

2020 Property Tax – Library Tax Amendment

ISSUE

The tax rate for the Saskatoon Public Library (SPL) portion of the City of Saskatoon's (City) 2020 Property Tax Notice was incorrectly calculated resulting in the City over levying \$270,914.25.

RECOMMENDATION

That the Administration issue credits and/or refunds to property tax customers to correct an over-billing caused by using an incorrect property tax rate for the Library portion, as outlined in the report of the Chief Financial Officer dated June 29, 2020.

BACKGROUND

The SPL property tax rate used for the City's annual Property Tax Notice is calculated by multiplying the mill rate by the mill rate factors for each class of property. The mill rate is determined by dividing the approved property levy budget by the City's total taxable assessment.

The 2020 SPL tax rate was calculated using the combined budgets for the property levy and supplemental property levy when only the property levy was to be billed. The supplemental property levy amount is realized and collected throughout the year from separate billings as new construction is completed and is therefore excluded from the regular tax billing process. This resulted in an over levy of \$270,914.25.

At its meeting on April 27, 2020, City Council approved Bylaw No. 9698, The Saskatoon Property Tax Bylaw, 2020, which had the higher tax rate for the SPL.

DISCUSSION/ANALYSIS

The Cities Act governs how the City may handle situations similar to this. *The Cities Act* also provides some flexibility in deciding whether to amend the Bylaw and/or send amended tax notices.

The Administration is requesting City Council approval to leave the Saskatoon Property Tax Bylaw, 2020, as is and not issue amended notices for the following reasons:

1. Amending the Bylaw would mean amended 2020 Property Tax Notices must be reissued which would cost approximately \$104,000.
2. Customers may be confused as to why they are receiving another Property Tax Notice so soon, especially considering the difference between the two notices would be quite small. As an example, for the average household with an assessed value of \$371,000, the difference due to the over levying would be \$2.08. In fact, over 98% of the taxpayer base will receive a credit equalling less than \$10.

If approved, the Administration would process the credits and/or refunds as follows:

1. Customers would be able to choose whether to leave the credit on their property tax account until they receive their 2021 Property Tax Notice, or have the credit transferred to their utility account.
2. In certain cases, such as where the refund amount is greater than \$10, a refund cheque will be issued.

To ensure transparency, the Administration will notify taxpayers of the miscalculation and identify the various steps undertaken to correct the over levying.

The Administration will notify the Public Library Board to acquire acknowledgement and acceptance of the Administration's plan to refund the over levied amount.

It should be noted that the Administration immediately took steps to improve the tax billing process to avoid a reoccurrence of this nature.

FINANCIAL IMPLICATIONS

To issue amended 2020 Property Tax Notices, the approximate cost would be \$104,000 for paper, envelopes, printing, and postage. However, under this recommended approach as outlined in this report, the financial impact is estimated to be approximately \$2,000. This amount would cover the cost of issuing refund cheques to a small portion of the taxpayer base that are affected.

OTHER IMPLICATIONS

Legal implications are unlikely as the City is being transparent about the issue, is attempting to return the money as soon as possible, and will be seeking agreement from the Public Library Board to not distribute the over levied amount.

There are no privacy, social, or environmental implications identified.

COMMUNICATIONS PLAN

Communications support will include a News Release, social media messaging, and an update to the City's website.

NEXT STEPS

If the issuing of credits is approved, Corporate Revenue staff will begin the process of applying credits to tax rolls, which is expected to be complete by June 30, 2020.

REPORT APPROVAL

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Approved by: Kerry Tarasoff, Chief Financial Officer