

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 24, 2015</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>INFORMATION ABOUT THE USE OF CREDIT CARDS FOR PROPERTY TAX PAYMENTS ON THE CITY WEBSITE</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, this report **BE RECEIVED** for information.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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None.

<b>BACKGROUND</b>
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In the past, most municipalities have not accepted credit card payments for property taxes. The reason for this is that accepting such payments involved significant costs in the form of vendor fees to the organization accepting the payments. For the typical private sector organization, the incentive to accept credit card payments is the potential for increased sales and revenue. For a government collecting taxation revenue, no such incentive exists and accepting credit card payments would increase the expenditures of the organization and require a larger tax levy.

In recent years, some third party private sector organizations have appeared offering a service whereby they make tax payments to governments on behalf of credit card holders. The third party organizations have no authority to charge a fee to the Taxing Authority for the use of a credit card and instead collect their fee from the credit card holder. One of these third party organizations named **Plastiq** is making the payments through the electronic bill payment systems that are being used by the Canadian banking system for bill payments throughout the country. This payment method provides an efficient method of transmission and does not require any contractual agreement between the Taxing Authority and **Plastiq**, the third party service provider.

Payments made by credit card through the electronic bill payment systems would come to the Taxing Authority with payments made directly from bank accounts and would be indistinguishable from any other types of payments received. The Taxing Authority has no contract with the third party service provider and has no control over the fee charged by the third party service provider to the credit card holder.

Information about paying property taxes using credit cards with a specific reference to the **Plastiq** website is currently on the following government websites:

- Government of Canada - Canada Revenue Agency
- Province of Alberta - Tax and Revenue Administration
- City of Winnipeg
- City of Brampton
- City of Burlington
- Town of Milton
- Town of Halton Hills
- Town of Newmarket
- City of Oakville
- City of Thunder Bay
- Halifax Regional Municipality
- Township of Brock
- Town of Conception Bay

The exact wording on the websites for the Canada Revenue Agency and the City of Winnipeg website are attached as Schedule "A".

The City's Legal and Corporate Services area has reviewed this report for potential liability and risk concerns related to putting information about credit card payments on the City's website. The Legal and Corporate Services area indicated it did not see any significant risk or liability concerns provided the disclaimers as shown on Schedule "A" are included in any presentation on the City of London website.

Our understanding is that the **Plastiq** organization is currently charging a 1.99% fee on property tax payments but as indicated above, the Taxation Authority has no control over the fees charged or the timing of changes to those fees. These costs for the use of the credit card would be a contractual matter between the credit card holder and the third party service provider. On March 3, 2015, the **Plastiq** website indicated the fee for the service ranged from 0 to 2.49%. The user of the service sees the fee amount before submitting a transaction on line.

The City of London intends to soon include information on its own website similar to what is currently on the City of Winnipeg and the Canada Revenue Agency websites (Schedule "A" attached) so that property owners are aware of the option for credit card use and the additional cost to them.

<b>SUMMARY</b>
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Credit Card payments are now possible for paying property taxes with the credit card user paying any fees involved. The payment by credit card can also be efficiently transmitted to municipalities through the electronic bill payment systems which are being used by the Canadian banking system for bill payments throughout the country.

The City of London will soon be including information on its own website similar to what is currently on the City of Winnipeg and the Canada Revenue Agency websites so that property owners are aware of the option for credit card use and the additional cost to them.

<b>PREPARED BY:</b>	<b>CONCURRED BY:</b>
<b>JIM LOGAN DIVISION MANAGER, TAXATION &amp; REVENUE</b>	<b>ANNA LISA BARBON DIRECTOR, FINANCIAL SERVICES</b>
<b>RECOMMENDED BY:</b>	
<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	

c: Geoff Belch, Corporation Counsel  
Danilo Popadic, Solicitor I

Attachment