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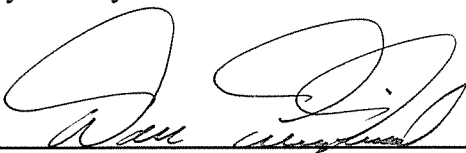


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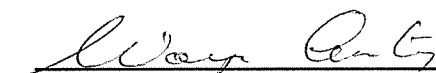
Halifax Regional Council
February 21, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Wayne Anstey, Acting Deputy Chief Administrative Officer

DATE: February 13, 2006

SUBJECT: By-Law F-300 - Fees for Provision of Tax information

ORIGIN

Staff.

RECOMMENDATION

It is recommended that :

1. Council approve, in principle, proposed By-Law F-300 and refer it to the By Law Rationalization Committee for review and comment with direction that it be returned to Council for final adoption before the end of the current fiscal year.

BACKGROUND

In the course of discussion with other Municipalities about their business practises and revenues, staff became aware of a fee for service being offered in East Hants, NS.

DISCUSSION

Services to Financial Institutions

Each billing cycle and throughout the year, Revenue staff provide services to financial institutions whose clients pay their tax bills through their mortgage. We segregate these accounts by financial institution in our system, respond to requests from financial institutions to add or remove their clients from this database throughout the year and then compile a single bill twice a year which we send in aggregate to the financial institutions for their convenience. When the payment arrives we reconcile the payment to the bill and advise the financial institutions of any discrepancies which are then corrected by them. We have been told many times by the financial institutions that this service is of very clear value to them, it smooths their processes and makes for an efficient payment procedure for them.

We have been providing this service for years without seeking a fee. Revenue staff have recently learned that the Municipality of East Hants has recently started charging a fee for this service.

HRM staff contacted East Hants senior staff and discussed the approach and the reaction of their financial institution clients and council. East Hants found that their clients were very accepting of the fee that council was in favour. East Hants charges \$6 per account per billing and created a by law as per Section 79 of the MGA in order to put the fee into place.

Upon further investigation, staff were able to identify that Cape Breton Regional Municipality charges an administration fee of \$6 per account.

There are costs associated with providing this service. We have 1 full time equivalent staff person assigned to the annual task of maintaining mortgage account files and have invested configuration expense into our billing system to allow for the service. Ongoing support for the service including IT support, management and overheads bring our total estimated annual cost for the service into the above noted range.

There is a concern expressed by those we have consulted that this fee will be passed on to the resident who uses this service offered by their financial institution. While staff cannot speculate if this will happen, staff can offer that if the fee does flow through, then any resident can come directly to HRM to put in place a monthly payment arrangement just as they have with their mortgage account for no cost at all. This convenience is already offered to approximately 6,000 taxpayers today.

The \$25 fee proposed in the by law for the provision of tax account information, in writing, under

any other circumstances is not expected to be imposed frequently. Most information requests come directly from the resident and even if asked for in writing will incur no fee as per section 3 of the proposed by law. This new fee would apply to financial institutions, legal firms or real estate firms who request in writing a formal written account status of the tax account in question. In staff's experience, such requests are very infrequent.

If legal firms request a guaranteed status of outstanding taxes, liens and other charges on an account they will continue to do so by requesting a tax certificate on the property. This service is offered for \$75 per certificate and binds the municipality in that we guarantee that the certificate is accurate. Should an inaccuracy appear after the fact, the municipality is required to cover the error from general funds. Staff process approximately 6,700 of these certificate requests per year. The proposed by-law makes no change to this process.

BUDGET IMPLICATIONS

There are approximately 49,000 accounts that are currently administered under this program. Should council accept the fee proposal, this would generate an estimated \$980,000 per year in additional service fee recoveries.

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.

ALTERNATIVES

Council could amend the fee amount. Staff feel that the amount is in keeping with the fees being charged in other jurisdictions. A higher amount than East Hants is justified in staff's view as the fixed cost investment in technology and staff is higher in order to address the sheer volume of accounts and the number of adjustment transactions (additions and deletions) that occur in any given year.


Council could reject the fee proposal. Staff recommend that this fee for service approach is in keeping with council's direction to relieve the property tax burden for residents.

ATTACHMENTS

Proposed By-Law F-300

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:


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Report Approved by:


Dale MacLennan, CA Director-Finance 490-6308

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 business occupancy taxes and property 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 in this format 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 directly to the owner of real property.
4. An administration fee of \$10.00 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 \$25.00 will be charged for the provision of tax account information pursuant to this by-law in any other circumstances.

Done and passed by Council this day of , 2006.

MAYOR

MUNICIPAL CLERK