



City of Richmond

Report to Committee

To: Finance Committee

Date: May 11, 2020

From: Jerry Chong
Director, Finance




File: 03-1240-01/2020-Vol
01

Re: **Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178**

Staff Recommendation

1. That the Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 be introduced and given first, second and third readings.
2. That the Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 be adopted.

Jerry Chong
Director, Finance
(604-276-4064)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
SENIOR STAFF REPORT REVIEW	INITIALS: 
APPROVED BY CAO 	

Staff Report

Origin

Under section 234(1), of the *Community Charter*, Council has historically adopted the General Tax Collection Scheme whereby property taxes are due on July 2nd of each year.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

5.1 Maintain a strong and robust financial position.

5.4 Work cooperatively and respectfully with all levels of government and stakeholders while advocating for the best interests of Richmond.

Analysis

The Province of BC announced on April 16th, 2020 BC's *COVID-19 Action Plan* to support businesses and local governments during the unprecedented pandemic. In this plan, the following measures were introduced:

- Provincial school taxes for Class 4, 5, 6, 7 and 8 properties will be reduced, resulting in an approximate 25% reduction in overall property taxes for the 2020 tax year.
- The penalty date for the same property classes will be postponed to October 1, 2020. Based on the reduced school taxes for the commercial property classes, the Province of BC will be providing approximately \$60M in property tax relief for non-residential properties in the City of Richmond (the "City").
- The remittance of school taxes is postponed to the end of the year in order to provide cash flow to municipalities.
- The remittance to other taxing authorities is required by August 1, 2020.

Alternative Municipal Tax Collection Scheme

With the penalty date change for select assessment classes announced by the Province, if the City chooses to do nothing, Section 234 – General Tax Scheme ("General Scheme") of the *Community Charter* applies where penalties must be charged on all outstanding balances immediately after July 2nd. In doing so, the City will be creating inequity between residential and non-residential property owners. While the pandemic and physical distancing restrictions have greatly impacted businesses and their revenue, many residential tax payers have also been financially affected.

In addressing the inequity, Council may adopt an Alternative Municipal Tax Collection Scheme (“Alternative Scheme”) bylaw under Section 235 and 236 to:

1. Remove the inequity by establishing penalty dates for all classes to mirror those sent out by the Province; and
2. Provide property owners the option to elect to pay under the General or Alternative Scheme by giving written notice of their election to the municipality within the period of time established through the bylaw.

The Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 will set a July 2nd due date and allow penalties to apply on any unpaid taxes on October 1, 2020. If property owners do not wish to have a later penalty date, the *Community Charter* requires that owners be given a period to give notice to the municipality for an earlier penalty date of July 3rd. The bylaw sets June 15th as the deadline to give notice for the earlier penalty date. Staff does not expect any requests for the General Scheme as an earlier July 3rd penalty date would be an inferior option to the Alternative Scheme which offers a later penalty date of October 1st. At the same time, staff will encourage property owners who are financially able to meet the July 2nd due date to still do so to help keep City programs and services in place.

Financial Impact

Postponing the property tax payment penalty date to October 1, 2020 through the Alternative Municipal Tax Collection Scheme (2020) Bylaw 10178 will provide all property owners an additional 90 calendar days of payment relief during the COVID-19 pandemic. Staff anticipates forgoing approximately \$940,000 in penalty revenue with the extended penalty date.

Conclusion

It is the recommendation of staff:

1. That the Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 be introduced and given first, second and third readings; and
2. That the Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178 be adopted.



Ivy Wong
Manager, Revenue
(604-276-4046)



Anthony Capuccinello Iraci
City Solicitor
(604-247-4636)

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Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178

The Council of the City of Richmond enacts as follows:

PART ONE: GENERAL PROVISIONS

1. This bylaw establishes an alternative municipal tax collections scheme under s.235 of the *Community Charter* for the year 2020.
2. Unless the general tax collection scheme is determined to apply under s.236 of the *Community Charter*, the provisions of this bylaw apply.
3. Property taxes for the year 2020 are due on July 2, 2020.
4. If all or part of the property taxes remain unpaid after September 30, 2020, penalties will be applied in accordance with the following provisions:
 - (a) the collector must add to the unpaid property taxes for the parcel and improvements for the year 2020 a penalty equal to 10% of the portion that on October 1, 2020 remains unpaid, and
 - (b) the penalty referred to in paragraph (a) is due as part of the property taxes for the year 2020 for the parcel and improvements.
5. For the year 2020, an owner may under s.236 of the *Community Charter* make an election to pay under the alternative municipal tax collection scheme established by this bylaw or under the general tax collection scheme by giving written notice of the election to the City before June 15, 2020.

PART TWO: INTERPRETATION

6. In this bylaw, unless the context requires otherwise:

City	means the City of Richmond;
Collector	means the municipal officer assigned responsibility as collector of taxes for the municipality;
<i>Community Charter</i>	means <i>Community Charter</i> , SBC 2003, c. 26, as amended or replaced from time to time;

Property taxes

means taxes under Division 3 [*Property Value Taxes*], 4 [*Parcel Taxes*] or 5 [*Local Service Taxes*] of Part 7 [*Municipal Revenue*] of the *Community Charter*.

PART THREE: SEVERABILITY AND CITATION

- 7. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
- 8. This Bylaw is cited as "Alternative Municipal Tax Collection Scheme (2020) Bylaw No. 10178".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept.
<i>[Signature]</i>
APPROVED for legality by Solicitor
<i>[Signature]</i>

MAYOR

CORPORATE OFFICER