

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2019 Sep 11

FROM: DIRECTOR FINANCE

SUBJECT: BURNABY TAX AND UTILITIES PREPAYMENT BYLAW 2019

PURPOSE: To request Council to repeal the Burnaby Tax Prepayment Bylaw and replace it with the Burnaby Tax and Utilities Prepayment Bylaw 2019.

RECOMMENDATION:

1. **THAT** the Financial Management Committee recommend Council authorize the City Solicitor to repeal the Burnaby Tax Prepayment Bylaw in its entirety, and replace it with a new Burnaby Tax and Utilities Prepayment Bylaw 2019, substantially in the form of the draft bylaw attached to this report.

REPORT**1.0 INTRODUCTION**

The City currently pays interest for the prepayment of Taxes and Utilities (Water, Sewer, and Garbage) on accounts for which the customer has made payment before the City issues a bill. Any form of payment is acceptable, however, Pre Authorized Debit (PAD) and reoccurring online banking payments are the primary focus of the bylaw. Interest is paid at a rate equivalent to the prime rate less 2.5%, with a minimum rate of interest of 0.5% per year.

The City currently has 5776 customers paying for Tax and Utilities via the existing PAD. The plan is based on ten equal payments that start on August 1 and run through to May 1. Other lines of business covered by a PAD plan are excluded from the scope of this bylaw.

2.0 POLICY SECTION

Goal

- A Thriving Organization
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets
 - Technology and innovation –
Support technology development and innovation to empower staff and to advance community objectives

3.0 PROPOSED NEW BYLAW PROVISIONS

3.1 Revised Definitions

The definitions for “taxes” and “utilities” are proposed to be expanded to encompass all applicable underlying fees and charges.

3.2 Interest on Prepayments

Under the previous property tax system, interest was applied to customer accounts on the tax due date and on December 31 each year. A key change under the new property tax system, is that interest is calculated on a daily basis once payments are assigned to the customer’s Installment Account and earn interest. Interest is calculated on a daily basis during the time in which it resides in the Installment Account.

Any other form of payment made by customers directly to their Property Tax Account, via cheque, debit, cash, online banking or through online card payment, will receive interest once transferred to the customer’s Installment Account.

Under the previous property tax system, all forms of pre-payment made by customers to their combined Property Tax and Utility Account received interest. With transition to separate Property Tax and Utility Accounts in the new system, payments made to the utility account outside of the pre-authorized debit plan do not receive interest. PAD customers are being contacted in 2019 to inform them of any payments applied to an account other than the Installment Account, and where applicable, staff are working with customers to move payments to the Installment Account such that they receive interest accordingly.

As with the current bylaw, interest payable is based on Royal Bank of Canada (RBC) Prime rate less 2.5 percent, with the minimum amount of interest payable set at 0.5 percent. Interest is not payable for the period of May 1 through to the due date for property taxes.

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3.3 Pre-Authorized Debit Plan Refunds

In order to ensure funds are correctly accounted for in any statement of adjustment during sale of a property, payments made through a plan are non-refundable. The City includes data on such installments on Tax Information Certificates, which are provided upon request to customers or their agents.

3.4 Pre-Authorized Debit Plan Cancellation

In order to cancel a plan, customers must inform the City in writing, at least ten days before the next scheduled payment date. This is especially important when it involves a title change, as customers often forget to end their existing plans. The wording for this requirement has been updated under the new bylaw to specify the required period of advance notice required.

3.5 Provision for Dishonoured Payments

The Financial Administration Fees and Charges Bylaw gives the City authority to levy a charge for any returned payment. This includes payments taken as part of a pre-authorized debit plan. The proposed Burnaby Tax and Utilities Prepayment Bylaw 2019 sets out the controls in place for management of dishonoured payments. Where a pre-authorized debit plan is cancelled for dishonoured payments, a new application is required to reinstate the plan.

4.0 RECOMMENDATION

It is recommended that the Financial Management Committee recommend Council authorize the City Solicitor to repeal the Burnaby Tax Prepayment Bylaw and replace it with the Burnaby Tax and Utilities Prepayment Bylaw 2019, as outlined in this report. A copy of the proposed bylaw is appended as Attachment 1.



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

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Attachment 1: Burnaby Tax and Utilities Prepayment Bylaw 2019

Copied to: City Manager
City Solicitor
City Clerk

CITY OF BURNABY
BYLAW NO. xxxxxxxx

A BYLAW to provide for payment of taxes and utilities before the due date

The Council of the City of Burnaby ENACTS as follows:

1. This Bylaw may be cited as **BURNABY TAX AND UTILITIES PREPAYMENT BYLAW 2019**.
2. In this Bylaw:
 - (a) “**Collector**” means the Director Finance, being the City officer assigned responsibility as collector of taxes for the City;
 - (b) “**City**” means the City of Burnaby;
 - (c) “**due date**” means the day designated by Council in any year as the due date for payment of taxes or utilities, as applicable;
 - (d) “**pre-authorized debit plan**” means a plan for the prepayment of taxes and utilities, by means of a pre-authorized automatic debit arrangement with the taxpayer's financial institution;
 - (e) “**prime rate**” means the prime rate designated from time to time by the Royal Bank of Canada at its main branch in Vancouver, BC;
 - (f) “**taxes**” means property taxes and includes sewer parcel taxes and local service taxes (including business improvement area taxes); and
 - (g) “**utilities**” includes charges for flat rate water, sewer use, cross connection device and garbage disposal.
3. The **Collector** is hereby authorized to receive money for **taxes** and **utilities** before the **due date** on the terms set out in this Bylaw.
4. The owner or occupant of a property may apply to the **Collector** to enter into a **pre-authorized debit plan** by submitting to the **Collector** a completed application, in the form and with supporting documentation established by the **Collector**.

5. The **Collector** is authorized to accept and hold amounts paid as prepayment of **taxes** and/or **utilities** before the **due date** on the following terms:
 - (a) All monies paid in accordance with a **pre-authorized debit plan** will earn simple interest on the daily balance of the amount held in the property's account for instalment payments for **taxes** and **utilities**.
 - (b) Any prepayment of monies, other than as part of a **pre-authorized debit plan**, will earn interest only if paid to the property's account for **taxes**.
 - (c) Interest will not be paid for any prepayment of monies, other than as part of a **pre-authorized debit plan**, to a property's **utilities** account.
 - (d) The rate of interest payable will be equivalent to the **prime rate** less 2.5 percent, subject to a minimum interest rate of 0.5 percent
 - (e) No interest is payable each year during the period from May 1 to the **due date** for **taxes**.
 - (f) The interest rate will be updated on the 1st of each month, excluding the period from May 1 to the **due date** for **taxes**, after which the interest rate in effect as of April 30 will apply until the 1st day of the month after the **due date** for **taxes**.
6. Prepayments made to a **pre-authorized debit plan** are non-refundable. If the subject property is sold or otherwise transferred to another owner, the **Collector** will upon request provide a tax certificate verifying the total prepayments collected to date, including interest earned pursuant to this Bylaw.
7. A **pre-authorized debit plan** may be cancelled at any time by providing notice to the **City** at least ten (10) days prior to the date of the next pre-authorized payment. The transfer of ownership of a property does not automatically cancel a **pre-authorized debit plan**.
8. Any prepayment of **taxes** and/or **utilities** or payment to a **pre-authorized debit plan** that fails to be honoured will be subject to a service fee in accordance with the Burnaby Financial Administration Fees and Charges Bylaw and only cash, debit card, money order, bank draft, certified cheque or online banking will be accepted for the replacement of the dishonoured payment. If there are two (2) or more dishonoured payments in a six (6) month period, the account for the property will be placed on a one (1) year probationary period, during which only payment by cash, debit card, money order, bank draft, certified cheque or online banking will be accepted for the account.
9. After two consecutive dishonoured payments the **pre-authorized debit plan** will be cancelled and the owner or occupant of the property will be required to re-apply to the **Collector** to enter into a new **pre-authorized debit plan** in accordance with Section 4 of this Bylaw.

Read a first time this	day of	2019
Read a second time this	day of	2019
Read a third time this	day of	2019
Reconsidered and adopted this	day of	2019

MAYOR

CLERK