Report - Executive Policy Committee – December 5, 2007

Item No. 2 Adjustment to the Tax Installment Payment Plan Administration Fee File FL-2

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2007, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the Tax Installment Payment Plan (T.I.P.P.) By-law No. 194/2004 be amended to revise the monthly installment administration fee of $0.50 to $0.55, an increase of 5 cents, effective January 1, 2008.

2. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary amending by-law in accordance with the foregoing and submit same directly to Council.

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

Agenda – Council – December 19, 2007

Report - Executive Policy Committee – December 5, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2007, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

RE: Adjustment to the Tax Installment Payment Plan Administration Fee

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Chief Financial Officer

REPORT DATE: November 16, 2007

RECOMMENDATION(S): **That the Tax Installment Payment Plan (T.I.P.P.) By-Law No. 194/2004 be amended to revise the monthly installment administration fee of $0.50 to $0.55, an increase of 5 cents, effective January 1, 2008.**

Report Summary

Key Issue(s):

- The recommended 5 cent per month Tax Installment Payment Plan (T.I.P.P.) administration fee increase is being made pursuant to Council's fees and charges policy of January 22, 1992.
- The annual cost to the 85,500 customers currently enrolled on the T.I.P.P. program will range from 30 cents ($0.30) to 60 cents ($0.60) per customer, depending on the number of months requested with their program enrolment.
- The existing rate has been in place since 2005.
- As the T.I.P.P. is an annual program, the recommended effective date of this change is January 1, 2008 to provide for a uniform rate for 2008.

Implications of the Recommendation(s):

General Implications

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

Comment(s): The T.I.P.P. administration fee for a program participant would increase between 30 and 60 cents per year.

Policy Implications

- [√] **No**
- [ ] **Yes**

Comment(s):

Regulatory Implications

- [√] **None**
- [ ] **Eliminates or reduces regulatory impact**
- [ ] **Proposes regulatory impact**

Comment(s):

Environmental Implications:

- [√] **No**
- [ ] **Yes**

Comment(s):

Human Resources Implications:

- [√] **No**
- [ ] **Yes**

Comment(s):

Financial implications

- [√] **Within approved current and/or capital budget**
- [ ] **Current and/or capital budget adjustment required**

Comment(s):

Report

REASON FOR THE REPORT: Council approval is required to increase the T.I.P.P. administration fee.

HISTORY: The T.I.P.P. program was introduced in 1992 as a convenience for property owners who wished to pay realty taxes on a monthly basis rather than a single annual payment. The program was expanded in 1993 to allow for payment of business taxes in the same manner. The program was further expanded in 2005 to simplify and permit year-round enrolment, thus encouraging increased program participation.

The number of instalment periods over which the payments can be applied may differ depending on whether the T.I.P.P. account is for real property taxes or business taxes; for real property taxes for not less than 7 and not more than 12 installment payments; or for business taxes for not less than 6 and not more than 10 installment payments. All installment payments commence on January 1st of the year and continue on the first of each month for the requested number of installment periods.

The T.I.P.P. administration fee was introduced on July 1, 2005 at the rate of $0.50 per month. This is an administration fee imposed on each monthly installment paid under the plan whereby the fee is collected by adding it to the amount payable in each monthly installment payment.

DISCUSSION: Prior to the introduction of the T.I.P.P. administration fee, the cost of administering the T.I.P.P. program was borne by the City at large and not the property and business owners who used and benefited from the convenience of the program. This was changed on July 1, 2005 when the administration fee was introduced at $0.50 per month per installment payment; this fee has since remained unchanged.

On January 22, 1992 Council adopted the following policy:

- That all fees and charges for the City of Winnipeg be reviewed at least once every three years; and
- That said fees and charges increase automatically, annually, by the rate of inflation, unless a review indicates otherwise.

In consideration of the above noted policy, the T.I.P.P. administration fee was reviewed and is therefore being recommended to increase by the compounded impact of the rate of inflation since its inception, rounded to the nearest 5 cents. The recommended fee increase is 5 cents whereby the monthly administration fee would increase from $0.50 to $0.55. For those taxpayers enrolled on the program, this represents an annual fee increase of between 30 cents (6 monthly installment payments) and 60 cents (12 monthly installment payments).

It is further recommended that the effective date of fee increase be January 1, 2008. This would provide for the application of a uniform rate throughout 2008. This is an important consideration given that the T.I.P.P. is an annual program, commencing on January 1st of the year.

The draft by-law amendment is attached as Appendix I.

FINANCIAL IMPACT STATEMENT - Date: November 14, 2007

Project Name: T.I.P.P. Administration Fee Adjustment First Year of Program **2008**

	2008	2009	2010	2011	2012
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	51,050	51,050	51,050	51,050	51,050
Net Cost/(Benefit)	$ (51,050)	$ (51,050)	$ (51,050)	$ (51,050)	$ (51,050)
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ (51,050)	$ (51,050)	$ (51,050)	$ (51,050)	$ (51,050)

Additional Comments: The 2008 Incremental Revenue amount is predicated on the T.I.P.P. administration fee increase commencing on January 1, 2008.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Legal Services Division

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. V:\Admin\FILES\BOBW\Bob's\TIPP\TIPP Administration Fee 2008.doc

APPENDIX I

THE CITY OF WINNIPEG

BY-LAW NO. .

A By-law of THE CITY OF WINNIPEG to amend the Tax Instalment Payment Plan (T.I.P.P) Bylaw.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

1. Subsection 3(4) of the Tax Instalment Payment Plan (T.I.P.P) Bylaw No. 194/2004 is amended by striking out "*$0.50*" and substituting "*$0.55*".

2. This By-law comes into force on January 1, 2008.

DONE AND PASSED, in Council assembled, this day of , 2007.

_____
Mayor

_____
City Clerk

Approved as to content:

_____
City Treasurer

Approved as to form:

_____
for City Solicitor/Manager of
Legal Services