



Chief Financial Officer's Report to  
Priorities and Finance Committee  
2017 July 18

SC: UNRESTRICTED  
PFC2017-0424  
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## UPDATE TO THE TAX INSTALMENT PAYMENT PLAN (TIPP) BYLAW 9M2002

### EXECUTIVE SUMMARY

With approximately 60% of Calgary taxpayers choosing the Tax Instalment Payment Plan (TIPP) as the method to pay their property taxes, Municipal Benchmarking Network Canada (MBNC) statistics indicate that The City of Calgary's instalment plan is the most successful of its kind in Canada. To ensure that this program continues to meet the needs of taxpayers, Administration is proposing changes to the TIPP Bylaw to allow additional flexibility in calculating monthly TIPP payments.

### ADMINISTRATION RECOMMENDATION(S)

That Priorities and Finance Committee recommend that Council:

1. Give three readings to the proposed amended 2017 Tax Instalment Payment Plan Bylaw.
2. That this report and attachment be forwarded to the 2017 July 24 Regular Meeting of Council as a matter of Urgent Business.

### RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2017 JULY 18:

That Council:

1. Give three readings to **Proposed Bylaw 33M2017** to amend the Tax Instalment Payment Plan Bylaw 9M2002.

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2002 February 25, Council gave three readings to consolidated Tax Instalment Payment Plan (TIPP) Bylaw 9M2002.

### BACKGROUND

The TIPP program provides taxpayers the option to pay their annual tax levy over twelve calendar months, January through December, rather than in a single annual payment. This program has proven to be popular, with approximately 60% of taxpayers choosing this payment option.

TIPP payments for the period January to June of given year are based on the monthly proportionate amount of the previous tax year's levy. After the property tax rate is established through The City's Property Tax Bylaw, taxpayers receive an adjustment to their TIPP payments in July based on that year's property tax amount. Payments made from January to June are shown as a credit on the taxpayer's property tax bill and are reflected in the remaining account balance to be paid from July to December. To establish the new TIPP instalments from July to December the remaining balance is divided by six. This means any increase in the annual tax is prorated over the last six months of the tax year, changing a taxpayer's instalment amount. A taxpayer's TIPP account will then have a zero balance by the end of the tax year. Because the difference between the previous year's and the current year's instalments is prorated over six

## **UPDATE TO THE TAX INSTALMENT PAYMENT PLAN (TIPP) BYLAW 9M2002**

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months, the taxpayer can experience an increase in their TIPP payments if their property tax is greater than the previous year.

This issue was raised by Councillor Demong at the 2016 June 13 Combined Meeting of Council and also by Mayor Nenshi during question period at the 2016 June 20 Regular Meeting of Council, with the understanding that Administration would review the calculation methodology to mitigate potential volatility in the monthly TIPP calculation.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Administration is proposing that an adjustment be applied to the recalculation of TIPP payments for the period January through June of a given year. This adjustment would be based on the forecast indicative municipal tax rate increase. The intended outcome of applying this adjustment to monthly TIPP payments for January to June is to reduce the magnitude of the instalment change when the current year's tax is levied and the instalments are recalculated for the period July to December.

It is important to remember that monthly TIPP payments are also influenced by a number of factors, including:

- Provincial (education) increase
- Council approved rebates
- Transfers to non-residential property tax from Business Tax Consolidation
- Assessment changes

Due to the challenges associated with forecasting these factors, Administration is not proposing to adjust the TIPP payment recalculation for these factors. As a result, there will still be the potential for changes to the monthly TIPP payment once the current year's levy is calculated every year. This proposal is intended as a step to mitigating, but not eliminating, potential volatility in the monthly TIPP payment resulting from year-over-year changes in the annual tax levy.

This proposed change will not alter the total amount of tax collected from a property owner in a year. They will still pay only the amount of their annual levy. The intent is to redistribute the monthly allocation of payments to mitigate swings. Furthermore, TIPP participation is entirely voluntary and if a participant no longer wants to participate in the plan for whatever reason, including not wanting the municipal increase forecast to be part of their monthly instalment, they can cancel their participation at any time and resume a single annual payment.

### **Stakeholder Engagement, Research and Communication**

Citizen inquiries received by Administration and through Councillors' Offices indicate that there is some confusion related to how TIPP payments are recalculated.

In developing a solution, Finance has worked closely with partners in Assessment, Information Technology and Communications.

### **Strategic Alignment**

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Refining the calculation of the TIPP payment to mitigate volatility is consistent with Council's Priority to ensure a Well-Run City and transform the organization to be more citizen-focused in its approach and delivery of service.

**Social, Environmental, Economic (External)**

There are no anticipated social, environmental or economic impacts associated with this proposal.

**Financial Capacity**

**Current and Future Operating Budget:**

On-going operation of the TIPP program will be accommodated within previously approved operating budgets.

**Current and Future Capital Budget:**

There are anticipated system development, testing and training costs of approximately \$100,000 associated with implementing this change.

**Risk Assessment**

The intent of the proposed change to the calculation of the monthly TIPP payment is to help reduce the potential volatility that property owners may see in their monthly TIPP payments when they are adjusted for the current year's tax levy. This change to the calculation of the monthly TIPP payment needs to be communicated clearly to ensure that citizens fully understand the reasons for the change and the intent of the change. Ensuring transparency of this change is an important element to ensure its success with citizens and maintain their confidence in the TIPP program. Communication to TIPP participants is planned for later in 2017 to promote awareness of the change to the calculation.

**REASON(S) FOR RECOMMENDATION(S):**

These changes to the TIPP Bylaw will provide Administration with the flexibility necessary to keep the TIPP program responsive to the needs of citizens.

**ATTACHMENT(S)**

1. Proposed Bylaw 33M2017 to Amend the TIPP Bylaw 9M2002
2. Summary of Proposed Changes to the TIPP Bylaw 9M2002

**BYLAW NUMBER 33M2017**

**BEING A BYLAW OF THE CITY OF CALGARY  
TO AMEND BYLAW 9M2002  
THE TAX INSTALMENT  
PAYMENT PLAN BYLAW**

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**WHEREAS** Council has considered Report PFC2017-0424 and deems it necessary to amend Bylaw 9M2002, the Tax Instalment Payment Plan Bylaw;

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF CALGARY ENACTS AS FOLLOWS:**

1. Bylaw 9M2002, the Tax Instalment Payment Plan Bylaw, as amended, is hereby further amended.
2. In the preamble:
  - (1) the words "THE MUNICIPAL COUNCIL OF THE CITY OF CALGARY DULY ASSEMBLED ENACTS THE FOLLOWING:" are deleted,
  - (2) the words "S.A. 1994, Chapter M-26.1" are deleted and replaced with "R.S.A. 2000, c. M-26"; and
  - (3) after the words "NOW, THEREFORE, THE", the word "MUNICIPAL" is deleted.
3. In section 1, after the words "Tax Instalment Payment Plan" the word "Bylaw" is added.
4. In section 2:
  - (1) in subsection 2(1)(b), the words "also referred to as" are deleted and replaced with "or"; and
  - (2) in subsection 2(1)(d), after the words "Municipal Government Act", the words ", Part 10, Division 2 - Property Tax" are added.
5. In section 5:
  - (1) the words "the Tax Rate Bylaw" are deleted and replaced with "The City's annual Property Tax Bylaw"; and
  - (2) the words "the Tax Penalty Bylaw" are deleted and replaced with "Bylaw 8M2002".
6. In subsection 6(1), the word "taxes" is deleted and replaced with "Taxes".
7. Section 7 is deleted and replaced with the following:
  - (1) A Taxpayer enrolled in TIPP must pay 12 monthly instalments

to The City of Calgary in accordance with an agreement, in a form prescribed by the Tax Collector.

- (2) TIPP instalments for the current year's Taxes will be collected from January to December of the current year, with the tax account balance to be paid in full by the December instalment.
- (3) The agreement in subsection (1) may be amended by the Tax Collector from time to time.
- (4) At the sole discretion of the Tax Collector, monthly instalments may be adjusted at any time in order to account for:
  - (a) changes to the total amount of Taxes payable in respect of the property in the current year;
  - (b) any forecasted increase in the municipal portion of the property tax amount as deemed reasonable by the Tax Collector; or
  - (c) any other factor which could lead to overpayment or underpayment of the total amount of Taxes payable in respect of a property at the end of the current year.
- (5) A Taxpayer who joins TIPP after January 1 of the current year will be required to pay the total of any missed instalments beginning from January 1 of the current year, plus a charge equal to 2% of the total amount of missed instalments at the time of application.”.

8. After section 7, the following is added as sections 7.1, 7.2, and 7.3:

“7.1 If changes to the monthly TIPP instalment are required, Taxpayers will be notified no less than 30 days prior to any increase to the instalment amount.

7.2 (1) A Taxpayer who is included in TIPP will not be eligible for any prepayment discounts on the monthly instalment, if such discounts are authorized by The City of Calgary.

(2) Despite subsection (1), all Taxpayers who are included in TIPP and who pay Taxes on property which is the subject of Bylaw 18M91, as amended, shall receive prepayment discounts on the monthly instalments as prescribed in Bylaw 18M91.

7.3 All monthly instalment payments are due on the first day of each month and shall be paid by automatic bank withdrawal from a chequing account at a bank designated by the Taxpayer.”.

9. In section 10, the word “taxpayer’s” is deleted and replaced with “Taxpayer’s”.

10. In section 11:

- (1) the words "the Tax Rate Bylaw" are deleted and replaced with "The City's annual Property Tax Bylaw"; and
- (2) the words "the Tax Penalty Bylaw" are deleted and replaced with "Bylaw 8M2002".

11. In section 12:

- (1) the words "the Tax Rate Bylaw" are deleted and replaced with "The City's annual Property Tax Bylaw";
- (2) the words "the said Plan" are deleted and replaced with "TIPP"; and
- (3) the word "his" is deleted and replaced with "the Taxpayer's".

12. In section 13:

- (1) the words "the Tax Rate Bylaw" are deleted and replaced with "The City's annual Property Tax Bylaw"; and
- (2) the words "the Tax Penalty Bylaw" are deleted and replaced with "Bylaw 8M2002".

13. This Bylaw comes into force on the day it is passed.

READ A FIRST TIME THIS \_\_\_ DAY OF \_\_\_\_\_, 2017.

READ A SECOND TIME THIS \_\_\_ DAY OF \_\_\_\_\_, 2017.

READ A THIRD TIME THIS \_\_\_ DAY OF \_\_\_\_\_, 2017.

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MAYOR  
SIGNED THIS \_\_\_ DAY OF \_\_\_\_\_, 2017.

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CITY CLERK  
SIGNED THIS \_\_\_ DAY OF \_\_\_\_\_, 2017.

**BYLAW NUMBER 9M2002**

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**DISCUSSION DOCUMENT**

This document shows proposed changes to the TIPP Bylaw 9M2002.

- Proposed deletions are indicated by ~~strikethrough text~~.
- Proposed additions are indicated by underlined text.

**BYLAW NUMBER 9M2002**

**BEING A BYLAW FOR THE IMPLEMENTATION  
OF A TAX INSTALMENT PAYMENT PLAN**

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~~THE MUNICIPAL COUNCIL OF THE CITY OF CALGARY DULY  
ASSEMBLED ENACTS THE FOLLOWING:~~

**WHEREAS** Section 340 of the Municipal Government Act, S.A. 1994 R.S.A. 2000, ~~Chapter M-26.1 c. M-26~~, as amended, permits Council to provide for the payment of taxes by instalments;

**AND WHEREAS** Council wishes to allow property taxpayers to pay taxes imposed under the Municipal Government Act by way of monthly instalment payments;

**AND WHEREAS** Council deems it advisable to repeal Bylaws 19M94, 29M94, 32M95 and 8M99 and to replace them with this Bylaw.

**NOW, THEREFORE, THE MUNICIPAL COUNCIL OF THE CITY OF CALGARY ENACTS AS FOLLOWS:**

Title

1. This Bylaw may be cited as the "Tax Instalment Payment Plan Bylaw" or "TIPP Bylaw".

Interpretation

2. (1) In this Bylaw,
  - (a) "Taxes" includes all property taxes, local improvement taxes and all

other taxes, charges, fees or amounts lawfully imposed against a property by The City of Calgary pursuant to the Municipal Government Act or any other statute of the Province of Alberta;

- (b) "Tax Instalment Payment Plan" ~~also referred to as~~ or "TIPP" means the plan authorized by this Bylaw permitting Taxpayers to pay Taxes by way of monthly instalments;
- (c) "Tax Collector" means the City Treasurer or his or her designate;
- (d) "Taxpayer" means the person liable to pay taxes on a property being taxed pursuant to the Municipal Government Act, Part 10, Division 2 - Property Tax.

- 3. All Taxpayers in The City of Calgary may apply to be included in TIPP as described in this Bylaw to provide for the payment of Taxes by instalments.
- 4.
  - (1) Taxpayers who wish to apply for inclusion in TIPP must apply to the Tax Collector and shall not be included within TIPP until approved by the Tax Collector.
  - (2) The Tax Collector may refuse a Taxpayer's request to be included in TIPP for reasons as set out in this Bylaw.
  - (3) A Taxpayer may not apply for inclusion in TIPP twice in the same calendar year with respect to the same property.
- 5.
  - (1) A Taxpayer who is included in TIPP shall not be subject to the provisions of ~~the Tax Rate Bylaw~~ The City's annual Property Tax Bylaw and Bylaw 18M91 as to the due date for the payment of Taxes, nor to the provisions of ~~the Tax Penalty Bylaw~~ 8M2002 and Bylaw 18M91 as to penalties on Taxes remaining unpaid.
  - (2) Taxes payable under TIPP shall be deemed to be due and owing in accordance with the provisions of this Bylaw.
- 6.
  - (1) A Taxpayer who wishes to be included in TIPP may apply to the Tax Collector for inclusion provided, as of the date of application, the Taxpayer does not owe ~~the~~ Taxes from any previous year pertaining to the property which is the subject of the application.
  - (2) Taxes owing by a Taxpayer under any tax deferral or cancellation program as approved by Council shall not disqualify a Taxpayer from joining TIPP.



7. ~~A Taxpayer, having been included in TIPP, shall be subject to the following conditions:~~

~~(1) If the Taxpayer is not included in TIPP on or before December 31 of the year preceding the commencement of TIPP payments, the Taxpayer shall immediately pay,~~

~~(a) a proportionate amount of taxes for the current year based upon an amount of the most recent year's tax levy that the calendar month in which the Taxpayer joined TIPP, bears to twelve calendar months; and~~

~~(b) a charge of two (2%) percent of the amount described in clause (a).~~

~~(2) The Taxpayer shall immediately commence, and continue until year end, monthly instalment payments in the following amounts:~~

~~(a) If the Taxpayer applies to be included in TIPP when the current year's tax levy is not available, an amount based upon a monthly proportionate payment of the previous year's tax levy; or~~

~~(b) If the Taxpayer applies to be included in TIPP when~~

~~(i) the current year's tax levy is available, or~~

~~(ii) the current year's tax levy becomes available subsequent to a Taxpayer having been included in TIPP~~

~~an amount based on a monthly proportionate payment of the current year's tax levy less any earlier payments but not including a payment made under subsection 1(b).~~

~~(3) A Taxpayer having been included in TIPP shall not be subject to prepayment discounts on the monthly payment instalments, if such discounts are authorized by The City of Calgary.~~

~~(4) Notwithstanding subsection (3), all Taxpayers who are included in TIPP and who pay Taxes on property which is the subject of Bylaw 18M91 as amended, being certain lands annexed from the Municipal Districts of Rockyview Number 44 and Foothills Number 31, shall receive prepayment discounts on the monthly instalments.~~

- (5) All monthly instalment payments are due on the first day of each month and shall be paid by automatic bank withdrawal from a bank account designated by the Taxpayer.
7. (1) A Taxpayer enrolled in TIPP must pay 12 monthly instalments to The City of Calgary in accordance with an agreement, in a form prescribed by the Tax Collector.
- (2) TIPP instalments for the current year's Taxes will be collected from January to December of the current year, with the tax account balance to be paid in full by the December instalment.
- (3) The agreement in subsection (1) may be amended by the Tax Collector from time to time.
- (4) At the sole discretion of the Tax Collector, monthly instalments may be adjusted at any time in order to account for:
- (a) changes to the total amount of Taxes payable in respect of the property in the current year;
  - (b) any forecasted increase in the municipal portion of the property tax amount as deemed reasonable by the Tax Collector; or
  - (c) any other factor which could lead to overpayment or underpayment of the total amount of Taxes payable in respect of a property at the end of the current year.
- (5) A Taxpayer who joins TIPP after January 1 of the current year will be required to pay the total of any missed instalments beginning from January 1 of the current year, plus a charge equal to 2% of the total amount of missed instalments at the time of application.
- 7.1 If changes to the monthly TIPP instalment are required, Taxpayers will be notified no less than 30 days prior to any increase to the instalment amount.
- 7.2 (1) A Taxpayer who is included in TIPP will not be eligible for any prepayment discounts on the monthly instalment, if such discounts are authorized by The City of Calgary.
- (2) Despite subsection (1), all Taxpayers who are included in TIPP and who pay Taxes on property which is the subject of Bylaw 18M91, as amended, shall receive prepayment discounts on the monthly instalments as prescribed in Bylaw 18M91.

- 7.3 All monthly instalment payments are due on the first day of each month and shall be paid by automatic bank withdrawal from a chequing account at a bank designated by the Taxpayer.
8. (1) In the event a property, the previous Taxpayer of which was included in TIPP, is transferred, the purchaser of the property shall either:
- (a) assume the previous Taxpayer's remaining TIPP payments; or
  - (b) pay the remaining unpaid Taxes in full on or before the date of purchase.
- (2) In the event the purchaser fails to pay the Taxes as prescribed in this section, the purchaser will be treated as a defaulting Taxpayer and Sections 11, 12 and 13 of this Bylaw will apply.
9. The Tax Collector may remove a Taxpayer from TIPP in the event the Taxpayer fails to make payment of each tax instalment on the due date as required for each instalment.
10. Notice of removal pursuant to Section 9 shall be sent to the Taxpayer by ordinary mail to the ~~the~~ Taxpayer's last known address as listed on the tax roll.
11. When a Taxpayer is removed from TIPP subsequent to the due date for the payment of Taxes as specified in ~~the Tax Rate Bylaw~~ The City's annual Property Tax Bylaw and Bylaw 18M91, all unpaid property taxes become immediately due and payable and the provisions of ~~the Tax Penalty Bylaw~~ 8M2002 and Bylaw 18M91 apply immediately to all unpaid Taxes.
12. When a Taxpayer is removed from TIPP prior to the due date for the payment of Taxes as specified in ~~the Tax Rate Bylaw~~ The City's annual Property Tax Bylaw and Bylaw 18M91, or when a Taxpayer requests removal from TIPP ~~the said Plan~~ prior to the due date for the payment of Taxes, all payments made by the Taxpayer shall be returned to the Taxpayer without interest by the Tax Collector within thirty (30) days of receipt by the Tax Collector of a written request to do so signed by the Taxpayer or ~~his~~ the Taxpayer's agent.
13. In the event a Taxpayer requests removal from TIPP pursuant to Section 12, all Taxes due and owing shall then become due and owing on the due date for the payment of Taxes as specified in ~~the Tax Rate Bylaw~~ The City's annual Property Tax Bylaw and Bylaw 18M91 and the provisions of ~~the Tax Penalty Bylaw~~ 8M2002 and Bylaw 18M91 apply to all unpaid Taxes due and owing to The City after the due date.

General Matters

14. This Bylaw comes into force on the date it is passed.

15. Bylaw Numbers 19M94, 29M94, 32M95 and 8M99 are hereby repealed.

READ A FIRST TIME THIS 25<sup>TH</sup> DAY OF FEBRUARY 2002.

READ A SECOND TIME THIS 25<sup>TH</sup> DAY OF FEBRUARY 2002.

READ A THIRD TIME THIS 25<sup>TH</sup> DAY OF FEBRUARY 2002.

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MAYOR

DATED THIS 25<sup>TH</sup> DAY OF FEBRUARY 2002.

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CITY CLERK