

Report to Council



Date: April 17, 2023
To: Council
From: City Manager
Subject: Miscellaneous Fees and Charges Bylaw No. 9381 – Amendment
Department: Financial Services - Controller

Recommendation:

THAT COUNCIL receive for information the report of the Miscellaneous Fees and Charges dated April 17, 2023;

AND THAT Bylaw No. 12513 being Amendment No. 11 to the Miscellaneous Fees and Charges Bylaw 9381 be advanced for reading consideration.

Purpose:

To obtain Council's approval to amend the Miscellaneous Fees and Charges Bylaw No. 9381.

Background:

Historically, the City of Kelowna has not accepted credit cards as a form of payment for property taxes. While this has been a common request from our customers, the Revenue Branch has been unable to provide this option due to software limitations. Starting this year, with an upgrade in software, the Revenue Branch will now be able to provide this option for our customers. However, providing this option results in an annual operating cost of approximately \$6k for the licensing fee plus 2.3% per transaction amount.

Discussion:

It is best practice for local governments to recover credit card transaction costs directly from the customers that benefit from the optional convenience of paying their property taxes with a credit card. This is due to the significant difference in cost incurred for the different payment options. While transaction costs average 0.25% per debit transaction, the merchant cost incurred for each credit card transaction currently averages 2.3%. These costs could become significant, and the Revenue Branch recommends that they not be borne by all citizens but instead be recovered directly from the customers that choose to use this option to pay.

The following table is a survey of credit card processing fees charged by other B.C. Municipalities:

Municipalities	Credit Card Processing Fee for Property Taxes
Abbotsford	1.75%
Burnaby	1.75%
Kamloops	1.75%
New Westminster	1.75%
Port Moody	1.95%
Richmond	2.00%
White Rock	2.00%
Whistler	2.20%

Based on this analysis, the Revenue Branch recommends the following addition to Bylaw No. 9381:

Credit Card Processing Fee for Property Tax Payments 2.3 % of transaction amount

A 2.3% fee per transaction amount is in line with what other B.C. municipalities charge and will offset the City of Kelowna’s annual operating costs. Accepting credit card payments is a discretionary service. Only customers who choose to pay using a credit card will be charged this processing fee, making the impact to taxation negligible.

Conclusion:

The Revenue Branch recommends amending the Miscellaneous Fees and Charges Bylaw No. 9381 with Bylaw No. 12513, Amendment No. 11 to include the Credit Card Processing Fee for Property Tax Payments, totaling 2.3% of the transaction amount.

Considerations applicable to this report:

Legal/Statutory Authority:

Pursuant to Section 194 of the Community Charter, S.B.C. 2003, c.26, a council may impose fees in respect of services provided by the municipality.

Financial/Budgetary Considerations:

The ongoing licensing fee and the credit card processing costs and recovery budgets will be incorporated into the 2024 Financial Plan. The 2023 licensing cost will be funded through a reallocation of previously approved operating budgets within the Financial Services Division.

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Communications Comments:

Submitted by:

Patrick Gramiak, Revenue Supervisor

Approved for inclusion:



Joe Sass, Finance Director, Financial Services