



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 14.1.1
Halifax Regional Council
July 26, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: July 6, 2016

SUBJECT: By Law F-300 – Fee Amendments

ORIGIN

Approval of the 2016-17 Operating Budget by HRM Regional Council.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, R.S.N.S, 2008, c.39 section 102, states:

the Council may, by by-law, prescribe charges for the provision of services for persons who use or benefit from the service, on a basis to be set out in the by-law.

By-law F-300, A By-law Relating to Fees for the Provision of Taxation Information section 4 states:

4. An administration fee of \$15 plus applicable taxes per tax account per billing will be charged for the provision of tax account information provided to a financial institution in relation to the payment of tax accounts in which they have a mortgage interest.

RECOMMENDATION

It is recommended that Halifax Regional Council:

Adopt By-law F-302, amending By-law F-300, A By-law Relating to Fees for the Provision of Taxation Information, as set out in Attachment B of this report.

BACKGROUND

HRM has approximately 47,500 tax accounts that are paid bi-annually on behalf of the resident by a financial institution that hold a mortgage interest in the property. Staff administer and bill these accounts in the corporate revenue & receivables system, Hansen. Financial institutions receive from staff a service level with respect to tax account oversight, reporting, customer service and data governance, as well as a bi-annual electronic billing. Providing such a high level of service clearly eases the administrative burden to the financial institution, by eliminating the need to manually and individually process 47,500 paper copy tax bills for payment.

In 2005 Staff realized that other municipalities charge financial institutions for services as described above. At this time staff was researching ways to increase user fees that would help supplement and ease pressure on the general rate, as general rated taxes accounted for 85% of total municipal revenues. Staff subsequently, drafted a By-law under the authority of the Municipal Government Act, to charge for the provision of such services and proposed an administrative fee to financial institutions of \$10. In 2006, the By-law was approved by Regional Council along with the \$10 administrative charge. In 2010 Council Approved an increase in the charge to \$15.00 as recommended by staff. In 2015-16 this user fee generated revenue of \$1,423,000.

DISCUSSION

The percentage of HRM tax revenues to total revenues continues to be approximately 85%. Staff continue to seek opportunities to generate user fee revenue to supplement the general rate. The 2016-17 Finance and Information, Communication and Technology (FICT) Operating Budget presented to the Committee of the Whole on January 13, 2016 proposed fee increases to By Law F-300 of \$260,000, along with business unit cost reductions of \$300,000 to meet 2016-17 net operating budget targets. The 2016-17 HRM Operating Budget was approved on March 8, 2016, which included revenues supported by By-law F-300 fee increases.

The proposed amendments to By-law F-300 seek approval to increase the administration fee to financial institutions per section 4 of By-law F-300 to \$18 from \$15, for the provision of tax account information in relation to the payment of taxes in which the financial institution has a mortgage interest. Staff has researched other municipalities and provide the following cross jurisdictional scan.

MUNICIPALITY	MORTGAGE ACCOUNT ADMINISTRATION FEE
London, ON	\$23.00
HRM	\$18.00 (proposed)
Winnipeg, MB	\$17.00
St. John's	\$15.00
Regina, SK	\$10.00
Victoria, BC	\$10.00
Edmonton, AB	\$7.50
Toronto, ON	\$5.50
Ottawa, ON	\$0.00

Staff would also like to advise Council at this time that once the Web Transformation Project is completed, staff will be better equipped from an ecommerce perspective to add other user fees for the provision of tax information such as tax bill and statement re-prints, account reconciliations, and account transaction history.

FINANCIAL IMPLICATIONS

HRM administers and bills approximately 47,500 mortgage accounts bi-annually. Approval of the fee increase as proposed in this report would generate \$285,000 in user fee revenue as summarized below.

Estimated # of Mortgage Tax Accts 2016-17	47,500
Proposed Fee Increase	<u>\$3.00</u>
Subtotal	<u>\$142,500</u>
# of Annual Tax Billings (Interim & Final)	<u>X 2</u>
Total Revenue From Fee Increase	<u>\$285,000</u>

Approval of the proposed fee change will enable FICT to meet its budget targets as approved by Regional Council.

RISK CONSIDERATION

The financial risk related to this report is low. The administration fees are commonly used and accepted. HRM has never had any issues in collecting these fees in a timely manner. Should Council chose to not approve the proposed fee increase FICT will be short revenues of \$285,000 which will have to be absorbed by FICT.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

No alternatives have been proposed by staff. Staff, through the 2016-17 FICT Operating Budget consultations, advised Council of Increases to By-law F-300 fees. The HRM operating budget for 2016-17 was approved on March 8, 2016.

ATTACHMENTS

Attachment A – Showing proposed Changes to By-Law F-300

Attachment B – Amending By-Law F-302

Attachment C – Incorporation of all Proposed Changes to By-Law F-300

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Jerry Blackwood, CPA, CGA, Manager of Revenue, Treasurer 902.490.6470

Financial Approval by: _____
Amanda Whitewood, Director of Finance and Information Technology/CFO, 902.490.6308

Report Approved by: _____
Martin Ward, Q.C., Acting Director, Legal, Insurance & Risk Management Services,
902.490.6532

Attachment A

(Showing Proposed Changes to By-law F-300)

**Halifax Regional Municipality
By-law F-300
A By-law Relating to Fees for the Provision of Taxation Information**

WHEREAS pursuant to Section 79 **102** of the ~~*Municipal Government Act*~~ *Halifax Regional Municipality Charter* Council may by by-law prescribe charges for the provision of services for persons who use or benefit from the service, on a basis to be set out in the by-law; and

WHEREAS the Municipality wishes to provide on an informal basis information requested from authorized parties regarding the status of taxes; and

BE IT THEREFORE ENACTED by the Council of the Halifax Regional Municipality as follows:

1. Information provided through this process is not certified nor expressly or impliedly warranted by the Halifax Regional Municipality. Parties requiring a guarantee confirming the status of tax accounts, must obtain a tax certificate at the applicable fee. It is the responsibility of the requesting party to determine whether or not they require a tax certificate for their purposes.
2. Information regarding the amount of outstanding taxes and penalties on an account will be provided, as outlined in paragraph 1, in response to requests made in writing and then only to the real property owners and/or their financial institution or legal representatives. Other parties requiring this information must apply for a tax certificate.
3. There will be no charge for tax account status information provided, as outlined in paragraph 1, directly to the owner of the subject real property.
4. An administration fee of \$~~15~~ **18** plus applicable taxes per tax account per billing will be charged for the provision of tax account information provided to a financial institution in relation to the payment of tax accounts in which they have a mortgage interest.
5. An administration fee of \$30 plus applicable taxes will be charged for the provision of tax account information pursuant to this by-law in any other circumstances effective July 1, 2010.

Done and passed by Council this 28th day of March, 2006.

MAYOR

MUNICIPAL CLERK

**Attachment B
(Amending By-law)**

**HALIFAX REGIONAL MUNICIPALITY
BY-LAW F-302
RESPECTING THE AMENDMENT OF BY-LAW F-300, A BY-LAW
RELATING TO FEES FOR THE PROVISION OF TAXATION INFORMATION**

BE IT ENACTED by the Council of Halifax Regional Municipality that By-law F-300, A By-Law Relating to Fees for the Provision of Taxation Information is amended as follows:

1. Paragraph 1 is amended by
 - (a) striking out the number “79” after the word “Section” and before the word “of”;
 - (b) adding the number “102” after the word “Section” and before the word “of”;
 - (c) striking out the words “*Municipal Government Act*” after the word “the” and before the word “Council”; and
 - (d) adding the words “Halifax Regional Municipality Charter” after the word “the” and before the word “Council”.

2. Section 4 is amended by:
 - (a) striking out the number “15” after the word “of” and before the word “plus”; and
 - (b) adding the number “18” after the word “of” and before the word “plus”.

Done and passed in Council this ____ day of _____, 2016.

MAYOR

MUNICIPAL CLERK

I, Kevin Arjoon, Municipal Clerk for the Halifax Regional Municipality, hereby certify that the above-noted by-law was passed at a meeting of the Halifax Regional Council held on _____, 2016.

Kevin Arjoon
Municipal Clerk

**Attachment C
(Incorporating Proposed Changes to By-law F-300)**

**Halifax Regional Municipality
By-law F-300
A By-law Relating to Fees for the Provision of Taxation Information**

WHEREAS pursuant to Section 102 of the *Halifax Regional Municipality Charter* Council may by by-law prescribe charges for the provision of services for persons who use or benefit from the service, on a basis to be set out in the by-law; and

WHEREAS the Municipality wishes to provide on an informal basis information requested from authorized parties regarding the status of taxes; and

BE IT THEREFORE ENACTED by the Council of the Halifax Regional Municipality as follows:

1. Information provided through this process is not certified nor expressly or impliedly warranted by the Halifax Regional Municipality. Parties requiring a guarantee confirming the status of tax accounts, must obtain a tax certificate at the applicable fee. It is the responsibility of the requesting party to determine whether or not they require a tax certificate for their purposes.
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3. There will be no charge for tax account status information provided, as outlined in paragraph 1, directly to the owner of the subject real property.
4. An administration fee of \$18 plus applicable taxes per tax account per billing will be charged for the provision of tax account information provided to a financial institution in relation to the payment of tax accounts in which they have a mortgage interest.
5. An administration fee of \$30 plus applicable taxes will be charged for the provision of tax account information pursuant to this by-law in any other circumstances effective July 1, 2010.

Done and passed by Council this 28th day of March, 2006.

MAYOR

MUNICIPAL CLERK

I, Jan Gibson, Municipal Clerk for the Halifax Regional Municipality, hereby certify that the