

ITEM	12
MANAGER'S REPORT NO.	43
COUNCIL MEETING	June 13/77

Re: PROPOSED U.B.C.M. RESOLUTION  
SCHOOL LEVIES

At its meeting of February 2, 1977 Council directed that staff prepare a draft resolution for submission to the U.B.C.M. concerning the collection and remittance of school levies. While the deadline for submitting resolutions was June 10, 1977, the U.B.C.M. has advised that they will accept a resolution if 8 copies of it are delivered to them on the morning of June 14, 1977.

Following is a report from the Municipal Treasurer which contains a draft resolution in accordance with Council's direction. Council will note, however, that this course of action is not recommended by the Treasurer at this time.

RECOMMENDATION:

1. THAT the status quo of the legislation be maintained.

\* \* \* \* \*

9 June 1977

File: '77 Budg. Gen.

TO: MUNICIPAL MANAGER  
FROM: MUNICIPAL TREASURER  
RE: U.B.C.M. RESOLUTIONS

Council at a special meeting held 2 February 1977 to consider the Provisional Budget requested:

"Staff to prepare a resolution for Council consideration and submission to the Union of British Columbia Municipalities in reference to the fact that municipalities are required to turn over to the School Districts 100% of the school levies whereas the municipalities may only be collecting 95% of the total tax levy (same applies to Regional Hospital Board and Regional District levies)."

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Before considering a draft resolution, Council should consider the following points:

- 1) A change in legislation would only have a short run effect of approximately three years. The collection of taxes has a telescoping effect. Taxes not paid in any one year become arrears and collected the following year, or at the latest by 30 September the year following, or the property goes up for tax sale. The result is that approximately 100% of the annual tax levy for all purposes is collected every year. Burnaby's tax collection experience for the last several years is as follows:

	<u>Total taxes collected expressed as a percentage of annual total tax levy</u>	<u>Percentage of annual total tax levy collected</u>
1976	99.93	97.84
1975	100.36	98.05
1974	99.45	97.69
1973	101.20	98.42
1972	100.30	97.68

- 2) A change would result in a substantial increase in the clerical work involved in splitting cash collections between municipal, school and other rate setting bodies, probably slowing down our cash processing time at tax due date, and thereby reducing our investment income. The School Board does not pay for administrative costs.
- 3) Under the present arrangement the Municipality keeps the penalty and interest additions added to unpaid school taxes. In 1976, penalty so added amounted to approximately \$127,590.00. Interest on arrears and delinquent was \$31,240.00, for a total of \$158,830.00. Interest on arrears and delinquent has increased from 8% to 12%, effective 1 January 1977.
- 4) The amount of school taxes uncollected at the end of each year was as follows:

1976	\$570,695
1975	424,007
1974	413,712
1973	232,684

Working capital is reduced accordingly, with the resultant loss in investment income or increase in cost of borrowing. There is only a short run effect, however, as indicated in point 1). Interest paid (8% in 1976 and prior, 12% in 1977) on these amounts by the taxpayer goes to the Municipality and not the School Board (as indicated in point 2)).

Notwithstanding the above points being made, should Council still feel compelled to consider a resolution in this connection, the following resolution is presented for consideration:

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THE CORPORATION OF THE DISTRICT OF BURNABY

The payment of taxes collected by municipalities on behalf of  
School Districts and other rate setting bodies

WHEREAS the Municipal Act requires Council to pay to the Board of School Trustees each year 100% of the school taxes levied on behalf of the Board;

AND WHEREAS annually 100% of the school taxes levied are not collected;

AND WHEREAS the difference between the amount levied and the amount collected must be borrowed or paid out of general revenue funds;

AND WHEREAS this causes cash reserves to be diminished and investment income to be reduced;

AND WHEREAS similar legislation exists with regard to the Regional Hospital District, the Greater Vancouver Regional District, the Municipal Finance Authority, and the B.C. Assessment Authority;

THEREFORE BE IT RESOLVED that the Provincial Government be requested to amend the Municipal Act and other related statutes, to provide that a municipality only pay to the School Board and other rate setting bodies such amounts as are actually collected.

Considering the anticipated increase in administrative cost, and the short run effect, we do not recommend approval of the resolution.

RECOMMENDATION

1. THAT the status quo of the legislation relating to the payment of tax levies to the School Board and other rate setting bodies be maintained.

  
MUNICIPAL TREASURER

HBK:gw