



City Council Report

April 14, 2026

Finance and Risk Management-2026-0007

6517 – 2026 Tax Instalment Pre-Payment Plan Bylaw

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Summary

Bylaw 6517 (Attachment 1) offers taxpayers these options:

1. Pay 2027 taxes in 10 equal monthly installments from August 1, 2026, to May 1, 2027;
2. Settle remaining 2027 taxes via automatic withdrawal on the last business day of June 2027;
3. Enroll 2025/2026 taxpayers in the 2026/2027 Tax Instalment Prepayment Plan (TIPP) cycle automatically;
4. Receive a 1.00% monthly discount on the credit balance through participation in the TIPP; and
5. Waive current-year penalties by paying all taxes in full and submitting a TIPP application form by September 21, 2026, with approval required.

TIPP approval may be denied for reasons such as previous-year TIPP cancellations due to multiple NSF's or refusal to pay the calculated TIPP amount according to the bylaw.

To retain the TIPP discount and maintain waived 2026 penalties, all TIPP payments must be settled to May 1, 2027. If a taxpayer defaults during this cycle, all discounts will be reversed, and any penalties that were waived under this bylaw will be reinstated.

This Bylaw must be enacted before April 30, 2026, for administration to calculate the new 2026/2027 monthly TIPP amounts in the tax notices generated on that date. The 2026/2027 TIPP amount is printed on the 2026 Tax Notice to provide written notice to the property owner.

Recommendation(s)

That Council give first reading on April 14, 2026, and second and third reading on April 28, 2026, to Bylaw 6517, as presented in Attachment 1, to:

1. Establish the 2026/2027 TIPP cycle;
2. Maintain the discount offered on prepayment of property taxes within the TIPP program to 1.00% for the 2027 tax year;

3. Adjust the date to September 21, 2026, allowing for the write-off of current-year penalties if taxes are paid in full and the taxpayer has enrolled in the 2026/2027 TIPP program; and
4. Revise any bylaw references and dates, as necessary.

Financial

Lethbridge's 100% prepayment TIPP program ensures all tax accounts are fully paid by the last business day of June, setting it apart from other Alberta municipalities where their TIPP is paid over the calendar year. Automatic withdrawals secure a monthly cash flow exceeding \$10.5 million. Anticipated penalty write-offs are incorporated into the City's budget.

This Bylaw maintains the 2026/2027 TIPP discount rate at 1.00%. This rate aligns with the City's investment portfolio forecast and is comparable to returns on basic savings accounts and term deposits, serving as an incentive for enrollment or retention in TIPP.

Background and Prior Decisions

In accordance with the [Municipal Government Act](#) (MGA) (Link 1):

- Section 339 allows Council to provide incentives for prepayment of taxes;
- Sections 340 allows Council to permit taxes to be paid by installments at the option of the taxpayer who signed the TIPP agreement;
- Section 346 defines that a penalty imposed under sections 344 and 345 are part of the tax; and
- Section 347 allows Council to cancel or defer all or part of a tax if it considers it equitable to do so.

In accordance with the [Payments Canada Regulations, Rule H1 - Pre-Authorized Debits](#) (PAD) (Link 2):

- Section 14(a)(v) requires the City (Payee) to provide pre-notification of change in amounts set out in the PAD agreement whether the PADs are for a fixed or variable amount; and
- Section 15(a)(ii) requires the City to provide the taxpayer (Payor) 10 calendar days' written notice before each and any change in the amount to such date(s).

For the 2025 tax year, 40.20% of property owners (16,919) utilized TIPP, prepaying \$98.5 million in taxes during the 2024/2025 TIPP cycle.

Between July 1 and September 15, 2025, 229 properties, incurring \$92,739 in penalties, were forgiven by enrolling in TIPP by September 15 for the 2025/2026 cycle.

City Council consistently approves the annual TIPP Bylaw, specifying the TIPP credit discount rate, penalty waiver conditions, and due date adjustments.

Engagement

No outside engagement occurred: only discussions among Finance and Risk Management.

Recommendation and Option(s) Analysis

That Council give first reading on April 14, 2026, and second and third reading on April 28, 2026, to Bylaw 6517, the Tax Installment Pre-payment Plan Bylaw.

- *Community/Citizen:*
 - Social – TIPP allows penalty waivers for missed payments, encouraging enrollment to prevent future issues; and
 - Economic - Offers taxpayers a convenient monthly payment plan with a prepayment discount, facilitated through automatic withdrawals.
 - Environmental – none.

- *Risk:*

Failure to pass the 2026 TIPP bylaw would necessitate discontinuation of TIPP for the 2027 tax year, canceling over 17,400 active TIPP accounts and removing \$10.5 million in current monthly cash flow. This would eliminate a convenient monthly payment method for taxpayers and cause time-consuming administrative cancellations. It would also raise the likelihood of property owners seeking Council approval for penalty write-offs.

- *Implementation and Communication Plan:*

Tax Notices for 2026 property taxes will be generated May 8, 2026, and mailed out May 28, 2028, notifying property owners, enrolled in the 2025/2026 TIPP, about the newly calculated 2026/2027 TIPP amount, and withdrawals beginning on August 1, 2026.

After June 30, the first reminder notice will include the TIPP brochure, urging full payment and TIPP enrollment by September 21st to waive the current penalty. Attachment 2 advertises the penalty write-off on the reminder notice. Monthly reminders with this message will be sent from July to September.

Attachment(s)

1. Attachment 1 – Bylaw 6517 – 2026 Pre-authorized Tax Instalment Pre-payment Plan
2. Attachment 2 – Reminder Notice Front Page Template TIPP note to Sept 21

Link(s)

1. Link 1 - [Municipal Government Act, RSA 2000, c M-26](#)
2. Link 2 - [Payments Canada Regulations, Rule H1 - Pre-Authorized Debits](#)

