

Considered at May 4, 2021 Council Meeting

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City of Port Moody Report/Recommendation to Council

Date: April 21, 2021
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Alternative Municipal Tax Collection Scheme Bylaw

Purpose

To present the proposed City of Port Moody Alternative Tax Collection Scheme Bylaw for Council consideration.

Recommended Resolution(s)

THAT City of Port Moody Alternative Tax Collection Scheme Bylaw, 2021, No. 3311 be read a first, second, and third time as recommended in the report dated April 21, 2021 from the Finance and Technology Department – Financial Services Division regarding Alternative Municipal Tax Collection Scheme Bylaw.

Background

The *Community Charter* provides a general tax collection scheme under which taxes are due on July 2 each year. Per *Community Charter* section 235, Councils may choose to offer an alternative tax collection scheme by bylaw, where it can establish its own due dates and penalties for property taxes.

Historically, the City has followed the General Tax Collection Scheme (GTCS) as legislated under section 234 of the *Community Charter*, with a due date of July 2. In an effort to alleviate financial pressures of the COVID-19 Pandemic on property owners in the City, Council may choose to implement an Alternative Tax Collection Scheme (ATCS), as permitted under section 235 of the *Community Charter*, for 2021. If a municipality has an ATCS in effect, alternate due dates and penalties can be applied.

At the April 6, 2021 Finance Committee meeting, the following resolution was passed:

FC21/036

THAT staff be directed to report back with alternate due dates for 2021 property taxes.

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Staff reported back to the Finance Committee meeting held on April 20, 2021, where the following resolution was passed:

FC21/038-039

THAT staff be directed to prepare an Alternative Municipal Tax Collection Scheme Bylaw with a:

- July 2, 2021 due date;
- September 16, 2021 5% penalty on outstanding taxes; and
- penalty waiver for unclaimed current year Home Owner Grants until September 15, 2021;

as recommended in the report dated April 9, 2021 from the Finance and Technology Department – Financial Services Division regarding 2021 Property Tax Due Dates and Penalties.

Discussion

The Finance Committee has directed staff to prepare an Alternative Municipal Tax Collection Scheme Bylaw with a due date of July 2, 2021, a 5% penalty applied to outstanding current year taxes as of September 16, 2021, and a penalty waiver for unclaimed current year Home Owner Grants until September 15, 2021.

Other Option(s)

THAT the Alternative Municipal Tax Collection Scheme Bylaw be referred back to staff and/or the Finance Committee for further deliberations, acknowledging that the due dates and penalties must be known prior to printing and distributing the annual property tax notices.

Financial Implications

The City is legislated to collect and remit payments to other government agencies, the majority of which must be remitted by July 31. Extending the due date and/or penalty date would result in a reduced cash flow between June and September; however, finance staff expect to have sufficient funds to during this period.

The reduction of the penalty to 5% will result in less penalty revenue (budgeted at \$224,000 in 2021); however, this assumes regular levels of tax collection (approximately 90% by second penalty date). Should the City's property tax collection rate be reduced due to COVID-19, we may see increased penalty revenues over 2020 (\$75,000); however, it is unlikely that the 2021 budgeted penalty revenue of \$224,000 would be met.

Communications and Civic Engagement Initiatives

Information regarding this change will be posted on the City's website, included in the tax newsletter, and clearly stated on the property tax bill.

Council Strategic Plan Objectives

This change is in line with Council's strategic priority of Exceptional Service and Council's objective of ensuring our customers are highly satisfied the quality of our service.

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Attachment(s)

1. Draft City of Port Moody Alternative Tax Collection Scheme Bylaw, 2021, No. 3311.

Report Author

Tyson Ganske, CPA, CGA
Manager of Financial Planning

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Report Approval Details

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|----------------------|---|
| Document Title: | City of Port Moody Alternative Municipal Tax Collection Scheme Bylaw.docx |
| Attachments: | - Attachment 1 - Draft City of Port Moody Alternative Municipal Tax Collection Scheme Bylaw, 2021, No. 3311.pdf |
| Final Approval Date: | Apr 27, 2021 |

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Apr 24, 2021 - 5:48 PM

Tracey Takahashi for Dorothy Shermer, Corporate Officer - Apr 26, 2021 - 11:11 AM

Rosemary Lodge, Manager of Communications and Engagement - Apr 26, 2021 - 11:21 AM

Tim Savoie, City Manager - Apr 27, 2021 - 8:39 AM

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City of Port Moody

Bylaw No. 3311

A Bylaw to establish an alternative municipal tax collection scheme that clearly establishes when penalties are added to unpaid taxes.

WHEREAS it is provided by section 235 of the *Community Charter* that Council may, by bylaw, establish an alternative municipal tax collection scheme to:

- a) establish one or more dates on which all or part of the property taxes under Part 7 – Municipal Revenue are due; and
- b) establish penalties and interest to be applied in relation to payments made after a tax due date established by the bylaw;

NOW THEREFORE the Council of the City of Port Moody enacts as follows:

1. Citation

- 1.1 This Bylaw may be cited as “City of Port Moody Alternative Municipal Tax Collection Scheme Bylaw, 2021, No. 3311”.

2. Repeal

- 2.1 City of Port Moody Alternative Municipal Tax Collection Scheme Bylaw, 2020, No. 3247 and all amendments thereto are hereby repealed.

3. Alternative Municipal Tax Collection Scheme

- 3.1 Subject to any owner election under section 4, all Municipal Property Taxes levied by and due to the City of Port Moody for the 2021 taxation year must be received by 11:59pm on July 2, 2021.
- 3.2 On September 16, 2021, a 5% penalty will be applied to any 2021 Property Tax amount unpaid as of 11:59pm on September 15, 2021.

4. General Tax Collection Scheme

- 4.1 Subject to any owner election under section 6, all Municipal Property Taxes levied by and due to the City of Port Moody under the General Tax Collection Scheme must be received by 5:00pm on July 2, 2021.

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- 4.2 Under the General Tax Collection Scheme, if all or part of the property taxes referred to in section 234(1) of the *Community Charter* for a parcel of land and its improvements on the assessment roll remain unpaid after July 2, 2021, a penalty equal to 10% of the portion that remains unpaid will be added to the amount owing.

5. Penalty Waiver

- 5.1 Where penalties would otherwise be applied, and the Property Owner is eligible for and subsequently claims the current year's Home Owner Grant and applies to the province of British Columbia for such grant on or before September 15, 2021, the penalty shall not be applied to that portion of the taxes outstanding which was equal to the current year's Home Owner Grant.

6. Election of Municipal Tax Collection Scheme

- 6.1 A Property Owner may elect to pay all Municipal Property Taxes under the Alternative Municipal Tax Collection Scheme by providing written notice of that election to the municipality no later than May 31, 2021.
- 6.2 A Property Owner may elect to pay all Municipal Property Taxes under the General Tax Collection Scheme by providing written notice of that election to the municipality no later than May 31, 2021.
- 6.3 A Property Owner may change an election under sections 6.1 or 6.2 by giving written notice to the municipality no later than May 31, 2021, provided that a Property Owner may only change their election once.
- 6.4 If a Property Owner makes no election under section 6.1 or 6.2, the Alternative Municipal Tax Collection Scheme automatically applies to the Property Owner.
- 6.5 Any written notice to be given under this section must be directed to the General Manager of Finance and Technology at 100 Newport Drive, Port Moody, British Columbia, V3H 5C3.

7. Severability

- 7.1 If a portion of this Bylaw is found invalid by a court, it will be severed and the remainder of the Bylaw will remain in effect.

Read a first time this ___ day of ____, 2021.

Read a second time this ___ day of ____, 2021.

Read a third time this ___ day of ____, 2021.

Adopted this ___ day of ____, 2021.

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R. Vagramov
Mayor

D. Shermer
Corporate Officer

I hereby certify that the above is a true copy of Bylaw No. 3311 of the City of Port Moody.

D. Shermer
Corporate Officer