REQUEST FOR BYLAW READING

TO: Mayor and Council  
FROM: Brenda Hewko, Chief Financial Officer  
City Governance  
DATE: September 1, 2020  
RE: All Readings of Bylaw 028-20, Amendment to Bylaw 012-18 Tax Installment Payment Plan (TIPP)

REPORT SUMMARY (Detail Background, Comparable Projects, and Outcomes):

City of Chestermere Council approved a Property Tax Payment Deferral Program to provide taxpayers with financial cash flow relief during the COVID-19 pandemic.

As a further consideration for additional cash flow relief, Administration is presenting the option to provide the opportunity to pay part/all of the balance of the Tax Roll account in 2020 and 2021 together, thereby reducing the monthly payment amount. To proceed with this program, it is necessary for the City to amend Bylaw 012-18 TIPP Bylaw.

The idea is to modify the Bylaw for the Tax Installment Payment Plan (TIPPs) program. The goal is to ensure the City is flexible and remains nimble while providing options for our residents regarding payments related to Taxes.

Under the current TIPPs Bylaw, the structure is to:
- Automate payments
- Smooth out the cash flow by allowing up to 12 monthly payments, instead of 1 large annual payment
- Have the amount fully paid by the end of any calendar year
- Encourage signing up for TIPPs after the due date by holding in abeyance (suspending) the penalty and interest charges until 12 months have elapsed of successful payments

For example, under the current bylaw:
- Average property would pay $4,000 for property/education taxes (PET)
- Sign up for TIPPs for September 15, would allow for 4 months of payments
- Average monthly payment of $1,000

The underlying issue is related to the length of time to the end of the year, meaning that there are 4 months left to pay off a balance. Further to consider the impacts with COVID and our local economy. The possibility to extend the payment period to the end of the 2021 which would help level off the average
monthly payments. Please see the example below:

- 2020 average PET $4,000
- 2021 average estimated PET $4,000
- Total balance due would be $8,000
- Sign up for COVID TIPPs for September 22, would allow for 16 months of payments
- Average monthly payment of $500

The flexibility and nimbleness would be that someone could sign up any time between now and March 17, 2021, for payment date of March 22, 2021. The reason for this date is – this is the planned start date for the repayment of the taxes deferral program.

For clarity, any taxpayer with a balance owing could sign up which includes tax arrears. Any tax roll accounts that have a tax agreement would not be eligible.

There would be no red tape – examples of red tape are already signed up for tax deferral program or need to provide a reason to sign up or some other unnecessary criteria.

The application would include:

- Sign up for e-Notices
- Provide a void cheque or bank document
- Authorization to withdrawal the funds
- Email address

The process would be similar to the deferral programs, and in the event someone does not have access to computer or email, they will be allowed to phone in and sign off an authorization to a 3rd party, for example, a family member.

The City website will be updated to reflect the ease of application.

Financial affordability perspective. This is not an expense but rather a timing of when cash is received. To help gauge the potential participation some of the factors to consider are:

- There are less than 3100 accounts that pay annually out of a total of about 8000 accounts, which is 38%
- Annual payments have been received for the 2020 taxes that are due on September 1, today

The rough estimate is that 2% to 10% range might sign up – using the 10% would require about $2.0 million. From a conservative, financial projection and
calculting the extreme scenario of 38% sign-up, this would require about $7.8 million. At the time of writing, there is $5.9 million in the bank account, a $2.5 million available in the line of credit with none being used and $9.5 million of uncommitted funds in the investment account.

MGA perspective, any amendments to an existing bylaw must follow the same procedures as the original bylaw, as per section 191(2). This means the two-week advertising requirement is needed. Then the thought involving the sequence of the events, which means typically the sequence of events is:

- First Reading
- Advertising for two weeks
- Second and Third Readings

The sequence was reviewed by legal counsel, whereby conducting advertising ahead of First Reading, then Second and Third Readings all occurring in one Council Meeting. It was confirmed that this sequencing would fulfil the MGA requirements, as per section 606.

The MGA allows Council to defer the collection of taxes when it is considered equitable to do so, as per section 347. Further, the MGA allows for the installment of tax payments, as per section 340. Combining these two sections together, would support spreading taxes for calendar years 2020 and 2021 and using installment payments, with the full balance being paid off by the end of 2021.

From a timing perspective, taxes are due September 1, the TIPPs day is the 15th of the month, and the COVID TIPPs is planned for the 22nd of the month.

From a flexibility perspective, residents would be allowed to enroll in this program prior to the March 22, 2021 TIPP payment.

From an interest and penalty charges perspective, the original TIPPs program holds the interest and penalty charges in abeyance until 12 consecutive months of successful payment. At which time, if there are no payment issues, then the interest and penalty charges are removed. This same philosophical approach would apply.

In the past, TIPPs programs applied to the current year for taxes. The COVID TIPPs program is the first time that two calendar years are brought together.

The amendments to the TIPPs Bylaw that provides the additional option of the COVID TIPPs program, has been reviewed by legal counsel.
If approved, with or without changes, the next steps would be to amend the Consolidate Tax Penalties & Fees Bylaw.

**PUBLIC NOTICE/COMMUNICATIONS:**

Advertising occurred on August 18th and August 25th.

**RELATED COUNCIL POLICIES/BYLAWS & STRATEGIC VISION:**

- This Bylaw amendment supports Council’s strategic vision in the Relationships pathway by seeking community alignment and serving customers with excellence.
- Bylaw 016-20 2020 Property Tax Bylaw
- Bylaw 018-20 Consolidated Tax Penalties & Fees Bylaw

**PREVIOUS REPORTS/COUNCIL DECISIONS (if any):**

- Property Tax Payment Deferral Program, April 21, 2020

**ATTACHMENTS (including all In Camera items):**

- Proposed Bylaw 028-20, Amendment to Bylaw 012-18 TIPP, 9 pages
- Red-lined version Bylaw 028-20 Amendment to Bylaw 012-18 TIPP, 10 pages
- PowerPoint Presentation, 17 pages

**CHIEF ADMINISTRATIVE OFFICER’S COMMENTS (if any):**

**RECOMMENDED ACTION:**

That Council gives First Reading of Bylaw #028-20, being an amendment to Bylaw 012-18 Tax Installment Payment Plan, as presented.

That Council gives Second Reading of Bylaw #028-20.

That Council gives permission for Third Reading of Bylaw #028-20.

That Council gives Third Reading of Bylaw #028-20.

Approved by:
Bernie Morton
Chief Administrative Officer