



Council Report For the Meeting of May 7, 2020

To: Council **Date:** April 14, 2020
From: C. Coates, City Clerk
Subject: Alternative Municipal Tax Collection Scheme Amendment Bylaw (No. 2) No. 20-065

RECOMMENDATION

That Option 1 Alternative Tax Collection Scheme Amendment (No.2) Bylaw No. 20-065:

1. be given first, second and third readings.
2. be reconsidered and adopted.

EXECUTIVE SUMMARY

At the April 9, 2020 Council meeting, Council approved a multi-part motion pertaining to Financial Plan adjustments and other considerations related to the COVID-19 Pandemic. In connection with tax payment due dates and tax penalty addition dates the motions were:

“Extend the payment due date for property taxes to August 1, 2020 to align with the date the City is required to pay the property taxes levied on behalf of the Capital Regional District, the Capital Regional Hospital District, BC Assessment, and the Municipal Finance Authority; and bring forward amendments to the Alternative Tax Scheme Bylaw to align with the August due date”.

“Amend the Alternative Tax Scheme Bylaw and adjust the penalties to 2 per cent per month for August, September, October, November and December for 2020”.

Council adopted that Bylaw on April 16th. Subsequently the Provincial Government has announced they will be providing relief for Commercial property taxpayers in Classes 4,5,6,7, and 8 by changing the penalty date to October 1st from the statutory date of July 2.

The adopted Alternative Tax Collection Scheme Bylaw (No. 20-059), attached as Appendix A, establishes 2% penalties on unpaid taxes each month on all property classes commencing in August after the tax due date up to the mandatory 10% specified in the *Community Charter*. The provisions of this Bylaw are now overridden relative to Property classes 4-8 by this Provincial change in terms of the penalty being applied on the unpaid taxes after the first business day in August. This provincial change is not expected to allow a penalty to be added in whole or in part before October under this temporary measure. Therefore an amendment to the Alternative Tax Collection Scheme Bylaw is necessary to determine when and how the penalty is to be applied.

Attached for Council’s consideration, are two versions of an amendment to the Alternative Tax Collection Scheme Bylaw, attachments B and C.

Option 1 - 10% Penalty in October (Recommended)

This option adds the full penalty at one time for Property Classes 4 to 8, while the 2% penalty additions remain for the other property classes. Administratively this is the more simple approach as the City's software is not set up to manage multiple penalty additions for different property classes. Although software modification will be required to apply different penalty additions for different classes, a one-time adjustment is easier to manage from a resource and cost perspective, and would be preferable if such modifications are not possible resulting in potentially labour-intensive manual calculations..

Option 2 – 6% Penalty in October, 2% in both November and December.

This option follows along with the prior approved method of distributing the penalty. The penalty must be 10% and it must be levied within the year in which the taxes are levied.

This option would also require adjustments to the tax system software, which we are exploring now. Having multiple and varying penalty dates and amounts for different classes adds further complexity compared to Option 1.

Staff are recommending proceeding with Option 1 and introducing and adopting the Bylaw at the same meeting given the extreme time sensitivity. The Provincial Government Order passed in March established that local governments may adopt a bylaw in the same meeting as it is introduced.

Respectfully submitted,



Chris Coates
City Clerk



Susanne Thompson
Deputy City Manager/CFO



Report accepted and recommended by the City Manager: _____

Date: May 1, 2020

List of Attachments:

- Attachment A: Alternative Tax Collection Scheme Amendment Bylaw No. 20-059**
- Attachment B: Alternative Tax Collection Scheme Bylaw No. 20-065 Option 1**
- Attachment C: Alternative Tax Collection Scheme Bylaw No. 20-065 Option 2**