



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: May 1, 2006
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VanRIMS No.: 08-4000-11
Meeting Date: May 16, 2006

TO: Vancouver City Council

FROM: General Manager of Corporate Services/Director of Finance

SUBJECT: Advance Real Property and Tax Penalty By-Laws

RECOMMENDATION

- A. THAT City Council approve enactment of a new Advance Real Property Tax By-Law to:
- a) amend the definition of "net previous year's taxes" to exclude non-recurring charges
 - b) increase the threshold amount of net previous year's taxes from \$50 to \$100 for the determination of amount payable under this By-law
 - c) move "imposition of a penalty on unpaid taxes at advance due date" to the Tax Penalty By-Law; and
 - d) modernize the language of the By-law
- B. THAT City Council approve enactment of a new Tax Penalty By-Law to:
- a) consolidate penalties applicable to outstanding taxes due at any time of the year solely to this By-law; and
 - b) modernize the language of the By-law
- C. THAT the Director of Legal Services be authorized to prepare the necessary new By-laws, generally as set out in Appendices A and B, to implement the changes as outlined in A and B above.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS the approval of the above recommendations.

COUNCIL POLICY

On October 1, 1974, Council enacted Advance Real Property Tax By-Law No. 4805 to provide for the imposition and collection of a portion of real property tax in advance of a rating By-law.

On October 1, 1974, Council enacted the Tax Penalty By-Law No. 4806 to impose a penalty on unpaid taxes.

PURPOSE

The purpose of this report is to seek Council's approval to create a new Advance Real Property Tax By-Law and Tax Penalty By-Law to accomplish the changes as outlined in the recommendations within this report.

DISCUSSION

Advance Real Property Tax By-Law

The current Advance Real Property Tax By-Law No. 4805 stipulates the following:

- calculation of an advance tax notice is based on 50% of the "net previous year's taxes" ,
- no advance tax amount is payable for any parcel which has a "net previous year's taxes" less than \$50
- advance tax notice is due and payable on the second business day in February of each year
- imposition of a 5% penalty on amounts unpaid after due date.

Proposed changes

1. The current By-law states "net previous year's taxes" means the "*total amount of current taxes and other charges appearing on the real property tax roll for the immediately preceding year...*". This definition includes charges that may be inserted on the tax roll from time to time, such as unpaid board-up fees or grow-op recovery charges. These charges are usually one-time and non-recurring and the inclusion of these amounts does not reflect the intent of the By-law which is to collect an estimated 50% of the next year's taxes. It is recommended that these charges be excluded from the definition of net previous year's taxes and therefore only recurring charges be included in the calculation of the advance tax notice.
2. The current By-law provides for the issuance of an advance tax notice for parcels with net previous year's taxes of \$50 or more. It is recommended that this threshold be increased to \$100 to minimize the administrative costs of issuing and collecting advance tax notices of nominal amounts.

3. The current By-law provides for the imposition of a penalty with respect to any advance amount of taxes unpaid after the due date. It is recommended that this penalty provision be removed from the Advance Real Property Tax By-Law and be consolidated into the Tax Penalty By-Law.

Tax Penalty By-Law

It is recommended that the new Tax Penalty By-Law consolidates all penalty provisions including the penalty for unpaid advance tax notices (noted above) and any other charges inserted on the tax roll throughout the year not paid by the due date as set out by the Tax Collector.

FINANCIAL IMPLICATIONS

There are no financial implications.

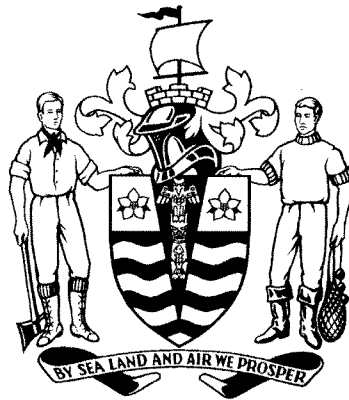
CONCLUSION

The new By-laws provide for administrative improvements and modernization of the By-laws in keeping with the City's standards. It is recommended that current By-laws (Nos. 4805 and 4806) be repealed and the new changes be approved by Council through the enactment of each of the new By-laws.

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APPENDIX A

CITY OF VANCOUVER
BRITISH COLUMBIA



ADVANCE REAL PROPERTY TAX BY-LAW NO. _____

ADVANCE REAL PROPERTY TAX BY-LAW

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- 3.1 Repeal
- 3.2 Force and effect

BY-LAW NO. _____

A By-law to impose and collect a portion of real property taxes and other charges in advance of a rating by-law

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

**SECTION 1
INTERPRETATION**

Name of By-law

1.1 The name of this By-law, for citation, is the “Advance Real Property Tax By-law”.

Definitions

1.2 In this By-law:

“business day” means any day other than a Saturday, Sunday, or day described in section 279A(7) of the Vancouver Charter; and

“net previous year’s taxes” mean the aggregate of all current taxes and other recurring charges appearing on the real property tax roll for the immediately preceding calendar year, imposed under the Vancouver Charter or other statute, less any amount actually and lawfully deducted in that year under the Home Owner Grant Act.

Table of contents

1.3 The table of contents for this By-law is for convenient reference only, and is not for use in interpreting or enforcing this By-law.

Severability

1.4 A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

**SECTION 2
ADVANCE REAL PROPERTY TAXES**

Delivery of advance tax notice

2.1 In each year, the Collector of Taxes appointed by Council must cause to be mailed to each owner whose name appears on the real property tax roll, to the address appearing on the real property tax roll, an advance tax notice showing the amount of taxes owing under this By-law in respect of that owner’s parcel of real property.

Amount shown on advance tax notice

2.2 The amount shown on the advance tax notice is to be 50% of the net previous year's taxes rounded to the nearest dollar.

Obligation to pay

2.3 The amount shown on the advance tax notice is due and payable on the second business day of February in each year.

Exemption

2.4 Despite sections 2.1 and 2.2 of this By-law, no amount is payable under this By-law on any parcel of real property:

- (a) which has a net previous year's taxes of less than \$100.00;
- (b) in respect of which the owner has entered into an agreement under the *Land Tax Deferment Act*; or
- (c) registered in the name of the city.

Amount deemed to be charges

2.5 For the purposes of section 417 of the Vancouver Charter, Council deems any amount levied under section 2.2 of this By-law to be charges inserted in the real property tax roll during the current year.

Application of amount paid

2.6 The Collector of Taxes must deduct any amount paid under section 2.2 of this By-law from the amount shown on the real property tax roll as the real property taxes and charges for that year.

Disposition of excess amount

2.7 Despite section 2.6, if an amount paid under section 2.2 of this By-law exceeds the amount shown on the tax roll for the same year, the Collector must show such excess amount, in the main tax notice, as a credit balance, and:

- (a) on written request by the owner, refund the credit balance to the owner;
- (b) if the owner does not deliver such written request, apply the credit balance to taxes owing in the next applicable period.

No interest

2.8 No interest is payable by the city on excess tax payments.

Non-payment of penalty

2.9 The Collector of Taxes must enter as a charge against the property on the real property tax roll any penalty imposed under section 2.1(a) of the Tax Penalty By-law which remains unpaid at the time of enactment of the rating by-law under Part XX of the Vancouver Charter.

Effect of rating by-law

2.10 Upon enactment of the rating by-law, any taxes payable under this By-law, except for the penalty referred to in section 2.9, cease to be due and payable.

**SECTION 3
REPEAL AND ENACTMENT**

Repeal

3.1 Council repeals By-law No. 4805.

Force and effect

3.2 This By-law is to come into force and take effect on the date of its enactment.

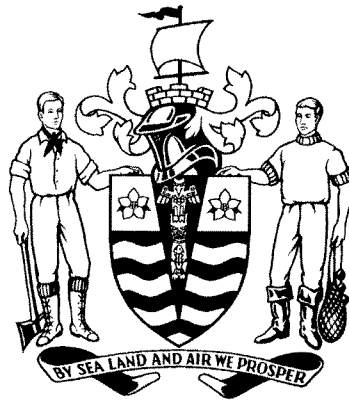
ENACTED by Council this _____ day of _____, 2006

Mayor

City Clerk

APPENDIX B

CITY OF VANCOUVER
BRITISH COLUMBIA



TAX PENALTY BY-LAW NO. _____

TAX PENALTY BY-LAW

TABLE OF CONTENTS

SECTION 1 INTERPRETATION

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- 2.1 Penalty on taxes
- 2.2 Further penalty on taxes
- 2.3 Deemed taxes

SECTION 3 REPEAL AND ENACTMENT

- 3.1 Repeal
- 3.2 Force and effect

BY-LAW NO. _____

**A By-law to impose and collect
a penalty on unpaid taxes**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

**SECTION 1
INTERPRETATION**

Name of By-law

1.1 The name of this By-law, for citation, is the “Tax Penalty By-law”.

Definitions

1.2 In this By-law:

“business day” means any day other than a Saturday, Sunday, or day described in section 279A(7) of the Vancouver Charter; and

“taxes” mean the aggregate of all real property taxes levied by a rating by-law and other charges imposed and inserted on the real property tax roll, imposed under the Vancouver Charter or other statute.

Table of contents

1.3 The table of contents for this By-law is for convenient reference only, and is not for use in interpreting or enforcing this By-law.

Severability

1.4 A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

**SECTION 2
TAX PENALTY PROVISIONS**

Penalty on taxes

2.1 Any taxes which are due and payable and which remain unpaid after any particular date on which they are due including:

- (a) the second business day of February in the case of real property taxes under the Advance Real Property Tax By-law;

- (b) the second business day of July in the case of real property taxes other than those taxes referred to in subsection (a); or
- (c) such other date on which they are due in the case of other charges imposed and inserted on the real property tax roll;

are to incur and bear a penalty of 5% of the amount of such taxes.

Further penalty on taxes

2.2 Despite section 2.1, taxes resulting from an entry on a supplementary assessment roll which remain unpaid 30 days after sending of the notice of the taxes payable to the assessed owner are to incur and bear a penalty for that year of 5% of the amount of such taxes.

Deemed taxes

2.3 The percentage additions added to taxes under sections of this By-law, together with such unpaid taxes, are deemed to be taxes for the year in which they are imposed with respect to each such parcel of real property.

**SECTION 3
REPEAL AND ENACTMENT**

Repeal

3.1 Council repeals By-law No. 4806.

Force and effect

3.2 This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this _____ day of _____, 2006

Mayor

City Clerk