**Agenda – Council – May 27, 2015**

**Report – Executive Policy Committee – May 6, 2015**

**Item No. 5 Amendments to the Tax Sale Penalty By-law No. 8157/2002 and the Accommodation Tax By-law No. 70/2008**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 6, 2015, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council:

1. That the Tax Sale Penalty By-law No. 8157/2002 be amended to increase the penalty rate to match the Tax Penalty Rate of 1.75% approved as part of the 2015 Operating Budget, as outlined in the draft amending by-law attached.

2. That the Accommodation Tax By-law No. 70/2008 be amended to increase the penalty rate to match the Tax Penalty Rate of 1.75% approved as part of the 2015 Operating Budget, as outlined in the draft amending by-law attached.

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

**Report – Executive Policy Committee – May 6, 2015**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 6, 2015, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

# ADMINISTRATIVE REPORT

**Title:** **Amendments to the Tax Sale Penalty By-law No. 8157/2002 and the Accommodation Tax By-law No. 70/2008**

**Critical Path:** **Executive Policy Committee, Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| Tim Austin | Mel Chambers | Mike Ruta | Michael Jack, Acting COO |

## RECOMMENDATIONS

1. That Council amend the Tax Sale Penalty By-law No. 8157/2002 increase the penalty rate to match the Tax Penalty Rate of 1.75% approved as part of the 2015 Operating Budget (draft amending by-law attached).
2. That Council amend the Accommodation Tax By-law 70/2008 increase the penalty rate to match the Tax Penalty Rate of 1.75% approved as part of the 2015 Operating Budget (draft amending by-law attached).
3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

Only Council can amend by-laws.

## IMPLICATIONS OF THE RECOMMENDATIONS

This is a housekeeping amendment to increase penalty rates to match the tax penalty rates approved by Council on March 23, 2015 as part of the 2015 operating budget.

Currently the Tax Sale Penalty By-law and the Accommodation Tax By-law include a monthly tax penalty rate of 1.25%. The amendment proposed in this report increases the penalty rates from 1.25% to match 1.75% which was approved by Council as part of the 2015 operating budget. This will ensure that tax penalty rates are consistent across the various taxation streams.

There is no financial impact to the City of Winnipeg organization as the incremental revenue has been included in the 2015 operating budget.

## HISTORY

The Tax Sale Penalty By-law No. 8157/2002 was originally passed by City Council on December 11, 2002 and subsequently amended on March 23, 2004. This By-law establishes penalties to be added to the amount required to redeem real property sold for unpaid taxes.

The tax penalty by-law Section 3 states:

> *The rate of interest to be paid as a penalty is 1.25% per month.*

The Accommodation Tax By-law No. 70/2008 was passed by Council on April 23, 2008 and Subsection 10(1) includes the penalty rate to be charged on unremitted taxes.

Subsection 10(1) states:

> *A penalty equivalent to the product of 1.25% and the amount of unremitted taxes shall be applied to taxes imposed by section 3 that are required to be remitted by subsection 5(1) but have not been remitted by the date specified in subsection 5(4).*

On March 23, 2015, Council adopted the 2015 operating budget and increased the tax penalty rate to 1.75% effective July 1, 2015.

In order to be consistent with the penalty rates in the adopted budget, the penalty rates in both the Tax Sale Penalty By-law and Accommodation Tax By-law require updating.

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** March 27, 2015

**Project Name:**

**Tax Penalty By-law Amendment and Accommodation By-law Amendment**

**COMMENTS:**

There is no financial impact to the City of Winnipeg as this is a houeskeeping by-law setting Tax Sale Penalty Rate and the Accommodation Tax penalty rate to match the 2015 adopted operating budget.

Original Signed By:
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

## CONSULTATION

**In preparing this report there was consultation with:**

**Internal: Legal Services Department (for by-law preparation only)**

**External**

## SUBMITTED BY

Department: Assessment and Taxation
Division: Taxation and Finance
Prepared by: Tim Austin, Manager of Taxation and Finance Services
Date: March 23, 2015
File No. N/A

**THE CITY OF WINNIPEG**

**BY-LAW NO.**

A By-law of THE CITY OF WINNIPEG to amend the Tax Sale Penalty By-law and the Accommodation Tax By-law.

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

**Tax Sale Penalty By-law amended**

**1** Section 3 of the Tax Sale Penalty By-law No. 8157/2002 is amended by replacing *"1.25%"* with *"1.75%"*.

**Accommodation Tax By-law amended**

**2** Subsection 10(1) of the Accommodation Tax By-law No. 70/2008 is amended by replacing *"1.25%"* with *"1.75%"*.

**Coming into force**

**3** This By-law comes into force on July 1, 2015.

**DONE AND PASSED**, this day of , 2015.

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Mayor

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City Clerk

Approved as to content:

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Chief Financial Officer

Approved as to form:

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For Director of Legal Services/City Solicitor