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PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
April 10, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Cathie O'Toole
Cathie O'Toole, CGA, Acting Director of Finance

DATE: March 31, 2007

SUBJECT: By-Law F-300 (Provision of Tax Information) Update

INFORMATION REPORT

ORIGIN

Council approval of By-Law F-300 on March 28, 2006.

BACKGROUND

Section 79 of the MGA, empowers municipalities to charge user fees for the provision of services such as the provision of financial or taxation information. In fiscal 2005-06, HRM staff researched methodologies of how other municipalities apply section 79 of the MGA for the purpose of charging appropriate user fees. The intention of this staff initiative was to develop new revenue streams which would alleviate financial pressure on the general rate, support municipal operations, and increase service delivery in HRM. User fees also address the overall concern with municipal taxation in that they model a direct correlation between services received and fees (taxes) paid.

Staff's research acknowledged that municipalities from CBRM to East Hants to Calgary charged two distinctive types of user fees with respect to providing tax and assessment information to agents acting on behalf of the real property owner. One fee was associated with charging mortgage companies for the administration of tax accounts that are paid bi-annually by the mortgage companies. Staff research found that the administration fee charged to mortgage companies ranged between \$6 and \$9 per tax account among municipalities. HRM Regional Council approved a staff recommendation of \$10 in March, 2006, and in the three tax billings since approval, this user fee has generated \$1.5M in new revenues. The second distinctive fee charged under section 79 of the MGA, was a fee for the provision of tax and assessment information to Law Firms, Real Estate Firms and Banking Institutions, that required this information for real property transactions. Staff research found that fees charged relating to this user fee ranged between \$10 and \$25, with \$25 currently being charged by CBRM and East Hants. HRM Regional Council approved the staff recommendation to charge a fee of \$25, and for the fee to be implemented by staff in January 2007.

DISCUSSION

As per the drafting of this report, staff is targeting Monday, May 14, 2007 as the effective date for charging the \$25 provision of tax information fee to Law Firms, Real Estate Firms and Financial Institutions. Last year's call volume through the HRM Call Center, for the above mentioned firms requesting tax account information was 28,000 calls. Keeping in mind the call volume for this information, it was imperative for staff to develop an efficient and streamlined process to bill the \$25 charge.

Staff have decided to facilitate the billing of this fee through the utilization of a 1-900 number with Aliant, that will be specific to requests for tax information. The process will work as follows:

Law Firms, Real Estate Firms and Financial Institutions when requesting tax information will call the 1-900 service. This action will engage the billing process once the call hits the HRM Call Center queue. An HRM Call Center Agent will, as per current practice, answer the call and provide the information as requested, or transfer as a tier 2 call to a Tax Analyst if required. Transferring the call (tier 2 action), will not disable the billing mechanism, and as a result customer service standards will not be jeopardized. Aliant will directly bill each call (\$25 charge) to the customer's phone bill. On a monthly basis Aliant will remit to HRM, the funds for each call to the 1-900 service, less a fee

of \$0.35/minute per call. Staff feel that on average the incremental revenue of each call will be approximately \$23 - \$24 per call for the request of tax information.

Please note that the 1-900 number will have a preamble advising customers the cost of the service, that the information given is not legally binding and will also provide the customer with the opportunity to not choose to use this service and disengage the service by hanging up. The preamble will also advise the customer (Law Firms, Real Estate firms and Financial Institutions) that they will be permitted through the 1-900 service to request tax information on a maximum of three properties per call.

The intent of By-Law F-300 is not to levy a fee to real property owners that inquire about tax or assessment information on their own properties. Real property owners can still obtain information on their property free of charge by calling 490-4000.

The deployment of the 1-900 number is effective and cost efficient on many levels.

- Current staffing levels do not need to be increased or diverted to ensure timely billing of the \$25 charge to customers, thus, there is no negative impact on current service levels or operational costs.
- Current staffing levels do not need to be increased or diverted to ensure timely collection, as the phone service provider remits billing dollars monthly to HRM based on the number of calls billed through the 1-900 service to the customer.
- Based on the success of the initiative, the 1-900 service may turn out to be a catalyst for other HRM business units to charge user fees in an effective and efficient manner.

All firms affected by this charge will receive sufficient notice from HRM staff.

BUDGET IMPLICATIONS

The 2007-08 proposed Finance Operating Budget includes \$300,000 of new projected revenue for this service.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

Appendix A: By Law F-300

**By-Law F-300 (Provision of Tax Information) Update
Council Report**

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : [Name/Title of who prepared rpt. & Phone #]

Report Approved by: [Name/Title of Manager/Supervisor & Phone #]

Halifax Regional Municipality

By-law F-300

A By-law Relating to Fees for the Provision of Taxation Information

WHEREAS pursuant to Section 79 of the *Municipal Government Act* Council may by by-law prescribe charges for the provision of services for persons who use or benefit from the service, on a basis to be set out in the by-law; and

WHEREAS the Municipality wishes to provide on an informal basis information requested from authorized parties regarding the status of taxes; and

BE IT THEREFORE ENACTED by the Council of the Halifax Regional Municipality as follows:

1. Information provided through this process is not certified nor expressly or impliedly warranted by the Halifax Regional Municipality. Parties requiring a guarantee confirming the status of tax accounts, must obtain a tax certificate at the applicable fee. It is the responsibility of the requesting party to determine whether or not they require a tax certificate for their purposes.
2. Information regarding the amount of outstanding taxes and penalties on an account will be provided, as outlined in paragraph 1, in response to requests made in writing and then only to the real property owners and/or their financial institution or legal representatives. Other parties requiring this information must apply for a tax certificate.
3. There will be no charge for tax account status information provided, as outlined in paragraph 1, directly to the owner of the subject real property.
4. An administration fee of \$10 plus applicable taxes per tax account per billing will be charged for the provision of tax account information provided to a financial institution in relation to the payment of tax accounts in which they have a mortgage interest.
5. An administration fee of \$25 plus applicable taxes will be charged for the provision of tax account information pursuant to this by-law in any other circumstances effective January 1, 2007.

Done and passed by Council this 28th day of March, 2006.

MAYOR

MUNICIPAL CLERK

I, Jan Gibson, Municipal Clerk for the Halifax Regional Municipality, hereby certify that the above-noted by-law was passed at a meeting of the Halifax Regional Council held on, March 28, 2006.

Jan Gibson, Municipal Clerk

Notice of Motion:	Waivered by Council March 7, 2006
First Reading:	March 7, 2006
Notice of Public Hearing Publication:	March 11, 2006
Second Reading:	March 28, 2006
Approval of Service Nova Scotia and Municipal Relations:	N/A
Effective Date:	March 29, 2006