Agenda - Executive Policy Committee - December 3, 2003

REPORTS

Item No. 5 Fee for Service Rate Increase – Tax Account Information for Financial Institutions
File GL-5.8.1

ADMINISTRATIVE RECOMMENDATION:

That the fees charged to financial institutions for tax account information be increased effective January 1, 2004 as follows:

Service	Current Fee	2004 Fee
Tax Account Information for Financial Institutions – paper listing	$8.00	$10.00
Tax Account Information for Financial Institutions – electronic listing	$6.00	$10.00

ADMINISTRATIVE REPORT

RE: FEE FOR SERVICE RATE INCREASE – TAX ACCOUNT INFORMATION FOR FINANCIAL INSTITUTIONS

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: November 26, 2003

RECOMMENDATION(S):

That the fees charged to financial institutions for tax account information be increased effective January 1, 2004 as follows:

Service	Current Fee	2004 Fee
Tax Account Information for Financial Institutions – paper listing	$8.00	$10.00
Tax Account Information for Financial Institutions – electronic listing	$6.00	$10.00

REPORT SUMMARY:

Key Issue(s):

The fee charged to Financial Institutions (i.e., Banks/Mortgage Companies) is for the provision and processing of paper and electronic files of their clients' property tax levies.

The fee would increase from $8.00 to $10.00 per account for paper listings and $6.00 to $10.00 per account for electronic listings.

There are approximately 30,000 tax accounts whereby the property owner pays mortgage principal, interest and taxes (P.I.T.) to their financial institution. A majority of the financial institutions use the electronic method for updating tax account information.

If approved, it is anticipated that the recommendation will increase the annual revenue of the Taxation and Revenue Division by $120,000 (from $180,000 to $300,000).

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): Financial institutions would be required to pay a higher fee for tax account information.

Policy Implications:

x	**No**
	Yes

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 financial impact analysis reflects the recommended incremental fee increase and corresponding revenue budget increase relative to the 2003 adopted budget. The projected impact is consistent with the Departmental Business Plan's 2004-2006 projections.

REPORT

REASON FOR THE REPORT:

Council approval is required to increase fees.

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 adopted the Fees for Services Policy relating to tax information provided to persons other than the registered owner of the property. The fees came into effect on January 1, 1996. Council subsequently amended the fees on December 15, 1999.

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 for Services Policy 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 the corporations using and benefiting from these services. With the adoption of the Fees for Services Policy effective January 1, 1996 and the December 15, 1999 amendment to this policy, the following services were being charged on a user basis:

- Tax account information for financial institutions, both paper and electronic listings
- Property tax status verification
- Oral Tax Information (Legal Line)
- Tax sale redemption certificates
- Tax office property searches
- Custom data reports and services

Appendix “A” provides additional information on the fees associated with each service.

Of the existing fees, only the tax account information for financial institutions (both paper and electronic listings) are being recommended for a fee increase in this report.

DISCUSSION:

On January 22, 1992, Council adopted an Executive Policy Committee recommendation whereby: (i) all fees and charges for the City of Winnipeg would be reviewed at least once every three years; and (ii) all fees and charges would increase automatically, annually, by the rate of inflation, unless a review indicated otherwise.

Tax Account Information for
Financial Institutions (Paper and Electronic Listings):

The Taxation and Revenue Division currently provides tax information on approximately 30,000 tax accounts to some sixty mortgage companies and financial institutions that pay property taxes annually on behalf of their clients (i.e., 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 recap of this information to the respective mortgage company and thus enables them to easily reconcile and pay their clients' realty taxes. This information is provided either on a paper account listing form or on a computer diskette (electronic) for data updating and exchange.

The current fees for paper and electronic listings are $8.00 and $6.00 per account respectively. These rates were set by Council when the Fee for Service policy was amended in 1999. At that time, the fees for paper and electronic listings were $5.00 and $3.00 per account respectively. The amended policy allowed for annual increases of $1.00 in each rate from 2000 to 2002. A fee increase was not levied for 2003.

The proposed fee increase for 2004 is consistent with approved fee increases in other services provided by the Taxation and Revenue Division. On June 25, 2003, Council approved an increase to Oral Tax Information service (Legal Line) from $6.00 to $10.00 effective January 1, 2004.

FINANCIAL IMPACT STATEMENT:

Project Name: Fee for Service Rate Increase - Tax Account Information for Financial Institutions

Date: November 26, 2003 First Year of Program **2004**

	2004	2005	2006	2007	2008
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	120,000	120,000	120,000	120,000	120,000
Net Cost/(Benefit)	$ (120,000)	$ (120,000)	$ (120,000)	$ (120,000)	$ (120,000)
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ (120,000)	$ (120,000)	$ (120,000)	$ (120,000)	$ (120,000)

Additional Comments: This financial impact analysis reflects the recommended incremental fee increase and corresponding revenue budget increase relative to the 2003 adopted budget. The projected impact is consistent with the Departmental Business Plan's three year projections.

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

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Taxation and Revenue Division
Prepared by: Mel Chambers, A/Manager of Taxation and Revenue
File No.: Financial Institutions – Fee Increase.doc

APPENDIX "A"

SERVICE	2003 FEE	2004 FEE
Tax account information for financial institutions:		
Paper Listing	$8.00	*$10.00***
Electronic Listing	$6.00	*$10.00***
Property tax status verification	$8.00	$8.00
Oral Tax Information (Legal Line)	$6.00	$10.00
Tax sale redemption certificates	$10.00	$10.00
Tax office property searches	$10.00	$10.00
Custom data reports and services	$8.00	$8.00

***** *Proposed*