

TO: Mayor Savage and Members of Halifax Regional Council

Original signed

SUBMITTED BY: _____
Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: June 13, 2014

SUBJECT: Expanded Acceptance of Credit Cards and Amendment of
Administrative Order 18 – Revenue Collections Policy

ORIGIN

May 21, 2014 Meeting of the Audit & Finance Standing Committee, Item No. 9.1.2

LEGISLATIVE AUTHORITY

Audit and Finance Standing Committee Terms of Reference section 3.2.6 which states “Review , as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipality’s CAO and the Committee”.

RECOMMENDATION

It is recommended by the Audit & Finance Standing Committee that Halifax Regional Council:

- 1) Adopt the amendments to Administrative Order 18 Revenue Collections Policy to put into effect the expanded acceptance of credit cards per attachment 2 of the staff report dated April 29, 2014
- 2) Approach Halifax Water to recover the merchant discount costs associated with permits and fees collected on their behalf at the HRM Customer Service Centres.

BACKGROUND

A staff report dated April 29, 2014 was before the Audit & Finance Standing Committee in relation to expanding the acceptance of credit cards payments to encompass most of the goods and services offered through HRM Customer Service Centres. The report provided background information with respect to the proposed changes to Administrative Order 18, Revenue Collections Policy, required to expand the acceptance of credit cards.

Further details are provided in the staff report dated April 29, 2014.

DISCUSSION

Staff responded to questions from members of the Audit & Finance Standing Committee pertaining to the third party vendor which currently accepts online credit card payments on behalf of HRM. Staff provided background information on Plastiq, the third party vendor currently used by HRM which processes on-line credit card payments for various entities such as the Canada Revenue Agency, a number of universities, and municipalities across Canada. It was further noted by staff that the expanded acceptance of credit card payments is being undertaken to enhance the customer experience and to streamline HRM processes to allow for an online option for citizens to pay for most of the goods and services offered through the HRM Customer Service Centres. The Audit & Finance Standing Committee, at the meeting of May 21, 2014 approved the staff recommendation as outlined in the staff report dated April 29, 2014.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated April 29, 2014.

COMMUNITY ENGAGEMENT

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are available online in advance of the meeting.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

Alternatives were not discussed by the Audit & Finance Standing Committee.

ATTACHMENTS

- 1. Staff report dated April 29, 2014**

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> 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: Liam MacSween, Legislative Assistant, 490-6521



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Halifax, Nova Scotia
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Attachment 1

**Audit and Finance Standing Committee
May 21, 2014**

TO: Chair and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Greg Keefe, Director of Finance and ICT / CFO

DATE: April 29, 2014

SUBJECT: **Expanded Acceptance of Credit Cards and Amendment of
Administrative Order 18 – Revenue Collections Policy**

ORIGIN

Public interest in the use of credit cards as a means of payment to HRM.

LEGISLATIVE AUTHORITY

Subsection 59 of the HRM Charter says “In addition to matters specified in this Act or another Act of the Legislature, the Council may adopt policies on any matter that the Council considers conducive to the effective management of the Municipality.”

Clause (aw) of the HRM Charter defines “policy” as “a resolution of the Council that is required, pursuant to this Act, to be recorded in the by-law records of the Municipality, except where the context otherwise requires, and includes an administrative order;

RECOMMENDATIONS

It is recommended that the Audit and Finance Standing Committee recommend to Regional Council:

- 1) The adoption of the amendments to Administrative Order 18 Revenue Collections Policy administrative order, to put into effect the expanded acceptance of credit cards per Schedule 1.
- 2) That Halifax Water be approached to recover the merchant discount costs associated with permits and fees collected on their behalf at the HRM Customer Service Centres.

BACKGROUND

The use of credit cards as a payment option is widely accepted in the private sector and is also growing in popularity for utility and public sector payments. The convenience offered to the credit card holder, including the ability to earn 'rewards' from the use of their credit card as well as deferral of payment, is generally paid for by the 'merchant discount' that must be absorbed by the entity accepting the credit card payment. The merchant discount is the percentage fee of each transaction charged by the credit card industry. The percentage charged varies by type of card used with the merchant discount percentage generally being higher for cards that offer greater rewards to the card holder.

In the competitive private sector absorbing the merchant discount cost is a virtual necessity and is reflected in the pricing of goods and services. In the public sector, however, it is more difficult to balance the convenience to our customers of the credit card payment option with the cost of the merchant discount for directly accepting credit cards because of the wide variety of payments taken both in terms of types of payments and dollar amounts for individual transactions and in aggregate. Because of this diversity it can be challenging to communicate to our customers what payments can be made by credit card. This report and the amendments to Administrative Order 18 Revenue Collections Policy are intended to expand the use of the credit card option where financially reasonable as well as provide greater clarity around the acceptance of credit cards by the HRM.

A new entrant into the Canadian credit card processing space that can process online credit cards payments for the HRM for property tax accounts for a fee charged to the credit card user has also created another payment option.

DISCUSSION

Currently HRM offers a credit card payment option for a fairly limited number of revenue types. This includes parking tickets (on-line, through the Call Centre and at Customer Service Centres), recreation services (on-line and at Recreation Centres), for services offered through HRM Police including criminal records checks, etc. and for dog licences. Responding to feedback from front line customer service staff and customers, staff is recommending that the acceptance of credit cards be expanded to certain other payment types as discussed below. It should be noted that the potential acceptance of credit cards as a payment option is for the convenience of HRM customers and therefore does not apply to other parties that HRM may have a financial relationship with such as retail outlets selling Metro Transit tickets on consignment, entities operating rental properties on HRM's behalf, etc.

Staff is particularly interested in responding to public interest in the use of credit cards to pay property tax accounts and to facilitate the payment of development-related permits, fees, etc. at a reasonable cost to the municipality. Use of credit cards for the payment of property tax accounts

has recently been addressed through a relatively new company called PlastiQ. This company processes on-line credit card payments for various entities such as the Canada Revenue Agency, a number of universities and municipalities including HRM property tax accounts. This company charges the customer a percentage fee per transaction. HRM receives payment through the existing on-line banking interface. This is a particularly attractive option for HRM as there is no merchant discount cost to HRM and no computer programming required as payment details are received through channels that are already in place. A brief description and a link to the PlastiQ website has been added to the HRM website. To be clear, this is not a vendor that was selected by HRM so HRM has no responsibility for their performance. However, staff has conducted testing to ensure that payments flow through correctly to HRM. Customers who choose to use this service should familiarize themselves with the terms and conditions of this third party service provider as well as the fees that they will be charged. Currently property taxes are the only payment type that can be paid to HRM through this third party service, but staff is investigating the possible addition of local improvement charges to this payment channel. The payments that HRM can accept through PlastiQ are limited to property tax accounts and local improvement charges because they are both linked to the assessment account number which is used for the on-line banking interface by PlastiQ.

With regards to the broader issue of acceptance of credit cards by HRM, staff is recommending that acceptance of credit cards be expanded to encompass most of the goods and services offered through the HRM Customer Service Centres. This includes municipal licences and fines, permits and development application fees and the sale of Metro Transit tickets and passes at the Customer Service Centres. In an effort to enhance the customer experience and to streamline HRM processes this would also include taking development-related permits and fees on behalf of Halifax Water and marriage licences on behalf of the Province at the HRM Customer Service Centres. Payments taken at HRM Cemeteries would also be eligible for the use of credit cards under the recommended amendments to Administrative Order 18.

The credit card payment option would not be available for property taxes and local improvement charges, except through a third party as discussed above. In addition deed transfer tax, governmental transfers, invoiced general revenue receivables and water bills paid at HRM Customer Service Centres would not be eligible for the credit card payment option. The latter is in keeping with the Halifax Water payment policy. The exclusion of payment types is generally because of the potential increase in merchant discount costs without an offsetting improvement in customer service and HRM process improvement or because of the nature of the payment such as grants in lieu of taxes.

It is very difficult to predict with precision the potential increase in merchant discount costs from the expanded use of credit cards recommended in this report as ultimately it will depend on numerous personal choices among available payment options and those personal choices may well change over time. Staff can, however, estimate a "worst case" type scenario whereby an average merchant discount rate is applied to the total of the new revenue categories

recommended for the acceptance of credit cards. Using this methodology the maximum potential increase in merchant discount cost for the HRM revenues would be approximately \$250,000. For the current development-related fees for Halifax Water (including the new regional development charges) the maximum would be approximately \$200,000. Staff want to stress that these figures are theoretical maximums and that in all likelihood the actual merchant discount cost would only be a fraction of these amounts.

Staff is intending to approach Halifax Water for possible reimbursement of the merchant discount costs associated with the development-related fees collected on their behalf. As the ability for Halifax Water to provide compensation for these merchant discount costs may require URB approval it is staff's recommendation that HRM absorb these costs for now as ultimately there will be benefit to HRM taxpayers and the tax base from facilitating development projects in general.

Staff has included an additional \$50,000 in the 2014/15 Fiscal Services Bank Charges budget for the potential increase in merchant discount costs for this initiative. This \$50,000 would cover some 11% of the potential increase in merchant discount costs under the "worst case" scenario discussed above whereby all of these payments were made by credit card. Again this extreme is highly unlikely as other payment options are available including debit card, cash and cheques. Staff is proposing to monitor the increase in merchant discount costs as well as the feedback from customers and report back to Council near the end of the 2014/15 fiscal year on actual experience.

While the above discussion largely covers face to face type transactions in HRM Customer Service Centres, etc., the future implementation of new technologies will provide further opportunities to enhance customer service as well as improve HRM processes. Examples include electronic fare box for Metro Transit, on street parking technology to replace coin fed parking meters and HRM operated parking lots with un-manned payment kiosks. Should future technology allow, it would be staff's intent to accept credit cards as a payment option with HRM absorbing the merchant discount if there is significant customer convenience at a reasonable cost to HRM. It should be noted that other stored value type payment options may preclude the effective use of credit cards in some of these future technologies or alternatively the use of credit cards as a payment method may be integral to the use of these technologies. This would be discussed further in the business case of these future initiatives. However staff has included amendments to Administrative Order 18 to permit the use of credit cards for these initiatives should the technology allow.

FINANCIAL IMPLICATIONS

Expanding the use of credit cards as a payment option as discussed in this report will result in an increase in merchant discount costs. However actual new credit card usage is very unpredictable as it depends on individual customer choices. As discussed above, staff has estimated, on a

“worst case” scenario basis with all of the associated revenues being paid by credit card, the increase in merchant discount costs could be \$250,000 for HRM payments and \$200,000 for Halifax Water payments. To mitigate the potential increase in merchant discount costs staff have increased the budget for Bank Charges M110/8017 by \$50,000 for the 2014/15 fiscal. Staff will monitor actual experience and will report back to Council on the increase in merchant discount costs as well as customer feedback towards the end of the fiscal year.

COMMUNITY ENGAGEMENT

A formal community consultation process was not undertaken. However many of the changes recommended in this report reflect feedback from customers provided to HRM staff in the Customer Service Centres as well as from the development industry.

ENVIRONMENTAL IMPLICATIONS

None

TECHNOLOGY IMPLICATIONS

There are no technology implications for the expanded acceptance of credit cards at HRM. Customer Service Centres, Police Facilities and, where applicable, HRM Cemeteries discussed in this report as the point of sale type devices required are already in place. As noted in the report, further expansion of the use of credit cards as a payment option is dependent on the implementation of new technologies.

ALTERNATIVES

- 1) The status quo could be maintained with no change in the payment types that credit cards are accepted for. This is not recommended as staff believes that the expanded use of credit cards recommended in this report offers significant customer service benefits at a reasonable cost to HRM.
- 2) Staff could be instructed to include the credit card payment option with HRM absorbing the merchant discount for Property Taxes and Local Improvement Charges. Staff does not recommend this option as the merchant discount costs would be considerable and could easily be in the range of \$1,000,000 to \$2,000,000 annually. There are also an abundance of other payment options currently available for these revenue types.

ATTACHMENTS

Attachment 1 Showing proposed changes to Administrative Order 18

Attachment 2 Amending Administrative Order

Attachment 3 Incorporation all proposed changes to Administrative Order 18

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

Report Prepared by: Derek Tynski, Deputy Treasurer 490-6471

Original Signed

Report Approved by: Jerry Blackwood, Manager of Revenue 490-6470

Original Signed

Report Approved by: Brad Anguish, Director of Community and Recreation Services 490-4933

**Attachment 1
(showing proposed changes)**

**Halifax Regional Municipality
Administrative Order 18
Revenue Collections Policy**

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**HALIFAX REGIONAL MUNICIPALITY
ADMINISTRATIVE ORDER NUMBER 18
RESPECTING REVENUE COLLECTIONS POLICY**

BE IT RESOLVED as an Administrative Order of the Council of the Halifax Regional Municipality as follows:

1.0 Short Title

1. The Administrative Order may be cited as Administrative Order Number 18, the Revenue Collections Policy Administrative Order.

2.0 General Statement of Principle

The Revenue Division seeks to bill all applicable and approved sources of revenue accurately in support of Council's annual budget. Accurate billing is, therefore, the first step in the process of collecting funds. The fulfilment of the process occurs when the obligation is paid. This policy seeks to provide equitable, supportable, and legal guidelines to staff and the public which will ensure that all taxpayers are well served in the process.

2.1 Guiding Principles

The following principles will guide the collection practices of the Halifax Regional Municipality:

- (a) To ensure all taxpayers are served equitably
- (b) To clearly articulate the guidelines staff will apply in the collection process and the outcomes which will ensue on default
- (c) To follow through with necessary action upon default in keeping with the policy
- (d) To direct those taxpayers in need of financial aid to all applicable sources of assistance including HRM's Grants and Deferral programs and to any provincial programs
- (e) To be respectful and consistent in all cases
- (f) Staff will ensure they comply with Protection of Privacy legislation.

3.0 Definitions

3.1 Non-lienable charges -These are charges that under law cannot be affixed to a property and, therefore, cannot form an encumbrance against the value of that property. Many types of revenues are included in this category such as Solid Waste tipping fees, Bus Tickets and Passes, Payroll costs, Rentals, Encroachment fees, Police extra duty work and Transit bus warranty recoveries. These examples are not all inclusive.

3.2 Liable charges- These charges can be affixed to a property. Several charges billed as general revenue are liable against properties in accordance with the particular by laws which created the charges. Examples include: Unsightly Premises charges, Sewer redevelopment/Trunk

Sewer charges, Local Improvement charges, False alarm fines and Other By-law related charges. Real property taxes are also lienable charges. These charges remain as encumbrances on a property until such time as they are paid and can by definition initiate a tax sale process in accordance with the Municipal Government Act.

3.3. Merchant discount – the percentage fee charged by the financial institution or entity that issued the credit card to the entity accepting the credit card as a method of payment. ~~The percentage charged varies by type of credit card.~~

4.0 Categories of Revenue

(a) This policy applies to all Business units, Agencies, Boards and Commissions of Halifax Regional Municipality over which the Municipality has jurisdiction.

(b) Different collection policies and practices are required for various revenue streams due to the differences in legislation and the nature of those revenues.

4.1 General Revenues

4.1.1 Non-Lienable Charges

(a) These amounts are billed and are due monthly. The due date for all of these types is 30 days from date of billing.

4.1.2 Collection Procedures for Non-Lienable Charges

(b) Staff will follow up with a phone call to those accounts where amounts have gone past the due date of Net 30. Statements will be sent monthly showing the account status. Staff will then pursue and follow up until the account overdue status reaches 90 days or until the account becomes current. After 90 days any persistently overdue accounts will be turned over to our internal collections department and more serious action will be taken to collect, including:

- 1) requiring a payment arrangement or enacting a right of offset for any amounts that HRM might owe the client;
- 2) a refusal to do further business on a billed basis, ie cash only;
- 3) advising the client of legal action we may take (standard letter format) eg small claims court action or legal action to file judgements;
- 4) file action in appropriate civil court, obtain judgment and file judgment at Registry of Deeds;
- 5) obtain and action execution order or garnishee;
- 6) issuing a warrant to distrain (hold and possibly sell) goods of the client against the debt owed;
- 7) where internal collection efforts have not been successful, the account will be turned

over to a third party collection agency on contract with the HRM.

4.2.1 Liable Charges-General Revenues

(a) Due dates on these charges are usually Net 30 days except local improvement charges which can be paid over many years depending on the nature and financial burden of the work to the resident and the particular by law which created them.

4.2.2 Liable Charges-Real Property Taxes

(a) Residential and commercial property taxes are billed twice annually with two due dates, one on April 30th and one on October 31st (or the last working day of the month in question). Residents receive their tax bills approximately six weeks prior to the due date.

4.2.3 Collection Procedures for all Liables

(a) Friendly Reminder Notices (attached) may be sent to all accounts with amounts in excess of one month overdue. Follow up with those notices is then undertaken and payment arrangements are put in place if requested. If no response or success is forthcoming from these steps and if the taxes on a property are still outstanding after June 30th, in the year immediately following that taxation year, the property may be placed on the tax sale property list.

(b) A preliminary notice (Advance Notice of Tax Sale Proceedings) is sent to each assessed owner of property on the tax sale list as per Section 152 of the HRM Charter advising that the property is liable to be sold for the arrears, with interest and expenses, and that tax sale procedures may be commenced and costs expended, which will also be liened against the property, unless the arrears are paid or a satisfactory payment arrangement is struck within 30 days of the date of the preliminary notice.

(c) After 30 days past the issuance of the preliminary notice, if the taxes have not been paid or arrangements made, staff will arrange for a title search and, if deemed necessary, undertake a survey of the property.

(d) Upon completion of the title search and survey Notice of Intention to Sell is then sent by registered mail to all registered owners and to the spouses of registered owners, with a copy to be sent to any mortgage company or any person with a lienholder interest in the property where applicable.

(e) All properties with taxes which are in arrears for the preceding three fiscal years SHALL be put up for tax sale. It should be noted that staff will proceed to tax sale for all liable charges that are in excess of 3 years overdue. This means that installments of Local Improvement charges, Unsightly charges, False alarm charges, Trunk Sewer charges or any liable charge, as well as, real property taxes can trigger the tax sale process.

(f) Staff will notify citizens and clients of all amounts that are outstanding in excess of nine months overdue that may place properties at risk of tax sale using the REMINDER NOTICE OF OVERDUE CHARGES.

(g) Tax sale proceedings may be deferred for a property for up to two years via a payment arrangement that will bring the property into a current status within two years.

(h) A municipality is not required to put a property up for tax sale (*HRM Charter* Section 148 (4) where:

- 1) the solicitor for the municipality advises there is high risk of litigation. Tax staff will forward any properties which may be creating litigation risk, upon notification thereto, or as they ascertain in the course of their research to Legal Services for review.
- 2) the amount is below the collection limit established by council. Staff may not regularly pursue accounts in arrears where the total amount outstanding is less than \$500 as the staff time, costs for a title search (about \$300) and possible survey costs, make the effort more costly than the return. Staff will, nonetheless, regularly select some of these accounts at random to include in the tax sale process.
- 3) the property has been put up for tax sale three times in the past with no satisfactory offer. Staff will then proceed, as per section 158 (4) of the HRM Charter, and without further notice to the owner and encumbrances, to again advertise the property and sell it at either public auction or tender starting with the minimum reserve bid as set by Council resolution. Any remaining arrears after the tax sale, will be adjusted to the allowance for tax account (G/L 2521). Staff will then advise Council of the results, including any adjustments within 30 days of the tax sale via an information report.
- 4) in that year the taxpayer qualifies for a deferral. Once a taxpayer no longer applies for or receives tax deferral, the tax sale process can immediately recommence, except where the taxpayer makes a payment arrangement for the amounts previously deferred. These deferred amounts will remain deferred in accordance with Section 6.6 of By- Law T-700, Respecting Tax Deferrals. Such payment arrangement will be a reasonable amount as determined with the taxpayer and staff. The proposed payment arrangement will be in writing and the rules concerning breaks in the arrangement as outlined below will apply.
- 5) if the taxpayer is compliant with a payment arrangement. Under normal circumstances any payment arrangements made will bring the account into current status within a two year time frame.(except as discussed above for previously deferred taxes under By Law T-700) The proposed two year payment arrangement will be in writing and will allow for a deferral of the tax sale process. No other circumstances (except as specifically directed by Council) will allow for deferral. Compliance with the payment arrangement will be strictly upheld by staff. There will be allowance for two payments to be deferred either by request or by default. On the third instance of non payment as per the arrangement, notice will be given and the tax sale process will recommence with no recourse other than full payment. This forgiveness of two payments clause is considered an insurance policy for unforeseen and unfortunate circumstances of any kind and should be used as such.

6) Once a property has been advertised in the newspaper for public auction at tax sale, in order to stop the auction, there is a requirement to pay a lump sum amount to bring the property to within two years of arrears along with a subsequent payment arrangement to clear the remaining arrears and current upcoming tax bills for the property. This would be the minimum arrangement that would prevent the property from proceeding to auction. Such payment could be received up to the close of business ie 4:30 pm on the day proceeding the day of the auction. A signed payment arrangement will be subsequently required within a week of the auction date.

7) Any surplus of funds from the tax sale may be applied to reduce any non-lienable charges owed by the owner of the land to the municipality. These outstanding amounts need have no direct relationship to the property sold. The withdrawal of any surplus cannot be completed until after the redemption period (within six months after the sale date) where applicable. Properties are not redeemable if there are taxes owing that are greater than six years in arrears.

8) A tax sale deed shall be provided to the purchaser for the fee of \$100 to be paid at time of the sale and provided at any time after the sale if the property was not redeemable or after the six month waiting period if the property was redeemable.

4.3.0 Business Occupancy Taxes - Non-lienable charges

4.3.1 Collection Procedures for Business Occupancy (BO) Taxes

(a) The collection process for BO accounts (as outlined below) will commence when the taxes are in excess of 30 days overdue

(b) The account owner is sent a friendly reminder letter indicating the owner has 15 days to settle.

(c) Accounts where no response is received are sent a collection letter explaining further steps that may be taken with an additional 15 days to settle

(d) Accounts without satisfactory settlement may be sent to the warrant process **Section 132 – 138 of the HRM Charter**

(e) If the warrant process does not affect payment or an arrangement for payment, accounts will be forwarded to our internal collection department for further action.

(f) Accounts will be granted a further 10 business days to settle after which the accounts may be sent to HRM's third party collection agency.

(g) Payments made by a person to any associated real property accounts may be transferred to relieve related outstanding business occupancy accounts. Lienholders on the associated real property accounts may be notified of the overdue business occupancy amounts. (Section 145 of the HRM Charter)

5.0 Other Collection Policies

(a) Principal or interest for less than \$10 can be written off for accounts in arrears at staff's discretion.

(b) Interest charges on an account may be relieved by staff when it is determined that the account has been in dispute and the process to settle the debt has been prolonged and the client is not at fault.

(c) Interest charges on an account may be relieved by staff if it is determined that insufficient support for the billing or insufficient follow up by staff has resulted in undue interest charges.

(d) Where staff determines that both the taxpayer and staff may have been jointly responsible for delays in billing, or in providing appropriate details to support or refute the billing or for lack of timely follow up, staff may grant partial interest relief on an account up to their applicable spending authorization limits.

(e) No adjustment to billings can be made, except as outlined above by any staff member, unless where there was an error in the original billing and corresponding back up by appropriate managerial levels of staff involved is provided.

(f) No account will be sent to write off unless all efforts have been exhausted in its collection and will only be so sent after recommendation of supervisor and concurrence of team leader and manager.

(g) Only Council can approve final write off of any revenue accounts. Such write off reports will be provided not less than once per year.

(h) After an assessment appeal is determined and any appeal from that decision is decided, any taxes that were overpaid shall be refunded to the applicant, together with interest at a rate equal to the rate actually earned by Halifax Regional Municipality on its short term investments. The interest rate shall be determined and the interest calculated monthly but shall not be compounded.

5A.0 Acceptance of Credit Cards

5A.1 The purpose of this section is ~~HRM is seeking~~ to provide clarity to staff and customers as to ~~what~~ the types of revenues that credit cards ~~can~~ may be used as a method of payment. The ~~acceptance of credit cards seeks to~~ section balances the cost of the merchant discount to HRM with the convenience to HRM customers. ~~The merchant discount is a percentage fee charged by the credit card industry to the entity accepting the credit card as a method of payment. The percentage charged varies by type of credit card.~~

5A.2 The types of revenue that may be paid by credit card from the effective date of this section, are set out in Table 1 of Schedule 3.

5A.3 The types of revenues that may be paid by credit card when future technology is implemented to enable such payments, are set out in Table 2 of Schedule 3.

5A.4 The types of revenues that shall not be paid by credit card, are set out in Table 3 of Schedule 3.

6.0 SCHEDULES:

Schedules attached hereto form part of this Administration Order and are intended for guidance and information purposes.

Schedule 1 Tax Sale Administration Fees

Schedule 2 Penalty Fees

Schedule 3 Credit Card Usages

Schedule 1 – Tax Sale Administration Fees	
Description of Fee Amount	Amount
Advanced Notice of Tax Sale Proceedings	\$50.00
Title Search Fee – External (per current RFQ)	Actual
Title Search Fee – Internal (Migrated properties)	\$25.00
Title Search Fee – Internal (Registry of Deeds Titles)	\$125.00
Survey	Actual
Notice of Intention to Sell	\$400.00
Preparation of Tax Sale Certificate *	\$75.00
Preparation of Deed	\$100.00
Deed Replacement Fee	\$250.00
Registration of Deed and Certificate	Actual

*Issued at time of Tax Sale

Schedule 2 – Penalty Fees	
Description of Fee Amount	Amount
Non-Sufficient Funds (NSF)	\$40.00

Schedule 3
Credit Card Usages

Table 1 Revenue Types That May Be Paid By Credit Card	
Revenue Type	Where Accepted
Recreation services	Recreation centres On-line Customer service centres (where available)
Parking and municipal fines	Customer service centres, HRM Call Centre On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	Customer service centres
Dog licences	Customer service centres HRM Call Centre
Sale of Metro Transit tickets and Metro Transit passes	Customer service centres
Payments to HRM Police including <ul style="list-style-type: none"> • criminal records checks, • finger printing, • motor vehicle reports, • incident reports, • summons, pardons, and • FOIPOP applications 	HRM Police facilities (where available)
Sale of HRM cemetery plots and cemetery Services	HRM cemetery office
Property tax accounts providing there is no merchant discount cost to HRM and the payments are made using existing payment channels.	Payments may be made through a third party service provider.

Table 2 Revenue Types That May Be Paid By Credit Card When Future Technology is Implemented to Enable It	
Revenue Type	Where Accepted
Parking at HRM operated parking lots	Payment kiosks
On-street parking	Payment kiosks Parking meters
Metro Transit fares	Metro Transit fare technology
Tax certificates	On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	On-line

Table 3
Revenue Types That Shall Not Be Paid By Credit Card

Revenue Type	
Property tax accounts and local improvement charges unless: <ul style="list-style-type: none"> • the payment is from a third party service providers acceptable to HRM; and • there is no cost to HRM. 	
Deed transfer tax	
Inter-Governmental transfers including grants in lieu of taxes and tax agreements	
Invoiced general revenues and recoveries including tipping fees	
Payments to HRM from parties: <ul style="list-style-type: none"> • operating HRM facilities, or • selling items on consignment such as Metro Transit tickets and Metro Transit passes 	
Payments pursuant to By-Law F-300, the <i>Fees for the Provision of Taxation Information By-law</i>	
Halifax Water bill payments paid at HRM Customer Service Centres	

Attachment 2
(Amending Administrative Order)

**HALIFAX REGIONAL MUNICIPALITY
ADMINISTRATIVE ORDER 18
REVENUE COLLECTIONS POLICY**

BE IT RESOLVED by the Council of the Halifax Regional Municipality that Administrative 18, *the Revenue Collections Policy Administrative Order*, is further amended as follows:

1. The Table of Contents is amended by
 - (a) adding the words “Item Section Number” after the words “Table of Contents” and before the number and words “Short Title”; and
 - (b) adding the following after “5.0 Other Collection Policies” and before “6.0 Schedules”:

5A. Credit Card Usages..... 5

2. Subsection 3.3 is added after subsection 3.2 and before section 4.0 as follows:

3.3. Merchant discount – the percentage fee charged by the financial institution or entity that issued the credit card to the entity accepting the credit card as a method of payment.

3. Section 5A is added after section 5.0 and before section 6.0 as follows:

5A.0 Acceptance of Credit Cards

5A.1 The purpose of this section is to provide clarity to staff and customers as to the types of revenues that credit cards may be used as a method of payment. The section balances the cost of the merchant discount to HRM with the convenience to HRM customers.

5A.2 The types of revenue that may be paid by credit card, from the effective date of this section, are set out in Table 1 of Schedule 3.

5A.3 The types of revenues that may be paid by credit card when future technology is implemented to enable such payments, are set out in Table 2 of Schedule 3.

5A.4 The types of revenues that shall not be paid by credit card, are set out in Table 3 of Schedule 3.

4. Section 6 is amended by adding the words and number "Schedule 3 Credit Card Usages" after "Schedule 2 Penalty Fees".
5. Schedule 3 is added after Schedule 2 as follows:

Schedule 3
Credit Card Usages

Table 1	
Revenue Types That May Be Paid By Credit Card	
Revenue Type	Where Accepted
Recreation services	Recreation centres On-line Customer service centres (where available)
Parking and municipal fines	Customer service centres, HRM Call Centre On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	Customer service centres
Dog licences	Customer service centres HRM Call Centre
Sale of Metro Transit tickets and Metro Transit passes	Customer service centres
Payments to HRM Police including <ul style="list-style-type: none"> • criminal records checks, • finger printing, • motor vehicle reports, • incident reports, • summons, pardons, and • FOIPOP applications 	HRM Police facilities (where available)
Sale of HRM cemetery plots and cemetery Services	HRM cemetery office
Property tax accounts providing there is no merchant discount cost to HRM and the payments are made using existing payment channels.	Payments may be made through a third party service provider.

Table 2 Revenue Types That May Be Paid By Credit Card When Future Technology is Implemented to Enable It	
Revenue Type	Where Accepted
Parking at HRM operated parking lots	Payment kiosks
On-street parking	Payment kiosks Parking meters
Metro Transit fares	Metro Transit fare technology
Tax certificates	On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	On-line

Table 3 Revenue Types That Shall Not Be Paid By Credit Card	
Revenue Type	
Property tax accounts and local improvement charges unless: <ul style="list-style-type: none"> • the payment is from a third party service providers acceptable to HRM; and • there is no cost to HRM. 	
Deed transfer tax	
Inter-Governmental transfers including grants in lieu of taxes and tax agreements	
Invoiced general revenues and recoveries including tipping fees	
Payments to HRM from parties: <ul style="list-style-type: none"> • operating HRM facilities, or • selling items on consignment such as Metro Transit tickets and Metro Transit passes 	
Payments pursuant to By-Law F-300, the <i>Fees for the Provision of Taxation Information By-law</i>	
Halifax Water bill payments paid at HRM Customer Service Centres	

**Attachment 3
(Incorporating all proposed changes)**

**Halifax Regional Municipality
Administrative Order 18
Revenue Collections Policy**

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**HALIFAX REGIONAL MUNICIPALITY
ADMINISTRATIVE ORDER NUMBER 18
RESPECTING REVENUE COLLECTIONS POLICY**

BE IT RESOLVED as an Administrative Order of the Council of the Halifax Regional Municipality as follows:

1.0 Short Title

1. The Administrative Order may be cited as Administrative Order Number 18, the Revenue Collections Policy Administrative Order.

2.0 General Statement of Principle

The Revenue Division seeks to bill all applicable and approved sources of revenue accurately in support of Council's annual budget. Accurate billing is, therefore, the first step in the process of collecting funds. The fulfilment of the process occurs when the obligation is paid. This policy seeks to provide equitable, supportable, and legal guidelines to staff and the public which will ensure that all taxpayers are well served in the process.

2.1 Guiding Principles

The following principles will guide the collection practices of the Halifax Regional Municipality:

- (a) To ensure all taxpayers are served equitably
- (b) To clearly articulate the guidelines staff will apply in the collection process and the outcomes which will ensue on default
- (c) To follow through with necessary action upon default in keeping with the policy
- (d) To direct those taxpayers in need of financial aid to all applicable sources of assistance including HRM's Grants and Deferral programs and to any provincial programs
- (e) To be respectful and consistent in all cases
- (f) Staff will ensure they comply with Protection of Privacy legislation.

3.0 Definitions

3.1 Non-lienable charges -These are charges that under law cannot be affixed to a property and, therefore, cannot form an encumbrance against the value of that property. Many types of revenues are included in this category such as Solid Waste tipping fees, Bus Tickets and Passes, Payroll costs, Rentals, Encroachment fees, Police extra duty work and Transit bus warranty recoveries. These examples are not all inclusive.

3.2 Liable charges- These charges can be affixed to a property. Several charges billed as general revenue are liable against properties in accordance with the particular by laws which created the charges. Examples include: Unightly Premises charges, Sewer redevelopment/Trunk

Sewer charges, Local Improvement charges, False alarm fines and Other By-law related charges. Real property taxes are also lienable charges. These charges remain as encumbrances on a property until such time as they are paid and can by definition initiate a tax sale process in accordance with the Municipal Government Act.

3.3. Merchant discount – the percentage fee charged by the financial institution or entity that issued the credit card to the entity accepting the credit card as a method of payment.

4.0 Categories of Revenue

(a) This policy applies to all Business units, Agencies, Boards and Commissions of Halifax Regional Municipality over which the Municipality has jurisdiction.

(b) Different collection policies and practices are required for various revenue streams due to the differences in legislation and the nature of those revenues.

4.1 General Revenues

4.1.1 Non-Lienable Charges

(a) These amounts are billed and are due monthly. The due date for all of these types is 30 days from date of billing.

4.1.2 Collection Procedures for Non-Lienable Charges

(b) Staff will follow up with a phone call to those accounts where amounts have gone past the due date of Net 30. Statements will be sent monthly showing the account status. Staff will then pursue and follow up until the account overdue status reaches 90 days or until the account becomes current. After 90 days any persistently overdue accounts will be turned over to our internal collections department and more serious action will be taken to collect, including:

- 1) requiring a payment arrangement or enacting a right of offset for any amounts that HRM might owe the client;
- 2) a refusal to do further business on a billed basis, ie cash only;
- 3) advising the client of legal action we may take (standard letter format) eg small claims court action or legal action to file judgements;
- 4) file action in appropriate civil court, obtain judgment and file judgment at Registry of Deeds;
- 5) obtain and action execution order or garnishee;
- 6) issuing a warrant to distrain (hold and possibly sell) goods of the client against the debt owed;
- 7) where internal collection efforts have not been successful, the account will be turned over to a third party collection agency on contract with the HRM.

4.2.1 Liable Charges-General Revenues

(a) Due dates on these charges are usually Net 30 days except local improvement charges which can be paid over many years depending on the nature and financial burden of the work to the resident and the particular by law which created them.

4.2.2 Liable Charges-Real Property Taxes

(a) Residential and commercial property taxes are billed twice annually with two due dates, one on April 30th and one on October 31st (or the last working day of the month in question). Residents receive their tax bills approximately six weeks prior to the due date.

4.2.3 Collection Procedures for all Liables

(a) Friendly Reminder Notices (attached) may be sent to all accounts with amounts in excess of one month overdue. Follow up with those notices is then undertaken and payment arrangements are put in place if requested. If no response or success is forthcoming from these steps and if the taxes on a property are still outstanding after June 30th, in the year immediately following that taxation year, the property may be placed on the tax sale property list.

(b) A preliminary notice (Advance Notice of Tax Sale Proceedings) is sent to each assessed owner of property on the tax sale list as per Section 152 of the HRM Charter advising that the property is liable to be sold for the arrears, with interest and expenses, and that tax sale procedures may be commenced and costs expended, which will also be liened against the property, unless the arrears are paid or a satisfactory payment arrangement is struck within 30 days of the date of the preliminary notice.

(c) After 30 days past the issuance of the preliminary notice, if the taxes have not been paid or arrangements made, staff will arrange for a title search and, if deemed necessary, undertake a survey of the property.

(d) Upon completion of the title search and survey Notice of Intention to Sell is then sent by registered mail to all registered owners and to the spouses of registered owners, with a copy to be sent to any mortgage company or any person with a lienholder interest in the property where applicable.

(e) All properties with taxes which are in arrears for the preceding three fiscal years SHALL be put up for tax sale. It should be noted that staff will proceed to tax sale for all liable charges that are in excess of 3 years overdue. This means that installments of Local Improvement charges, Unsightly charges, False alarm charges, Trunk Sewer charges or any liable charge, as well as, real property taxes can trigger the tax sale process.

(f) Staff will notify citizens and clients of all amounts that are outstanding in excess of nine months overdue that may place properties at risk of tax sale using the REMINDER NOTICE OF OVERDUE CHARGES.

(g) Tax sale proceedings may be deferred for a property for up to two years via a payment arrangement that will bring the property into a current status within two years.

(h) A municipality is not required to put a property up for tax sale (*HRM Charter* Section 148 (4) where:

- 1) the solicitor for the municipality advises there is high risk of litigation. Tax staff will forward any properties which may be creating litigation risk, upon notification thereto, or as they ascertain in the course of their research to Legal Services for review.
- 2) the amount is below the collection limit established by council. Staff may not regularly pursue accounts in arrears where the total amount outstanding is less than \$500 as the staff time, costs for a title search (about \$300) and possible survey costs, make the effort more costly than the return. Staff will, nonetheless, regularly select some of these accounts at random to include in the tax sale process.
- 3) the property has been put up for tax sale three times in the past with no satisfactory offer. Staff will then proceed, as per section 158 (4) of the HRM Charter, and without further notice to the owner and encumbrances, to again advertise the property and sell it at either public auction or tender starting with the minimum reserve bid as set by Council resolution. Any remaining arrears after the tax sale, will be adjusted to the allowance for tax account (G/L 2521). Staff will then advise Council of the results, including any adjustments within 30 days of the tax sale via an information report.
- 4) in that year the taxpayer qualifies for a deferral. Once a taxpayer no longer applies for or receives tax deferral, the tax sale process can immediately recommence, except where the taxpayer makes a payment arrangement for the amounts previously deferred. These deferred amounts will remain deferred in accordance with Section 6.6 of By-Law T-700, Respecting Tax Deferrals. Such payment arrangement will be a reasonable amount as determined with the taxpayer and staff. The proposed payment arrangement will be in writing and the rules concerning breaks in the arrangement as outlined below will apply.
- 5) if the taxpayer is compliant with a payment arrangement. Under normal circumstances any payment arrangements made will bring the account into current status within a two year time frame.(except as discussed above for previously deferred taxes under By Law T-700) The proposed two year payment arrangement will be in writing and will allow for a deferral of the tax sale process. No other circumstances (except as specifically directed by Council) will allow for deferral. Compliance with the payment arrangement will be strictly upheld by staff. There will be allowance for two payments to be deferred either by request or by default. On the third instance of nonpayment as per the arrangement, notice will be given and the tax sale process will recommence with no recourse other than full payment. This forgiveness of two payments clause is considered an insurance policy for unforeseen and unfortunate circumstances of any kind and should be used as such.
- 6) Once a property has been advertised in the newspaper for public auction at tax sale, in order to stop the auction, there is a requirement to pay a lump sum amount to bring the property to within two years of arrears along with a subsequent payment arrangement to

clear the remaining arrears and current upcoming tax bills for the property. This would be the minimum arrangement that would prevent the property from proceeding to auction. Such payment could be received up to the close of business ie 4:30 pm on the day proceeding the day of the auction. A signed payment arrangement will be subsequently required within a week of the auction date.

7) Any surplus of funds from the tax sale may be applied to reduce any non-liable charges owed by the owner of the land to the municipality. These outstanding amounts need have no direct relationship to the property sold. The withdrawal of any surplus cannot be completed until after the redemption period (within six months after the sale date) where applicable. Properties are not redeemable if there are taxes owing that are greater than six years in arrears.

8) A tax sale deed shall be provided to the purchaser for the fee of \$100 to be paid at time of the sale and provided at any time after the sale if the property was not redeemable or after the six month waiting period if the property was redeemable.

4.3.0 Business Occupancy Taxes - Non-liable charges

4.3.1 Collection Procedures for Business Occupancy (BO) Taxes

(a) The collection process for BO accounts (as outlined below) will commence when the taxes are in excess of 30 days overdue

(b) The account owner is sent a friendly reminder letter indicating the owner has 15 days to settle.

(c) Accounts where no response is received are sent a collection letter explaining further steps that may be taken with an additional 15 days to settle

(d) Accounts without satisfactory settlement may be sent to the warrant process **Section 132 – 138 of the HRM Charter**

(e) If the warrant process does not affect payment or an arrangement for payment, accounts will be forwarded to our internal collection department for further action.

(f) Accounts will be granted a further 10 business days to settle after which the accounts may be sent to HRM's third party collection agency.

(g) Payments made by a person to any associated real property accounts may be transferred to relieve related outstanding business occupancy accounts. Lienholders on the associated real property accounts may be notified of the overdue business occupancy amounts. (Section 145 of the HRM Charter)

5.0 Other Collection Policies

(a) Principal or interest for less than \$10 can be written off for accounts in arrears at staff's discretion.

(b) Interest charges on an account may be relieved by staff when it is determined that the account has been in dispute and the process to settle the debt has been prolonged and the client is not at fault.

(c) Interest charges on an account may be relieved by staff if it is determined that insufficient support for the billing or insufficient follow up by staff has resulted in undue interest charges.

(d) Where staff determines that both the taxpayer and staff may have been jointly responsible for delays in billing, or in providing appropriate details to support or refute the billing or for lack of timely follow up, staff may grant partial interest relief on an account up to their applicable spending authorization limits.

(e) No adjustment to billings can be made, except as outlined above by any staff member, unless where there was an error in the original billing and corresponding back up by appropriate managerial levels of staff involved is provided.

(f) No account will be sent to write off unless all efforts have been exhausted in its collection and will only be so sent after recommendation of supervisor and concurrence of team leader and manager.

(g) Only Council can approve final write off of any revenue accounts. Such write off reports will be provided not less than once per year.

(h) After an assessment appeal is determined and any appeal from that decision is decided, any taxes that were overpaid shall be refunded to the applicant, together with interest at a rate equal to the rate actually earned by Halifax Regional Municipality on its short term investments. The interest rate shall be determined and the interest calculated monthly but shall not be compounded.

5A.0 Acceptance of Credit Cards

5A.1 The purpose of this section is to provide clarity to staff and customers as to the types of revenues that credit cards may be used as a method of payment. The section balances the cost of the merchant discount to HRM with the convenience to HRM customers.

5A.2 The types of revenue that may be paid by credit card from the effective date of this section, are set out in Table 1 of Schedule 3.

5A.3 The types of revenues that may be paid by credit card when future technology is implemented to enable such payments, are set out in Table 2 of Schedule 3.

5A.4 The types of revenues that shall not be paid by credit card, are set out in Table 3 of Schedule 3.

6.0 SCHEDULES:

Schedules attached hereto form part of this Administration Order and are intended for guidance and information purposes.

- Schedule 1 Tax Sale Administration Fees
- Schedule 2 Penalty Fees
- Schedule 3 Credit Card Usages

Schedule 1 – Tax Sale Administration Fees	
Description of Fee Amount	Amount
Advanced Notice of Tax Sale Proceedings	\$50.00
Title Search Fee – External (per current RFQ)	Actual
Title Search Fee – Internal (Migrated properties)	\$25.00
Title Search Fee – Internal (Registry of Deeds Titles)	\$125.00
Survey	Actual
Notice of Intention to Sell	\$400.00
Preparation of Tax Sale Certificate *	\$75.00
Preparation of Deed	\$100.00
Deed Replacement Fee	\$250.00
Registration of Deed and Certificate	Actual

*Issued at time of Tax Sale

Schedule 2 – Penalty Fees	
Description of Fee Amount	Amount
Non-Sufficient Funds (NSF)	\$40.00

Schedule 3
Credit Card Usages

Table 1 Revenue Types That May Be Paid By Credit Card	
Revenue Type	Where Accepted
Recreation services	Recreation centres On-line Customer service centres (where available)
Parking and municipal fines	Customer service centres, HRM Call Centre On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	Customer service centres
Dog licences	Customer service centres HRM Call Centre
Sale of Metro Transit tickets and Metro Transit passes	Customer service centres
Payments to HRM Police including <ul style="list-style-type: none"> • criminal records checks, • finger printing, • motor vehicle reports, • incident reports, • summons, pardons, and • FOIPOP applications 	HRM Police facilities (where available)
Sale of HRM cemetery plots and cemetery Services	HRM cemetery office
Property tax accounts providing there is no merchant discount cost to HRM and the payments are made using existing payment channels.	Payments may be made through a third party service provider.

Table 2 Revenue Types That May Be Paid By Credit Card When Future Technology is Implemented to Enable It	
Revenue Type	Where Accepted
Parking at HRM operated parking lots	Payment kiosks
On-street parking	Payment kiosks Parking meters
Metro Transit fares	Metro Transit fare technology
Tax certificates	On-line
Permits and development application fees (including those taken on behalf of Halifax Water)	On-line

Table 3
Revenue Types That Shall Not Be Paid By Credit Card

Revenue Type	
Property tax accounts and local improvement charges unless: <ul style="list-style-type: none"> • the payment is from a third party service providers acceptable to HRM; and • there is no cost to HRM. 	
Deed transfer tax	
Inter-Governmental transfers including grants in lieu of taxes and tax agreements	
Invoiced general revenues and recoveries including tipping fees	
Payments to HRM from parties: <ul style="list-style-type: none"> • operating HRM facilities, or • selling items on consignment such as Metro Transit tickets and Metro Transit passes 	
Payments pursuant to By-Law F-300, the <i>Fees for the Provision of Taxation Information By-law</i>	
Halifax Water bill payments paid at HRM Customer Service Centres	