Minute No. 137
Report – Executive Policy Committee – January 18, 2017

Item No. 4 **Tax Installment Payment Plan (T.I.P.P) – Customer Service Enhancements**

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That amendments be enacted to the Tax Instalment Payment Plan (T.I.P.P.) By-Law No. 194/2004 (draft amending by-law is attached as Schedule ”A”) to:

   A. Provide existing T.I.P.P. customers with the option of amortizing their supplementary tax bills over a 12 month period; and

   B. Increase the maximum monthly payment term for business taxes from 10 months to 12 months.

2. 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 – January 18, 2017

DECISION MAKING HISTORY:

Moved by His Worship Mayor Bowman,

That the recommendation of the Executive Policy Committee be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 18, 2017, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: Tax Installment Payment Plan (T.I.P.P) By-Law Amendment - Customer Service Enhancements

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

AUTHORIZATION

Author	Department Head	CFO	CAO
Tim Austin	Mel Chambers	Mike Ruta	D. McNeil

EXECUTIVE SUMMARY

This Administrative Report provides information regarding customer service enhancements to the Tax Instalment Payment Plan and the required by-Law amendments for both property and business owners.

These enhancements include:

1. Providing existing TIPP customers with the option to amortize their supplementary tax bills over a 12 month period; and

2. Changing the maximum monthly payment term for business taxes from 10 months to 12 months.

RECOMMENDATIONS

1. That Council enact amendments to the Tax Instalment Payment Plan (T.I.P.P.) By-Law No. 194/2004 (draft amending by-law is attached as Schedule ”A”) to:

    a. Provide existing T.I.P.P. customers with the option of amortizing their supplementary tax bills over a 12 month period; and

    b. Increase the maximum monthly payment term for business taxes from 10 months to 12 months.

2. 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 City Council can enact or amend by-laws.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no financial implications to the City of Winnipeg relating to the recommendations to amend the Tax Instalment Payment Plan (T.I.P.P.) By-Law No. 194/2004 as these changes are customer service enhancements.

HISTORY

The Tax Instalment Payment Plan ("TIPP") program was introduced in 1992 as a convenience for property owners who wished to pay property taxes on a monthly basis rather than a single annual payment. The program was expanded in 1993 to allow for the payment of business taxes in the same manner.

In general, a taxpayer can apply to participate in TIPP at any time during the year and payments are withdrawn on the first banking day of each month to ensure that the current year annual taxes are paid prior to December 31st of the year. The TIPP program continues each year unless the taxpayer withdraws from the program or is withdrawn because of non-payment of the monthly instalment amounts.

There are approximately 240,000 property and business tax accounts in the City of Winnipeg. Of these tax accounts, about 113,056, or 47%, are enrolled in TIPP.

Approximately $570 million in annual tax levies (municipal, education and business) are currently paid through the TIPP program.

In the past, the Public Service has reviewed the TIPP program and the enabling By-Law to expand customer service options for the payment of property and business taxes. For example, in 2004, the Tax Instalment Payment Plan (T.I.P.P) By-Law No. 194/2004 (the "By-law") was enacted and TIPP program was amended to allow property and business owners to enroll in TIPP throughout the year.

The most current review of the TIPP program along with a planned systems upgrade has provided an opportunity to further enhance the customer service options available under TIPP. Each of the proposed customer service enhancements are discussed in turn as follows:

1. Supplementary Tax Billing:

In general, supplementary taxes are provided for under the City of Winnipeg Charter and may be imposed at any time during the year when an increase in assessment is made to reflect changes in the physical condition of a property or business premise.

Currently, the TIPP program allows property owners to roll their supplementary tax bills into their remaining monthly TIPP payments for the current year to ensure all taxes are paid in full prior to December 31st.

For example, if a TIPP customer received a supplementary tax bill in February, the supplementary amount would be rolled/blended into their April 1st TIPP payment and they would have nine (9) months to pay off their supplementary amounts along with their normal annual tax bill. Meanwhile, if a TIPP customer that received a supplementary tax bill in October, the supplementary tax bill would be added to their December 1st payment which provides only one (1) month to pay off their supplementary amounts.

Depending on the time of year that a supplementary tax bill is issued, our current practice can lead to equity issues around the number of months a TIPP customer can pay the supplementary amounts.

The recommended enhancement, and accompanying amendment to the By-Law, will provide existing TIPP customers with the option of paying their supplementary tax bill over a 12 month period regardless of when the supplementary bill is received. In doing so, property owners will be in a better position to cash flow the payment of the supplementary amounts.

However, it should be noted that current year annual taxes would still be payable under existing TIPP rules to ensure that current year annual taxes are paid in full prior to December 31stof the year.

2. Business Taxes - Length of Term

Currently, the TIPP program allows business owners who are enrolled on the TIPP program to pay their business taxes in monthly instalments of no less than six (6) months to a maximum of ten (10) months.

For business owners on TIPP this means that the current year annual business tax must be paid by October of the year.

In order to provide the same level of choice and customer service between property and business owners, the recommended enhancement would lengthen the maximum term for business taxes payable under the TIPP program from ten (10) months to twelve (12) months.

It should be noted that the same supplementary tax enhancement provision noted above would apply to business taxes as well.

If the recommendations contained herein are approved, the By-law will be amended and the Public Service will update the publically available information about the TIPP program (via the Departmental website and program brochures) to include the new customer service options. The changes, if approved, will also be featured as part of the communication strategy relating to the 2017 property and business tax billing cycle.

FINANCIAL IMPACT

Financial Impact Statement **Date:** January 10, 2017

Project Name:

Tax Instalment Payment Plan (T.I.P.P) By-Law Amendment - Customer Service Enhancements

COMMENTS:

There is no financial impact to the City of Winnipeg as the recommendations are considered customer service enhancements.

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 (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Department: Assessment and Taxation
Division: Taxation and Finance
Prepared by: Tim Austin, Manager of Taxation and Finance Services
Date: January 6, 2016
File No. N/A

Attachments:

1. Schedule “A” – Draft Amending By-law

SCHEDULE "A" – Draft Amending By-law



Amending By-law v3 - TIPP By-law - 2017-