

Taxation

Led by: Finance

Description:

This service is provided to external customers and The City of Calgary, and ensures property taxes are properly billed and collected, and that customers receive timely and accurate information on property tax matters.

Customers:

The Corporation
Residential and Non-Residential Property Tax Account Holders
Business Improvement Areas and Business Revitalization Zones

What is delivered to customers:

Property tax account paid, and timely and accurate tax-related information is provided.

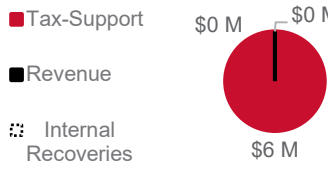
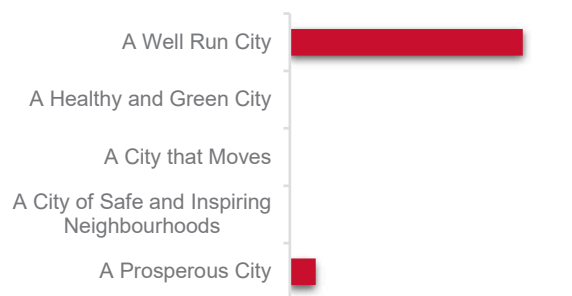
Partners:

Finance
Information Technology
Customer Service & Communications
Business Improvement Areas
Assessment

Service need (value proposition):

Timely and accurate billing and collection of property taxes provides The Corporation with certainty regarding the amount and timing of a significant component of its total revenues. Accurate billings give citizens certainty in their expenditures and confidence in The City's ability to provide prudent fiscal management. This certainty enables The City to confidently deliver services, programs and infrastructure expected and valued by Calgarians. Accuracy in billing ensures confidence in the amount of taxation revenue that will be collected, while proactive and innovative collection efforts ensure the risk of uncollectible revenue remains low. Active promotion and enhancement of the Tax Instalment Payment Plan (TIPP) provides The City with stable and predictable cash flow to fund operating and capital requirements, and provides property owners with a convenient payment option.

Current state service value

<p>522,000 Number of property tax accounts served</p> <p>100 % of Service Requests closed on-time</p>	<p>180,000 Number of annual citizen interactions</p> <p>\$1.8 billion Municipal property tax billed in 2018</p>	<p>2018 Budgeted Gross Operating Expenditures Funding Breakdown (\$ Millions)*</p>  <p>\$12 Annual operating cost per property tax account</p> <p>* Gross operating budget and the service cost ratio may include internal recoveries that are also included in other services gross operating budget.</p>
<p>Connections to Citizen Priorities</p> 		<p>What the service includes (\$000s)</p> <p>Service: Taxation. What the service includes: Tax Billing and Systems (\$2,090), Tax Advisory Services (\$2,077), Tax Account Maintenance (\$1,202), Collections (\$926)</p> <p>Key Capital Investments</p> <p>Billing and collection of property tax is supported by the PTWeb system. Investments are required to ensure legislative compliance and to ensure ongoing system viability and performance.</p>



What we've heard and service outlook

What we heard: Research & Engagement Results

In 2017, Tax facilitated 180,000 customer interactions. While there is not currently a formal process to capture feedback, anecdotal observations support that citizens appreciate the services provided by Taxation in helping them understand and resolve tax matters. Occasionally, customers indicate they would like to see more flexibility in such matters as payment deadlines and the application of penalties. While matters such as these are directed by City bylaws under the authority of the MGA, and not subject to discretionary application, Taxation endeavours to be responsive to customer requests for enhanced levels of service.

What Council has directed

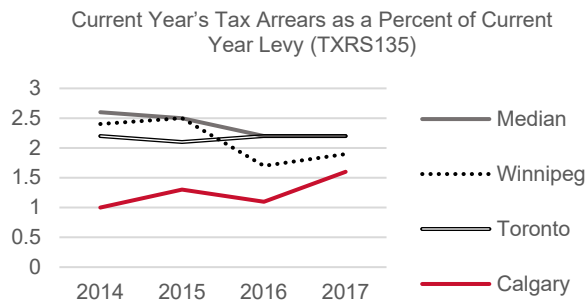
W1 We need to speak in a collective voice that improves communication to help Calgarians understand: services, how taxes are invested, municipal government functions to serve Calgarians, and that municipal government is well-run and efficient. W2 We need to shift our understanding and focus from how services are delivered to why services are delivered. We must work on improving the value of municipal services delivered by simplifying and streamlining processes and procedures, cutting red tape, eliminating service silos, and discontinuing services The City should not be providing. W4 We need to recognize that we miss opportunities for innovation because of a culture of risk avoidance. We need to create a culture, that embraces appropriate risk, innovation, experimentation, and lessons learned as opportunities to improve.

What are we watching?

There are a number of external trends that Tax is monitoring and responding to as appropriate:

- The legislative environment (i.e. Municipal Government Act) contains actual and proposed changes which will directly impact the capacity and functioning of our systems and resources.
- How citizens/customers expect to engage with The City (e.g. electronic tax notices, 24-hour access to information).
- Proactively monitoring the economic environment to identify sectors at risk to manage tax accounts that may be at greater risk of non-collection.
- Risk Section.
- PTWeb has increasing demands on system capacity and the resources which support it (e.g. PTP, MGA changes, BIA levy collection).
- Other internal systems are undergoing significant changes which will require integration to be actively managed (e.g. CIAO+).

Benchmarking



Source: Municipal Benchmarking Network Canada

The current year's tax arrears as a per cent of the current year levy is supported by several factors related to the provision of taxation services including: the accuracy of annual and supplementary tax billings, timeliness of annual and supplementary tax billings, speed with which payments are processed, ability to communicate effectively with taxpayers and resolve their inquiries, and the ability to collect outstanding taxes. Calgary's performance in maintaining a low current year receivable balance speaks to Taxation's ability to meet expectations for a reliable and responsive service.

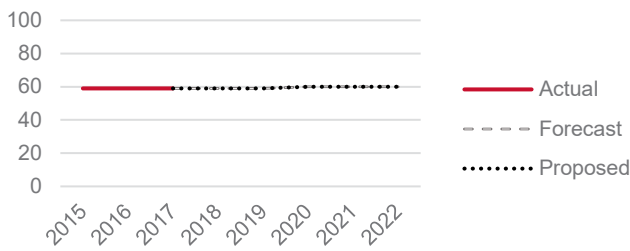
What matters to Calgarians

VALUE DIMENSION	DESCRIPTION
Sustainability	Tax bill payments are received in a timely manner.
Reliability	Tax bills are timely and accurate.
Responsiveness	Tax bill inquiries are resolved in a timely manner.

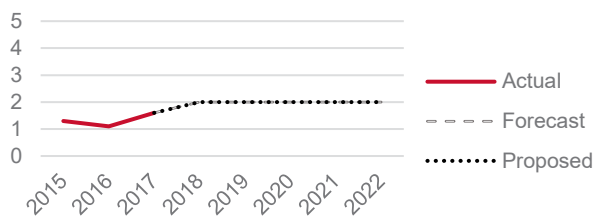


How is the Service performing? Where we are headed and where do we want to go?

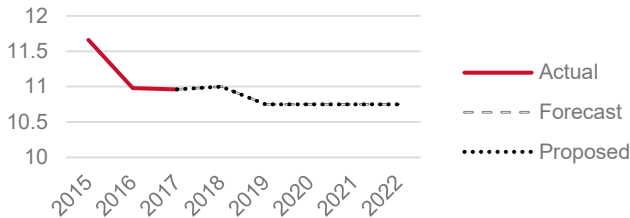
TIPP Participation Rate (Percentage)



Current year's tax arrears as a percent of current year's tax levy (Percentage)



Operating Cost to Maintain Property Tax Accounts per Property Tax Account Serviced (Dollars/account)



Story behind the curve

The TIPP participation rate is impacted by a number of factors including the general economic environment, program visibility and trust in the municipality. While the participation rate has remained steady for several years, it has done so against an increasing number of property tax accounts. The goal is to maintain or slightly increase TIPP participation as the number of accounts grows by ensuring the benefits of the program remain visible to customers and the Taxation Service continues to maintain the trust and confidence of customers.

Current year's tax arrears as a per cent of the current year levy is supported by several factors related to the provision of taxation services including:

- Accuracy of annual and supplementary billings.
- Timeliness of annual and supplementary billings.
- Speed with which payments are processed.
- Ability to communicate effectively with taxpayers.
- Ease of understanding of taxpayer obligations, payment options, due dates, and penalties.
- Ability to resolve taxpayer concerns and inquiries.
- Ability to collect outstanding taxes.
- Responsiveness of systems and resources to increasing capacity demands.

Maintaining low current year tax arrears is indicative of the overall health and effectiveness of the Taxation Service.

Operating Costs to Maintain Property Tax Accounts per Property Tax Account Serviced

As the volume of accounts has increased, the cost to maintain each account has shown a downward trend. This has been achieved by leveraging technology to enhance efficiency and productivity. This strategy will continue to be employed as much as possible. However, the Taxation Service continues to face additional pressures to workload and expectations due to changes in the MGA, increasing expectations from Council and Administration (e.g. delivering PTP, providing a Compassionate Tax Penalty Relief Program, TIPP forecasting, etc.) that will potentially offset some of the efficiencies delivered as we react to competing demands.



What do we propose to do?

What we propose to continue doing

STRATEGY
Offer relevant, timely and responsive taxation services to the Corporation and customers.
Leverage technology to create capacity to accommodate rise in transaction volumes.
Enhance cross-training and develop more androgynous positions.
Evaluate workflows in response to changes to Municipal Government Act.

Why?

Taxation Services prepares and sends approximately 500K property tax bills and has approximately 180,000 customer interactions per year. Customers expect access to timely, reliable and accurate property tax information and this service will continue to be provided through a combination of highly-skilled professionals and technology.

What we propose to do less of

STRATEGY
Maintain and bill business tax accounts due to the successful conclusion of the Business Tax Consolidation initiative.
Redirect resources from improvement initiatives not directly tied to corporate strategic goals.

Why?

Property accounts are expected to grow at a rate between approximately 1.1% - 1.6% per year between 2019-2022 but operating budgets are staying close to 2018 levels. Taxation will need to prioritize work to make up this shortfall by focusing resources on work that is important operationally or tied to a larger corporate strategy.

What we propose to do more of or include as a new offering

STRATEGY
Leverage technology to create capacity to accommodate rise in transactional volumes.
Enhance cross-training and develop more androgynous positions.
Offer compassionate property tax penalty relief under certain circumstances.

Why?

Taxation Services will continue to pursue opportunities to become even more efficient through the use of available and emerging technology. We will also continue to evaluate our staff resources to ensure they are delivering our services in the most efficient and effective manner to meet the needs of the Corporation and customers.



What Operating Budget do we need to achieve these results and strategies?

For Council Approval

SERVICE PERFORMANCE RESULTS FOR 2019-2022	CURRENT	TREND
TIPP Participation Rate (Percentage)	59	↔
Current year's tax arrears as a percent of current year's tax levy (Percentage)	2	↔
Operating Cost to Maintain Property Tax Accounts per Property Tax Account Serviced (Dollars/account)	11	↔

Breakdown of net operating budget (\$000s)

	2019	2020	2021	2022
Previous Year's Budget	5,977	6,563	6,563	6,543
Less Previous Year one Time	-	-	-	-
Base	5,977	6,563	6,563	6,543
Revenue Changes	(25)	-	-	-
Internal Recovery Changes	-	-	-	-
Inflation	135	-	-	-
Operating Impact of Previously Approved Capital	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-
Efficiencies	(159)	-	(20)	-
Service Reductions	(295)	-	-	-
Service Increases	930	-	-	-
One Time	-	-	-	-
Realignments	-	-	-	-
Total	6,563	6,563	6,543	6,543

Total Operating Budget (\$000s) for Approval

	2018 Budget	2019			2020			2021			2022		
	At Mar 31	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditure	6,294	6,905	-	6,905	6,905	-	6,905	6,885	-	6,885	6,885	-	6,885
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	(317)	(342)	-	(342)	(342)	-	(342)	(342)	-	(342)	(342)	-	(342)
Net	5,977	6,563	-	6,563	6,563	-	6,563	6,543	-	6,543	6,543	-	6,543



Recommended Capital Investment to Support Service Delivery

For Council Approval

Capital Budget for Council Approval

ACTIVITY	DESCRIPTION	2019 REQUEST (\$000s)	2020 REQUEST (\$000s)	2021 REQUEST (\$000s)	2022 REQUEST (\$000s)	2023+ REQUEST (\$000s)	Total REQUEST (\$000s)
Annual Investment Program(s)		1,000	1,000	-	-	-	2,000
480200	Tax Management Sustainment	1,000	1,000	-	-	-	2,000
Project(s)		-	-	-	-	-	-
Program(s)		-	-	-	-	-	-
Sub-Total (New Budget Requests)		1,000	1,000	-	-	-	2,000
Previously Approved Budget Remaining		-	-	-	-	-	-
Total Capital Investment		1,000	1,000	-	-	-	2,000

Explanation of Capital Budget Requests

Annual Investment Program(s)

Activity 480200: Tax Management Sustainment

New Budget Request of \$2,000 thousand for funding to ensure ongoing compliance of The City's tax billing and collection system with regulatory and legislative requirements.

Funding from Pay-As-You-Go

Operating Impact of Capital: None