



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: ASSESSMENT & TAX NOTICE DELIVERY

PURPOSE OF REPORT

The purpose of this report is to present a motion for which Councillor Joly gave notice on June 1, 2020

PROPOSED MOTION(S):

That annual combined Assessment & Tax Notices be offered electronically, commencing for the 2021 tax year, with a cost-recovery fee for mailed notices being waived in 2021, and the physical mail cost-recovery fee charged starting in 2022 with the same exemptions as the Utility bills.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Tax Account Administration – Administration of the annual and supplementary tax levy, preauthorized payment system, school support declarations, property tax collection process, and land title office changes.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

Statutory References

1. Municipal Government Act, Section 308, 310 – Sending Assessment Notices
2. Municipal Government Act, Section 335 – Sending Tax Notices
3. Municipal Government Act, Section 608.1(1) – Bylaws for Sending Certain Documents Electronically

BACKGROUND:

Current Landscape

Historically, the MGA has only permitted the sending of assessment and tax notices by mail, via Canada Post. With the passing of the Red Tape Reduction Act (Bill 4 - 2019), the Province granted municipalities the ability to send assessment and tax notices via “electronic means”. Electronic means can vary, but typically refer to either sending an electronic document via secure email or allowing electronic retrieval of a document via a secure web portal application.

Administrative & Technical Requirements

Administration would be tasked with reviewing and confirming if its current taxation software - Tempest, and its web-based software application – MyCity, have the technical functionality to enable delivery of the combined assessment & tax notice, by electronic means. It is envisioned that the most straightforward implementation would be for a property owner that has signed up to MyCity, to be able to retrieve a PDF copy of their assessment and tax notice from their secure MyCity account. Required would be planning, testing, and coordination of efforts by multiple internal departments (Assessment & Taxation, ITS, Corporate Communications).

Draft Costs & Expenses to Implement

In order to pursue implementation, the City would have to first purchase and install the Tempest “Tax e-Billing” software module. Second, there would have to be modifications to the module to allow for the ability to not send a mailed copy. At present the module is designed to only compliment a mailing option, not to override it.

A draft quote to purchase, modify and install the module was \$18,500. Additionally, there would be a contractual on-going software maintenance fee of approximately \$2,000 per annum.

Bylaw Requirement

As per MGA section 608.1(1), Council must first pass a bylaw to establish a process for sending assessment and tax notices, and other associated tax or assessment related documents, by electronic means. This bylaw would have to be in place by Q1 2021, in time for the May 2021 mailout of the combined assessment & Tax notices.

Ability to Impose a Cost Recovery Fee

It is recognized that the imposition of a cost recovery fee for property owners remaining on a paper bill format has been established for utility account billing purposes, under the guise of language within MGA section 34.

However, the ability to impose a cost recovery fee on the mail out of assessment and tax notices to property owners, who choose not to “opt in” to receive by electronic means, appears to be not enforceable.

MGA section 608.1(6) stipulates that the sending of any notice via electronic means is valid only if the person to whom it sent has opted under the bylaw to receive it. Meaning that those who do not opt in likely cannot be penalized with a cost recovery fee, as there is still obligation under MGA section 308, 310 and MGA section 333, 335 for the municipality to send (mail) assessment and tax notices to property owners. No specific referencing exists within the MGA allowing for a fee to be imposed in respect of assessment and tax notices.

No other comparator municipalities are noted as currently imposing a cost-recovery fee on the mailout of assessment and tax notices. Details on this are shown below in the comparative analysis.

Cost / Benefit Analysis

For the 2020 tax year, the City of St. Albert mailed approximately 28,300 combined assessment & tax notices, with an approximate physical cost of mailout of \$30,000. (\$1.06 per notice inclusive of postage, envelope, notice form, insert brochure).

Based on discussions with municipal comparators who have offered this service, “opt-in” participation rates for electronic delivery of assessment and tax notices vary from 2 to 10%. (Calgary – 6%, Edmonton – 2%) Quite low yet as the methodology is so new, and higher uptake will take time. Using this data, we have inferred that 5% to 20% of St. Albert property owners may opt for this delivery method during years 1-3.

Potential mailing expense reduction would corresponding be \$1,600 to \$6,400 per annum. This would be offset by the one-time costs to purchase, install and modify the Tax e-billing module. A draft summary of the net financial impacts is below.

*The summary assumes that a cost recovery fee for mailed notices is not permissible, given the commentary above on this issue. Breakeven is likely to occur in year 5, dependent on opt-in participation rates.

Tax Year	2020	2021	2022	2023
Software Costs to Implement	\$18,500	\$2,000	\$2,000	\$2,000

Opt-In Participation %	0%	5%	10%	20%
Tax accounts Opted-In	0	1,500	3,000	6,000
Mail Cost Reduction	\$0	(\$1,600)	(\$3,200)	(\$6,400)
Cost Recovery Fee Revenue	\$0	\$0	*\$0	*\$0
Net Cost / (Savings)	\$18,500	\$400	(\$1,200)	(\$4,400)

Municipal Comparators

To date, comparable municipalities have been mixed in their use of delivery of assessment and tax notices by electronic means. A June 2020 informal email survey was conducted with the following results:

Municipality	Offering Access to Assessment & Tax Notices by Electronic Means?	Charging a Cost-Recovery Fee for Mailing of Assessment & Tax Notices?
Edmonton	Yes	No
Lethbridge	Yes	No
Calgary	Yes	No
Airdrie	Yes	No
Beaumont	Yes	No
Red Deer	No	No
Grande Prairie	No	No
Medicine Hat	No	No
Leduc	No	No
Fort Saskatchewan	No	No
Spruce Grove	No	No
Chestermere	No	No
Camrose	No	No
Strathcona County (Sherwood Park)	No	No

Summary Conclusions

Delivery of assessment and tax notices by electronic means is permissible, given recent amendments to the MGA. A bylaw is required to set process and enable this delivery method. Implementation has associated start-up software costs and ongoing software maintenance costs. The ability to charge a cost-recovery fee specific to sending of assessment and tax notices by mail is in doubt. This creates conversation around cost versus benefit. A comparison to other city municipalities shows only moderate up take at this point in time, and no traction in implementing a fee for the standard “by mail” delivery method.

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