

NO: **R069**

COUNCIL DATE: **May 4, 2020**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 30, 2020**

FROM: **General Manager, Finance**

FILE: **1970-01**

SUBJECT: **Alternative Municipal Tax Collection Scheme for the Year 2020 Due to COVID-19**

RECOMMENDATION

The Finance Department recommends that Council:

1. Receive this report for information;
2. Authorize staff to take necessary steps to implement the Alternative Municipal Tax Collection Scheme, under *Section 235 of the Community Charter*, for the year 2020; and
3. Authorize the City Clerk to bring forward "*Alternative Municipal Tax Collection Scheme Bylaw, 2020, No. 20082*" for the required readings and final adoption, attached as Appendix "1".

INTENT

In order to proactively provide financial relief to our residents, as per Council direction, staff are requesting Council support to invoke the alternative municipal tax collection scheme for this fiscal year. This alternative municipal tax collection scheme will enable the City to change the penalty effective date to October 1, 2020 for the annual tax year so that all classes of properties have the same penalty effective date, thus providing assistance to the residential property class.

BACKGROUND

In March 2020, Council took steps to provide financial assistance to our residents by extending the annual utility payment date by 90 days. Subsequent to this, the Province announced financial relief to commercial businesses in British Columbia ("BC") during the COVID-19 pandemic, the Province has given direction to change the late payment penalty effective date for unpaid property taxes for commercial property classes 4 (Major Industry), 5 (Light Industry), 6 (Business), 7 (Managed Forest Land) and 8 (Recreational Non-Profit) to October 1st for 2020 property taxes. Furthermore, for properties with split classes, if any portion of the property includes a taxable value in any of the classes 4, 5, 6, 7 and 8, the October 1st late payment date will also apply. Effectively, this 90-day extension is intended to provide short-term cash-flow assistance to businesses that own their property and to commercial landlords. The Province did not announce any changes to late payment penalty dates for the other property classes, most notably Class 1 (Residential), Class 2 (Utilities) and Class 9 (Farm).

DISCUSSION

Currently, under the general tax collection scheme, *Section 234 of the Community Charter* that the City follows, property taxes are due on July 2nd each year and any unpaid tax is subject to a penalty on or after July 3rd. The penalty rate is established in the *Municipal Tax Regulation* and is 10 percent.

The two late property tax penalty dates and rates of penalties for non-payment of property taxes for all property classes are as follows:

- 1) 5% late payment penalty on unpaid taxes for all classes on or after July 3rd each year; and
- 2) an additional 5% late payment penalty on unpaid taxes for all classes on or after September 3rd each year.

As previously mentioned in this report, changes in relation to late penalty dates brought forward by the Province only apply to commercial property classes, they do not apply to Class 1, 2 and 9. In order to provide financial relief and equity to the residential class, staff are recommending extending the penalty effective date for all classes to October 1st for this year. Furthermore, maintaining different late payment penalty dates and rates for commercial property classes versus non-commercial property classes will be administratively burdensome for City staff and may result in risk associated with software enhancements.

Accordingly, staff are recommending that Council support the alignment of the current late payment dates and rates by changing the tax collection scheme for the year from general to alternative municipal.

Property taxes late payment dates are recommended to be changed from July 3rd to October 1st for all classes and the rate of penalty will change from:

- 5% on or after July 3rd and an additional 5% on or after September 3rd to:
- 0% on or after July 3rd and 10% on or after October 1st.

Although, the actual due date for all property classes will remain July 2nd, this change in late penalty dates provides a 90-day extension to pay taxes without late penalties. A copy of the proposed Bylaw is attached as Appendix "I".

Council is requested to give the proposed Bylaw three readings and final adoption at the same meeting of Council pursuant to the provisions granted under section 9 of Ministerial Order Mo83 (Appendix "II")

SUSTAINABILITY CONSIDERATIONS

This information update supports the objectives of the City's Sustainability Charter 2.0. In particular, this update relates to the Sustainability Charter 2.0 theme of Economic Prosperity and Livelihoods. Specifically, the following Desired Outcome ("DO"):

- DO9: Surrey's economy is able to adapt and thrive in response to external forces, such as the changing climate.

CONCLUSION

Property owners, both commercial and residential, will benefit from any additional financial assistance to help ease the financial burden during these uncertain times. By providing a 90-day extension to pay taxes without late penalties, the City will demonstrate its support to property owners who are feeling the financial impacts of COVID-19.

Kam Grewal, CPA, CMA
General Manager, Finance

Appendix "I": Proposed "*Alternative Municipal Tax Collection Scheme Bylaw, 2020, No. 20082* "
Appendix "II": Order of the Minister of Public Safety and Solicitor General, Ministerial Order
No. Mo83

CITY OF SURREY

BYLAW NO. 20082

A bylaw to provide for an Alternative Municipal Tax
Collection Scheme for the Year 2020 in the City of Surrey.

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WHEREAS Section 235 of the Community Charter, S.B.C. 2003, c. 26 provides that the Council may by Bylaw authorize the collector to establish a municipal tax collection scheme as an alternative to the general tax collection scheme established by the Act,

AND WHEREAS, the Council of the City of Surrey deems it desirable to establish such an alternative municipal tax collection scheme for the 2020 taxation year;

AND WHEREAS such an alternative municipal tax collection scheme will authorize the establishment of one or more dates on which all or part of the property taxes are due;

AND WHEREAS such a scheme will also authorize the establishment of penalties and interest, and terms, conditions and procedure of payments of taxes in connection with such municipal tax collection scheme;

NOW, THEREFORE, the City Council of the City of Surrey, in open meeting assembled, ENACTS AS FOLLOWS:

1. That Council, pursuant to Section 235 of the Community Charter, hereby establish a municipal tax collection scheme for the 2020 taxation year as an alternative to the City's general tax collection scheme established by Section 234 of the Community Charter.

2. An owner of property may elect to pay under the general tax collection scheme for 2020 by giving written notice to the City during the period of June 1, 2020 to June 30, 2020 in order for that election to be effective for the 2020 taxation year. The written notice shall be given in the form provided by the collector for that purpose. An owner of property who does not elect to go into the general tax collection scheme will be deemed to be included in the municipal tax collection scheme established by this Bylaw.

3. The current 2020 property taxes due in respect of a property on the due date shall be the total amount of current property taxes levied against that property for 2020.
4. The due date in 2020 for current property taxes under the municipal tax collection scheme shall be July 2, 2020.
5. The collector shall, in respect of each parcel of land and the improvements thereon, add to the unpaid taxes for the 2020 taxation year upon the real property tax roll:
 - (a) as soon as is practicable on or after July 3, 2020, zero per centum of the amount unpaid, as of July 3, 2020; and
 - (b) as soon as is practicable on or after October 1, 2020, ten per centum of the amount unpaid, as of October 1, 2020.
6. The unpaid taxes, together with the amount added under Section 5 of this Bylaw, are deemed to be taxes of the 2020 taxation year due on such land and improvements thereon, and the amount added under Section 5 when collected shall form part of the general revenue of the City.
7. This Bylaw shall be cited for all purposes as "Alternative Municipal Tax Collection Scheme Bylaw, 2020, No. 20082"

PASSED FIRST READING on the day of 2020.

PASSED SECOND READING on the day of , 2020.

PASSED THIRD READING on the day of 2020.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the th day of , 2020.

_____ MAYOR

_____ CLERK

PROVINCE OF BRITISH COLUMBIA

ORDER OF THE MINISTER OF PUBLIC SAFETY AND
SOLICITOR GENERAL*Emergency Program Act***Ministerial Order No. M083**

WHEREAS a declaration of a state of emergency throughout the whole of the Province of British Columbia was declared on March 18, 2020;

AND WHEREAS local governments, including the City of Vancouver, and related bodies must be able to conduct their business in accordance with public health advisories to reduce the threat of COVID-19 to the health and safety of members and employees of local government and related bodies and members of the public;

AND WHEREAS it is recognized that public participation in local governance is an essential part of a free and democratic society and is important to local governments' purpose of providing good government to communities;

AND WHEREAS the threat of COVID-19 to the health and safety of people has resulted in the requirement that local governments and related bodies implement necessary limitations on this public participation;

I HEREBY make the attached Local Government Meetings and Bylaw Process (COVID-19) Order.

March 26, 2020

Date



Minister of Public Safety and Solicitor General

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Emergency Program Act, R.S.B.C. 1996, c. 111, s. 10

Other: MO 73/2020

LOCAL GOVERNMENT MEETINGS AND BYLAW PROCESS (COVID-19) ORDER

Definitions

- 1 In this order:
 - “**board**” has the same meaning as in the Schedule of the *Local Government Act*;
 - “**council**” has the same meaning as in the Schedule to the *Community Charter*;
 - “**municipality**” has the same meaning as in the Schedule of the *Community Charter*;
 - “**municipality procedure bylaw**” has the same meaning as “procedure bylaw” in the Schedule of the *Community Charter*;
 - “**regional district**” has the same meaning as in the Schedule of the *Local Government Act*;
 - “**regional district procedure bylaw**” means a procedure bylaw under section 225 of the *Local Government Act*;
 - “**Vancouver council**” has the same meaning as “Council” in section 2 of the *Vancouver Charter*;
 - “**Vancouver procedure bylaw**” means a bylaw under section 165 [*by-laws respecting Council proceedings and other administrative matters*] of the *Vancouver Charter*.

Application

- 2 This order only applies during the period that the declaration of a state of emergency made March 18, 2020 under section 9 (1) of the *Emergency Program Act* and any extension of the duration of that declaration is in effect.

Open meetings - municipalities

- 3 (1) Despite
 - (a) Division 3 [*Open Meetings*] of Part 4 [*Public Participation and Council Accountability*] of the *Community Charter*, and
 - (b) any applicable requirements in a municipality procedure bylaw of a council, a council or a body referred to in section 93 [*application of rule to other bodies*] of the *Community Charter* is not required to allow members of the public to attend an open meeting of the council or body.
- (2) For the purposes of Division 3 [*Open Meetings*] of Part 4 [*Public Participation and Council Accountability*] of the *Community Charter*, if a council or a body do not allow members of the public to attend an open meeting under subsection (1) of this section, the open meeting is not to be considered closed to the public.

Open meetings – regional districts

- 4 (1) Despite
 - (a) Division 3 [*Open Meetings*] of Part 4 [*Public Participation and Council Accountability*] of the *Community Charter*,

(b) section 226 [*board proceedings: application of Community Charter*] of the *Local Government Act*, and

(c) any applicable requirements in a regional district procedure bylaw of a board,

a board or a board committee established under section 218 [*appointment of select and standing committees*] of the *Local Government Act* is not required to allow members of the public to attend an open meeting of the board or committee.

- (2) For the purposes of Division 3 [*Open Meetings*] of Part 4 [*Public Participation and Council Accountability*] of the *Community Charter* as that Division applies to a regional district under section 226 of the *Local Government Act*, if a board or a board committee do not allow members of the public to attend an open meeting under subsection (1) of this section, the open meeting is not to be considered closed to the public.

Open meetings - Vancouver

5 (1) Despite

(a) section 165.1 [*general rule that meetings must be open to the public*] of the *Vancouver Charter*, and

(b) any applicable provision in the Vancouver procedure bylaw,

the Vancouver council or a body referred to in section 165.7 [*application to other city bodies*] of the *Vancouver Charter* is not required to allow members of the public to attend an open meeting of the council or body.

- (2) For the purposes of section 165.1 of the *Vancouver Charter* if the Vancouver council or a body do not allow members of the public to attend an open meeting under subsection (1) of this section, the open meeting is not to be considered closed to the public.

Electronic meetings – municipalities

6 (1) Despite

(a) section 128 [*electronic meetings and participation by members*] of the *Community Charter*, and

(b) any applicable requirements in a municipality procedure bylaw of a council, a council or a body referred to in section 93 [*application of rule to other bodies*] of the *Community Charter* may conduct all or part of a meeting of the council or body by means of electronic or other communication facilities.

- (2) A member of a council or body who participates in a meeting by means of electronic or other communication facilities under this section is deemed to be present at the meeting.

- (3) Section 128 (2) (c) and (d) [*electronic meetings and participation by members*] of the *Community Charter* does not apply in respect of a meeting conducted by means of electronic or other communication facilities under this section.

Electronic meetings – regional districts

7 (1) Despite

(a) section 221 [*electronic meetings and participation by members*] of the *Local Government Act*,

(b) the Regional District Electronic Meetings Regulation, B.C. Reg. 271/2005, and

(c) any applicable requirements in a regional district procedure bylaw of a board,

a board or a board committee established under section 218 [*appointment of select and standing committees*] of the *Local Government Act* may conduct all or part of a meeting of the board or committee by means of electronic or other communication facilities.

(2) A member of a board or board committee who participates in a meeting by means of electronic or other communication facilities under this section is deemed to be present at the meeting.

(3) Section 2 (2) (d) and (e) [*electronic meetings authorized*] of the Regional District Electronic Meetings Regulation does not apply in respect of a meeting conducted by means of electronic or other communication facilities under this section.

Electronic meetings - Vancouver

8 Despite

(a) section 164.1 [*meeting procedures*] of the *Vancouver Charter*,

(b) the City of Vancouver Council Electronic Meetings Regulation, B.C. Reg. 42/2012,

(b) any applicable provision in the Vancouver procedure bylaw,

the Vancouver council or a body referred to in section 165.7 [*application to other city bodies*] of the *Vancouver Charter* may conduct all or part of a meeting of the council or body by means of electronic or other communication facilities.

(2) A member of the Vancouver council or other body who participates in a meeting by means of electronic or other communication facilities under this section is deemed to be present at the meeting.

(3) Section 2 (2) (c) and (d) [*electronic meetings authorized*] of the City of Vancouver Council Electronic Meetings Regulation does not apply in respect of a meeting conducted by means of electronic or other communication facilities under this section.

Timing requirement for bylaw passage – municipalities

9 Despite section 135 (3) [*requirements for passing bylaws*] of the *Community Charter*, a council may adopt a bylaw on the same day that a bylaw has been given third reading.

Timing requirement for bylaw passage – regional districts

10 Despite section 228 [*bylaw adoption at same meeting as third reading*] of the *Local Government Act*, a board may adopt a bylaw described in that section at the same meeting at which the bylaw passes third reading if the motion for adoption receives the majority of the votes cast.