



INFORMATION ONLY COUNCIL REPORT
Office of the CAO
For the April 28, 2020 Council Meeting

DATE: April 27, 2020
TO: Mayor and Council
FROM: Paul Gipps, CAO
RE: 2020 Tax Rates Bylaw 0279, 2020 Information Report from CAO

BACKGROUND:

Over the course of the last few weeks, staff have been looking at how best to address the property tax penalty dates for West Kelowna to help reduce the financial hardship of COVID-19. The Province has made numerous regulations changes in the last few weeks and it was thought they would address local government's request in this area, yet they have only addressed the due date for several business classes.

The Province announced last week that they will be moving the property tax penalty due date for businesses, classes 4,5,6,7 to October 1, 2020 but made no mention of addressing the residential class.

In considering how best to proceed in establishing the City's own property taxation model, staff have been looking at the impact of moving the property tax due dates and penalty dates and how to manage the potential cash flow challenge. Staff are trying to find the delicate balance of offering options that will assist the community while keeping operations and projects moving forward that will help sustain our operations and the economy.

The 2020 Tax Rates Bylaw No. 0279, 2020 report from Warren Everton, the City's Chief Financial Officer (CFO), provides Council with two options on how to proceed and outlines cash flow management options. As the Chief Administrative Officer (CAO), I have added a third option for Council's consideration below.

It is important to the continuity of our operations and our economy that the City encourages residents and businesses pay their taxes on-time as much as possible regardless of the option Council selects.

The two options in the CFO's report are:

- 1) Set the due date for July 2, 2020 but make the 10% penalty start October 1, 2020 for all classes except residential where a 1% penalty would be applied effective July 3, 2020 to encourage residential property owners to pay at the due date with the remainder 9% penalty take effect October 1, 2020. It is felt that some incentive is required to encourage

as many residential property owners to make their payments on time so that the City can try to manage its cash flow and keep operations and some projects proceeding;

OR

- 2) Set the due date for July 2, 2020 but make the 10% penalty start October 1, 2020 for all classes. Encourage as many properties to pay their taxes on the due date as possible. Identify reductions in operations and limit projects if the amount of revenue we receive on July 2, 2020 can not sustain us until October 1, 2020.

In addition to those options, as the CAO I have included an additional option below to be consistent with our closest local government neighbour the City of Kelowna:

- 3) Set the due date for July 2, 2020 but make the 10% penalty for residential due September 2, 2020. The other classes would have the Provincial exemption to fall back on that would see the due date stay at July 2, 2020 but the penalty become effective on October 1, 2020.

Should Council want to consider the third tax option above, the following alternative motion should be considered:

THAT Council adopt the tax ratio schedule as presented; and,

THAT Council amend the tax penalty due date to 10% on outstanding amounts on the following tax classes 4,5,6,7 and 8 effective October 1, 2020 and set the remaining tax classes 1,2,3, and 9 a 10% penalty to September 2, 2020 and give 1st, 2nd and 3rd reading to “City of West Kelowna Tax Rates Bylaw No. 0279, 2020”; and, as permitted under the Province of BC Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M083); and

THAT Council adopt the “City of West Kelowna Tax Rates Bylaw No. 0279, 2020.”

In all the options listed, the Provincial tax deferment program <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes> is available for residents to consider. The program is very robust and will likely be available for the majority of our residents.

Regardless of which option Council selects, staff will continue to ask the community to pay their taxes on-time as much as they possibly can. We recognize these challenging times, which local governments are also facing as we reassess our financial situation during COVID-19. We continued to look for options to help the community but must keep our operations and economy sustainable.

Powerpoint: Yes ☐ No ☒