

ITEM	18
MANAGER'S REPORT NO.	44
COUNCIL MEETING	1982 07 12

RE: INTEREST CHARGES: ARREARS AND DELINQUENT TAXES

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the report of the Treasurer be received for information purposes.

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TO: MUNICIPAL MANAGER
1982 July 12

FROM: TREASURER
File: T5-14

RE: INTEREST CHARGES: ARREARS AND DELINQUENT TAXES

RECOMMENDATION:

1. THAT Council pursuant to Section 288 of the Municipal Act request the Minister of Municipal Affairs to approve deferral in implementing the effects of Bill 49 until 1982 September 02.

SUMMARY

This report deals with implementation of new legislation regarding the rate of interest to be charged against property taxes that are in arrears or delinquent.

REPORT

1. Background

In accordance with the Municipal Act, Section 428, Council enacted by-laws to set the rate of interest to be charged against property taxes in arrears or delinquent; i.e. those taxes unpaid as at the 31st day of December. The Burnaby Arrears of Taxes Interest Rate By-law No. 6958 and Burnaby Delinquent Taxes Interest Rate By-law No. 6959 were enacted in 1976. The rate of interest is 12% per year. This is the maximum that Council was empowered to assess.

2. New Legislation

Bill 49 amending Section 428 of the Act was given Royal Assent on 1982 June 25. It provides that interest on taxes in arrears or delinquent shall be at the rate prescribed by Order in Council, as adjusted February 01 and August 01 each year. The current rate is 18%. It will be reviewed on 1982 August 01.

Under the legislation a by-law to set interest rates on arrears or delinquent taxes is no longer required. However, it will be necessary to retain By-law No. 6958 and By-law No. 6959 because they constitute the authority to collect the 12% rate that is applicable from 1982 January 01 to 1982 June 25.

3. Implementation

In order to implement the variable interest rates spelled out in Bill 49, it will be necessary to make changes to our existing computer programs. We expect the necessary program changes to be complete by September 02.

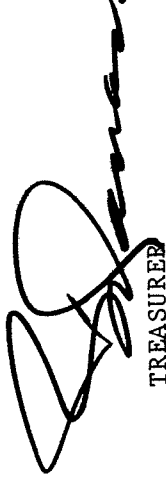
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The rates spelled out in Bill 49 are retroactive to 1982 June 25. However, many taxpayers have paid interest on arrears and delinquent taxes since 1982 June 25 based on the 12% set out in the 1982 tax statement. In law we should bill retroactively for the 6% increase in rate. In my opinion, it would not be prudent to do so. Also I believe we should inform all affected taxpayers before implementing the new interest rates.

Pursuant to Section 428 of the Act, interest on arrears or delinquent taxes are deemed to be part of the taxes. As such we are unable to forgive the additional 6% interest charges unless specifically authorized to do so by the Minister of Municipal Affairs, as provided in Section 288. An application seeking such approval shall take the form of a resolution of Council.

It is recommended that Council pursuant to Section 288 of the Municipal Act request the Minister of Municipal Affairs to approve deferral in implementing the effects of Bill 49 until 1982 September 02.

In August we will be sending a followup tax notice to all taxpayers with taxes owing. At that time we will include a special note to all taxpayers who have taxes in arrears or delinquent.



TREASURER