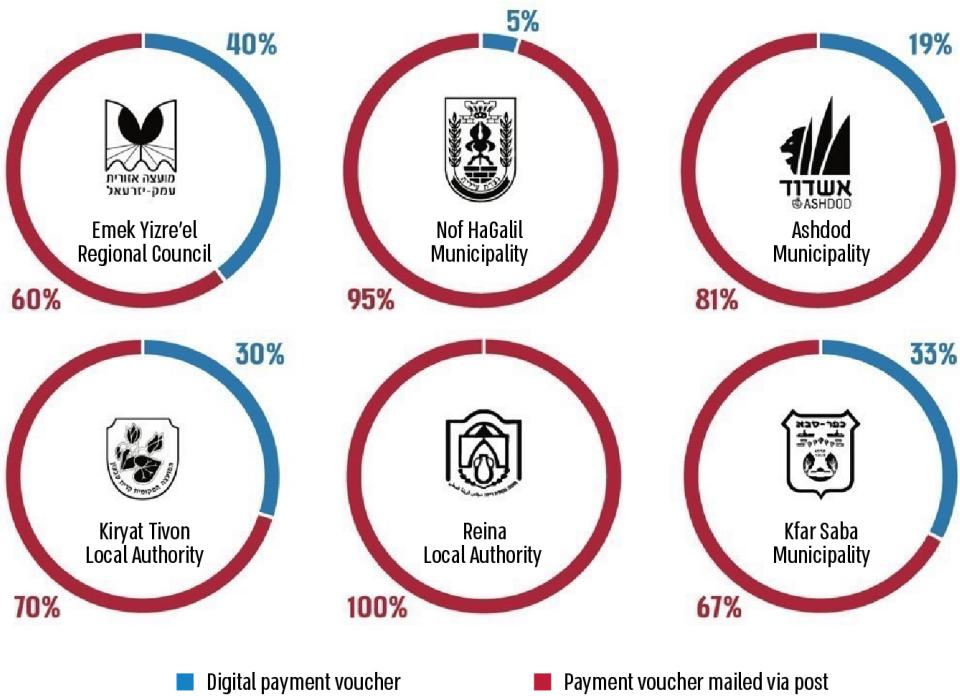
telephone service channels compared to the online service channel and the trends in the use of said services, which will allow adjusting the service to the actual demand and improve the efficiency and savings in public funds.

-  Given the increasing use of online means as a tool to strengthen the relationship with the residents and as a tool to increase the efficiency of the local authority's operation, it is recommended that **Kfar Saba**, **Nof HaGalil**, **Emek Yizre'el**, **Kiryat Tivon** and **Reina**, expand the use of the online tools they make available to the residents related to municipal property tax and that they examine the services and online forms missing from their websites out of the 18 examined, and consider adding them.
-  It is recommended that the Municipality of **Nof HaGalil**, the **Emek Yizre'el** Regional Council, and the **Kiryat Tivon** and **Reina** Local Authorities set and publish a service agreement including indicators for the quality of the service and conditions for meeting them. It is recommended that the municipalities of **Ashdod** and **Kfar Saba** update the service agreement of the revenue collection department and set standard times and performance conditions for all the online municipal property taxes services they make available to residents.
-  It is recommended that the **Ashdod** and **Kfar Saba** Municipalities, the **Emek Yizre'el** Regional Council, and the **Kiryat Tivon** Local Authority periodically review the standard times established in the service agreement or their internal procedures and update them as necessary. The above local authorities, along setting standard times for handling inquiries, should operate a supporting and ongoing measurement system that will accompany their activities and include current information and periodic reports.
-  It is recommended that the **Nof HaGalil** Municipality, the **Emek Yizre'el** Regional Council, and the **Kiryat Tivon** Local Authority consider ways to shorten the waiting times at the revenue collection department's call center, to reduce the number of abandoned calls and to optimize the service at the revenue collection department; It is recommended that the municipalities of **Ashdod**, **Kfar Saba** and **Nof HaGalil**, the **Emek Yizre'el** Regional Council and the **Kiryat Tivon** Local Authority examine why those contacting the call center for municipal property tax inquiries abandon the queue without receiving service and address the matter, among other things by increasing the manpower at the call center in the months with multiple phone calls; It is recommended that the **Nof HaGalil** Municipality and the **Kiryat Tivon** and **Reina** Local Authorities conduct short-term and periodic satisfaction surveys among their residents to assess the quality of service.
-  It is recommended that the Ministry of Interior direct the local authorities to set a service agreement and standard times for the services they provide to the residents. Moreover, it should direct them to orderly and frequently measure the extent of use of the online services they offer to their residents on their websites and to expand the range of municipal property taxes online services. It is also recommended that the Ministry of Interior publish



instructions and recommendations to the local authorities regarding the publication format and the scope of the information they must publish on the municipal property tax.

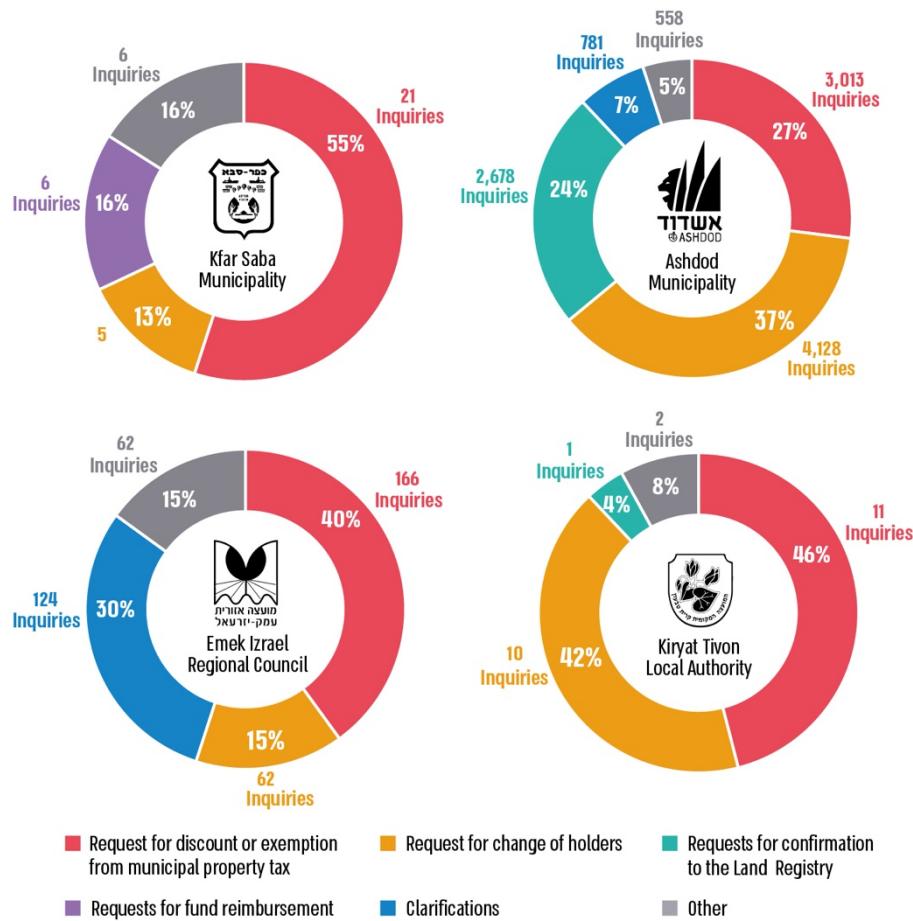
Distribution of the Method of Mailing Municipal Property Tax Payment Notices in the Examined Local Authorities, 2022



According to the data of the local authorities examined processed by the State Comptroller's Office.



Types of Inquiries Whose Processing Time Exceeded the Standard-Times, 2021



According to the data of the local authorities examined processed by the State Comptroller's Office.



Summary

The municipal property tax is the main tax that local authorities in Israel collect and the main financial source for fulfilling their duties and providing services to their residents. The services the local authority provides directly impact the resident's quality of life and well-being and their economic and social state.

In this report, deficiencies were raised regarding the scope and quality of the online service, the phone service, and the face-to-face service that the authorities offer to their residents in the municipal property tax collection; And the information published both in the digital media and in the notices distributed to residents' homes via post about the public's rights and obligations regarding municipal property tax. The audit findings raised that the examined local authorities differ considerably in the online service available on their websites and that despite their encouragement of the transition from payment vouchers distributed via post to digital payment vouchers, most of the taxpayers in their jurisdictions still receive municipal property tax payment notices via post.

The municipalities of **Ashdod**, **Kfar Saba**, and **Nof HaGalil**, the local authorities of **Kiryat Tivon** and **Reina**, and the **Emek Yizre'el** Regional Council – should rectify the deficiencies and consider the recommendations in the report, among other things regarding the setting of a service agreement including indicators for the service quality and the conditions for meeting them, and regarding the ongoing measurement system that will accompany their activities and determine the extent to which they comply with the set indices. It is recommended that all local authorities make available to the public, and especially to populations deserving of advancement, as much information as possible on municipal property taxes. They should include the service to the residents in their agenda and adopt innovative tools to improve the quality of service that may contribute to savings in public funds for the resident's well-being and environmental protection. It is recommended that the Ministry of Interior direct all local authorities to set a service agreement and standard times, to orderly and frequently measure the extent of use of the online services, and to expand the range of online services they make available to them regarding municipal property tax, to optimize public service while saving public money and promoting environmental protection. It is also recommended that the Ministry of Interior publish instructions and recommendations to the local authorities regarding the publication format and the scope of the information they must publish regarding the municipal property tax.

