



STAFF REPORT

Title: Bylaw No. 014-AN-97 - ByLaw for Penalties on Unpaid Taxes

Meeting Date: March 19, 2019

Executive Summary:

The City has been utilizing Bylaw No. 014-AN-97 since 1997 for applying penalties to tax accounts that are in arrears. The City currently levies a penalty of 2% on current taxes after the June 30 due date monthly on July 1 to December 1 not compounded. A 12 % penalty is applied to the total amount outstanding annually on January 1. Administration is presenting information on the City's revenue generated from penalties as well as comparisons to other municipalities to Council for discussion purposes.

Background:

The City of Cold Lake currently collects approximately \$500,000 each month through the tax installment payment plan. The City currently has \$756,000, of taxes one (1) year in arrears, \$313,000, of taxes two (2) years in arrears and \$45,400, of taxes three (3) years in arrears. These amounts are exclusive of the PILT dispute.

The City has utilized this method of applying penalties to encourage timely payments as the City does not have huge reserves to draw from if taxes are not paid annually. The 12% penalty once a year on January 1 is very effective for collecting taxes prior to the City's fiscal year end. The City annually prepares a tax arrears list that must be posted and filed by March 31 of each year.

Over the past 5 years, the City of Cold Lake has collected the following tax penalties revenue excluding penalties on PILT:

| Year | Tax penalty Revenue |
|------|---------------------|
| 2014 | \$198,156 |
| 2015 | \$217,781 |
| 2016 | \$289,042 |
| 2017 | \$260,931 |
| 2018 | \$271,267 |



A comparison of the penalty charged by municipalities similar in size to the City is attached.

Alternatives:

None.

Recommended Action:

For information and discussion.

Budget Implications (Yes or No)

Yes

Submitted by:

Kevin Nagoya, Chief Administrative Officer