Report – Executive Policy Committee - November 29, 2006

Item No. 12 Fees for Tax Information
File GL-5.8.1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 29, 2006, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That the fees charged for the products and services provided by the Corporate Finance Department, Taxation and Revenue Division be increased effective January 1, 2007 as follows:

Service	Chargeable Unit(s)	2006 Fee	2007 Fee
Custom Data Reports	Per Account	$8.00	$9.00
Custom Data Reports for requests for more than 50 Accounts or more than 2.5 hours of work	Per Hour	$25.00	$30.00
Tax Information (Oral)	Per Account	$10.00	$11.00
Local Improvement Statements	Per Account	$25.00	$30.00
Non-current Tax Year Search	Per Account	$10.00	$12.00
Property Tax Status Verification	Per Account	$8.00	$9.00
Tax Account Information for Financial Institutions – Paper or Electronic Listing	Per Account	$10.00	$11.00
Tax Sale Redemption Certificate	Per Property	$10.00	$13.00

2. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee - November 29, 2006

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 29, 2006, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: FEES FOR TAX INFORMATION

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Acting Chief Financial Officer

REPORT DATE: November 15, 2006

RECOMMENDATION(S):

1. That the fees charged for the products and services provided by the Corporate Finance Department, Taxation and Revenue Division be increased effective January 1, 2007 as follows:

Service	Chargeable Unit(s)	2006 Fee	2007 Fee
Custom Data Reports	Per Account	$8.00	$9.00
Custom Data Reports for requests for more than 50 Accounts or more than 2.5 hours of work	Per Hour	$25.00	$30.00
Tax Information (Oral)	Per Account	$10.00	$11.00
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Tax Account Information for Financial Institutions – Paper or Electronic Listing	Per Account	$10.00	$11.00
Tax Sale Redemption Certificate	Per Property	$10.00	$13.00

2. That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

Report Summary

Key Issue(s):

- This report is recommending inflationary increases to existing fees from the last time the service fee was increased.

- It is estimated that if approved, the recommended fee increases will result in an estimated incremental revenue increase of approximately $44,175 annually dependent upon the volume of transactions.

Implications of the Recommendation(s):

General Implications

	None
	For the organization overall and/or for other departments
X	**For the community and/or organizations external to the City**
	Involves a multi-year contract

Comment(s): If approved, the recommendations would require external users to pay a higher fee for tax information services.

Policy Implications

X	**No**
	Yes

Comment(s):

Regulatory Implications

X	**None**
	Eliminates or reduces regulatory impact
	Proposes regulatory impact

Comment(s):

Environmental Implications:

X	**No**
	Yes

Comment(s):

Human Resources Implications:

[X] **No**
[ ] **Yes**
Comment(s):

Financial implications

[X] **Within approved current and/or capital budget**
[ ] **Current and/or capital budget adjustment required**
Comment(s): The recommended changes in the fees will result in an estimated incremental revenue increase of $44,175 annually dependent upon the volume of transactions commencing in 2007. If approved, this revenue will be reflected in the 2007 budget.

Report

REASON FOR THE REPORT:

Council approval is required to increase the fees charged for tax information.

HISTORY:

On July 7, 1994, the Province of Manitoba provided the City of Winnipeg with legislation enabling the fixing of fees for the provision of tax information payable by persons, other than the registered owner. At its meeting held on July 12, 1995, Council established certain fees payable for the provision of tax information. The fees came into effect on January 1, 1996 and have been subsequently amended from time to time.

The Taxation and Revenue Division has historically developed services and systems specifically designed to accommodate the needs of the legal, financial and real estate communities. Prior to the adoption of the fees in 1995, these services were provided free of charge to the user and benefactor of the information. The costs to provide these services were being borne by the City at large and not those who used and benefited from these services. With the adoption of the fees effective January 1, 1996, the following tax information services have been charged on a user pay basis:

- Custom Data Reports
- Custom Data Reports for Requests for more than 50 accounts or more than 2.5 hours of work
- Oral Tax Information (Legal Line)
- Local Improvement Statements
- Non-Current Tax Year Search
- Property Tax Status Verification
- Tax Account Information for Financial Institutions (paper and electronic)
- Tax Sale Redemption Certificates

DISCUSSION:

A review of all of the fees currently charged for tax information services was recently completed. While a number of services have experienced fee increases within the past 2 – 3 years, a number of service fees have remained unchanged since the mid to late 1990's.

The recommendation in this report is to increase the fees associated with all of these services. The proposed increase for each service fee is based on inflationary increases (i.e., Consumer Price Index – All Items for the City of Winnipeg) since the last time the service fee was increased, rounded to the nearest dollar. This is consistent with a Council motion adopted on January 22, 1992 that fees and charges should increase annually by the rate of inflation unless a periodic review indicated otherwise.

The following provides an overview description of each tax information service and the associated fees that are being recommended for increase in this report:

Custom Data Reports:
This service offers the compilation of a variety of tax information related to a specific area of the City or property classification type. The complexity of these reports can vary significantly depending on the nature of the request. However, the type of information that can be provided may include: (i) mailing addresses within a geographical area; (ii) stratification of aggregate property taxes by school division, education support levy and municipal levy; or, (iii) property class code breakdown.

In cases where the custom report requested involves a large number of accounts (more than 50) or requires extensive research (more than 2.5 hours), the service provides for a separate hourly fee.

The current fee for a Custom Data Report is $8.00 per account which was set on January 1, 2002. The recommendation provides for a $1.00 (or 12.5%) increase from $8.00 to $9.00 effective January 1, 2007. Also, the fee for Custom Data Reports for requests for more than 50 accounts or more than 2.5 hours of work is $25.00 per hour which was set on January 1, 1996. The recommendation provides for a $5.00 (or 20%) increase from $25.00 to $30.00 effective January 1, 2007.

Oral Tax Information (Legal Line):
This service is offered through the use of a dedicated telephone line and staff for the purpose of providing tax information to the legal, financial and real estate communities. Customers must first be registered with the Division to receive this service.

This is a "companion" service to the tax information service made available electronically. The electronic service is delivered by contract between the City and the Legal Data Resource Corporation (LDRC). Users are encouraged to obtain tax

information via the electronic service as the Legal Line service fees are more than the service fees for accessing the electronic service.

The current fee for the Legal Line service is $10.00 per account which was set on January 1, 2004. The recommendation provides for a $1.00 (or 10%) increase from $10.00 to $11.00 effective January 1, 2007. It should be noted that the fee for the electronic service will also increase by $1.00 (from $8.00 to $9.00) on January 1, 2007. However, this fee change will be accomplished by way of a Supplemental Agreement between the City and LDRC.

Local Improvement Statements:
This service is used primarily by lawyers who may request formal confirmation of the local improvement levy status on properties. A letter is provided which will provide the current status of any existing or proposed local improvement levies on a specific property.

The current fee for this service is $25.00 per account which was set on January 1, 1999. The recommendation provides for a $5.00 (or 20%) increase from $25.00 to $30.00 effective January 1, 2007.

Non-Current Tax Year Search:
This service provides historical tax year information for specific properties. Requests must be in writing and will normally involve a copy of the tax bill for a particular prior year or years or a copy of receipt(s) representing payment of taxes.

Requests for tax information pre-dating 1992 will normally require a formal search at the City Archives.

The current fee for this service is $10.00 per account which was set on January 1, 1996. The recommendation provides for a $2.00 (or 20%) increase from $10.00 to $12.00 effective January 1, 2007.

Property Tax Status Verification:
This service is provided to financial institutions and lawyers requesting confirmation of tax status on properties. Notwithstanding the availability of other more convenient services offered by the Division for this purpose (e.g., the telephone or electronic services) these requests require the Division to complete form letters. The information provided will include roll numbers, gross current taxes, net current taxes, arrears, penalties on outstanding balances and confirmation for enrolment on the Tax Instalment Payment Plan.

The current fee for this service is $8.00 per account which was set on January 1, 2002. The recommendation provides for a $1.00 (or 12.5%) increase from $8.00 to $9.00 effective January 1, 2007.

Tax Account Information for Financial Institutions:
The Taxation and Revenue Division currently provides tax information on approximately 27,000 tax accounts to some forty mortgage companies and financial institutions that pay property taxes annually on behalf of their clients (i.e., Principal, Interest and Taxes or P.I.T. accounts).

The Taxation and Revenue Division has developed a mortgage system to accommodate changes that occur to these accounts annually. The system also provides a summary of this information to the respective mortgage company and thus enables them to easily reconcile and pay their clients' property taxes. This information is provided either on a paper account listing form, or electronically, for data updating and exchange.

The current fee for this service is $10.00 per account which was set on January 1, 2004. The recommendation provides for a $1.00 (or 10%) increase from $10.00 to $11.00 effective January 1, 2007.

Tax Sale Redemption Certificates:
This service provides a legal instrument/document to property owners, lawyers and financial institutions certifying the redemption of property previously sold in Tax Sale and not yet acquired by the City.

The current fee for this service is $10.00 per property which was set on January 1, 1996. The recommendation provides for a $3.00 (or 30%) increase from $10.00 to $13.00 effective January 1, 2007.

Conclusion

The various services offered by the Division continue to provide users with readily accessible sources of tax information that they may require for the performance of their respective duties.

The fees charged for tax information ensures that those who use and benefit from these various services actually pay for the service.

It is estimated that if approved, the recommended fee increases will result in an incremental revenue increase of approximately $44,175 annually dependent upon the volume transaction.

FINANCIAL IMPACT STATEMENT - Date: November 8, 2006

Project Name: Fees for Tax Information First Year of Program **2007**

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery	44,175	44,175	44,175	44,175	44,175
Net Cost/(Benefit)	$ (44,175)	$ (44,175)	$ (44,175)	$ (44,175)	$ (44,175)
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ (44,175)	$ (44,175)	$ (44,175)	$ (44,175)	$ (44,175)

Additional Comments: The recommended changes in the fees will result in an estimated incremental revenue increase of $44,175 annually dependent upon the volume of transactions commencing in 2007. If approved, this revenue will be reflected in the 2007 budget.

"original signed by Carrie Erickson"
Manager of Finance and Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

External Consultation With:

THIS REPORT SUBMITTED BY:

Department: Corporate Finance Department
Division: Taxation & Revenue
Prepared by: Robert Weselowski, Manager of Taxation and Revenue
File No. Fees for Tax Information - 2007 Report Nov15 06.doc