



City of Port Moody

Report/Recommendation to Council

Date: April 23, 2020
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Alternative Tax Collection Scheme Bylaw

Purpose

To present the proposed Alternative Tax Collection Scheme Bylaw for consideration.

Recommended Resolution(s)

THAT City of Port Moody Alternative Tax Collection Scheme Bylaw, 2020, No. 3247 be read a first, second, and third time as recommended in the report dated April 23, 2020 from the Finance and Technology Department – Financial Services Division regarding Alternative Tax Collection Scheme Bylaw;

AND THAT, as permitted by section 9 of Ministerial Order No. MO 83/2020, City of Port Moody Alternative Tax Collection Scheme Bylaw, 2020, No. 3247 be now adopted;

AND THAT the 2020 Tax Sale be deferred for one year to 2021.

Background

The Community Charter provides a general tax collection scheme under which taxes are due on July 2. Per *Community Charter* section 235 (**Attachment 1**), 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. The COVID-19 Pandemic has created challenges across all levels of government, including delays in Provincial guidelines, which are restricting municipalities from making concrete decisions regarding tax schemes, and are creating inconsistencies in municipal organizations across the province.

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 2020. If a municipality has an ATCS in effect, alternate due dates and penalties can be applied.

On April 16, The Province announced that they would be postponing the date that late payment penalties apply for commercial properties in classes 4, 5, 6, 7, and 8 to October 1, to give

businesses and landlords more time to pay their property tax without incurring a penalty (**Attachment 2**). These changes do not apply to residential classes.

Discussion

There are two options that staff would like Council to consider:

Option 1 (preferred – Draft Bylaw)

Due Date – July 2, 2020

Penalty Date – October 1, 2020

Penalty Amount – 5%

Pros	Cons
Tax payments from mortgage companies, residents claiming Home Owner Grants, and tax deferrals should be received by due date assisting in the City's cash flow.	May not be fully aligned with neighbouring cities (Port Coquitlam and Coquitlam)
Residents and businesses have reduced penalty for 2020 (5% instead of historical 10%).	City may not generate the budgeted penalty revenues for 2020 based on historical 10% penalty.
Residents and businesses have three additional months to make tax payment before they will be penalized.	Notices would not be mailed until the beginning of June, giving residential property owners less than one month to pay before due date (but would not receive a penalty until October 1 st).
Penalties are the same amount (5%) and date (October 1 st) for all property classes.	

Option 2 (alternative)

Due Date – September 30, 2020

Penalty Date – October 1, 2020

Penalty Amount – 5%

Pros	Cons
Clear due date followed by penalty date.	Aligned with neighbouring cities (based on current information).
Residents and businesses have reduced penalty for 2020 (5% instead of historical 10%)	City may not generate the budgeted penalty revenues for 2020 based on historical 10% penalty
Residents and businesses have three additional months to make tax payment before they will be penalized.	Residents, businesses, and mortgage companies may wait to the due date to make payments presenting cash flow challenges for the City.
Penalties are the same amount (5%) and date (October 1 st) for all property classes	

Tax Sale

The City has the option to extend the 2020 Tax Sale by one year from September 2020 to 2021. Holding a tax sale is a sensitive subject at the best of times; the City would not want to be viewed as insensitive during a global pandemic or during the immediate recovery by auctioning off houses for outstanding taxes.

City Finance staff will continue to work with owners of delinquent property taxes to collect outstanding balances. The City will follow provincial legislation and review tax sale options through the spring and summer of 2021.

Other Option(s)

Council may choose to follow the provincially recommended scheme, similar to our current general collection scheme, which is to retain a July 2 due date and July 3 penalty date.

The recent provincial announcements for classes 4, 5, 6, 7, and 8 would likely supersede the City's due dates, therefore extending the penalty date for commercial properties to October 1.

Option 3 (Not Recommended)

Due Date – July 2, 2020

Penalty Date – July 3, 2020, August 6, 2020

Penalty Amount – 5% and 5% (10% total)

Pros	Cons
Consistent treatment from prior years.	Would not align regionally.
Would assist the City's cash flows.	Creates inequity amongst the property classes.
Penalty of 10% would likely generate additional revenues.	Does not assist residents and business.
	Notices would not be mailed until the beginning of June, giving residential property owners less than one month to pay before incurring a penalty.

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. Finance staff expect to have sufficient funds to during this period and have submitted a Revenue Anticipation Borrowing Bylaw as a contingency. Additionally, the recent provincial announcement to defer school tax remittances until the end of the year will further assist with the City's cash flow.

The reduction of the penalty to 5% may result in less penalty revenue (budgeted at \$200,000); however, this assumes regular levels of tax collection (approximately 98% by second penalty date). Should the City's property tax collection rate be reduced due to COVID-19, we may see

increased penalty revenues, even at 5%. This would be used to offset and mitigate the other financial impacts of responding to COVID-19.

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. Should the tax payment due date be changed, a media release will be issued.

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.

Attachment(s)

1. *Community Charter* section 235.
2. BC Gov News – New COVID-19 supports for businesses, local governments.
3. Draft City of Port Moody Alternative Tax Collection Scheme Bylaw, 2020, No. 3247.

Report Author

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Report Approval Details

Document Title:	Alternative Tax Collection Scheme Bylaw.docx
Attachments:	- Attachment 1 - Community Charter section 235.pdf - Attachment 2 - BC Gov News - New COVID-19 supports for businesses, local governments.pdf - Attachment 3 - Draft City of Port Moody Alternative Municipal Tax Collection Scheme Bylaw.pdf
Final Approval Date:	Apr 23, 2020

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

Dorothy Shermer, Corporate Officer - Apr 23, 2020 - 11:58 AM

Paul Rockwood, General Manager of Finance and Technology - Apr 23, 2020 - 12:02 PM

Rosemary Lodge, Manager of Communications and Engagement - Apr 23, 2020 - 12:16 PM

Tim Savoie, City Manager - Apr 23, 2020 - 12:19 PM