

Subject: Bylaw No. 20/013 - Tax Penalty Relief**APPROVALS:****Jamie Doyle**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

1. THAT Bylaw No. 20/013, being the Tax Penalty Relief Bylaw, be read a first time.
2. THAT Bylaw No. 20/013 be read a second time.
3. THAT Bylaw No. 20/013 be considered for third reading.
4. THAT Bylaw No. 20/013 be read a third and final time.

Summary:

On April 14, 2020, Council directed that the payment of Property Tax be deferred until September 30, 2020 for all taxpayers of the Regional Municipality of Wood Buffalo, that are experiencing cash flow issues due to the impact of the COVID-19 pandemic. In addition, the penalties that would be applied to the outstanding balance as of July 1, 2020 are to be deferred until October 1, 2020. In order to facilitate this deferment, the existing penalty Bylaw No. 95/041, needs to be amended to change the application of the first penalty from July 1, 2020 to October 1, 2020. Furthermore, no penalties are to be applied under sections 5, 6, 9, 10 or 11 of Bylaw No. 95/041.

Background:

Sections 344 and 345 of the *Municipal Government Act* allow Council to impose penalties in the year in which a tax is imposed, and in subsequent years, if the tax remains unpaid after the tax notice is sent. Bylaw No. 95/041 outlines penalties on all unpaid taxes in both the current and following year.

The penalty structure is as follows:

- 3% penalty imposed on the 31st day following the mailing of notices on all current taxes, which is typically on or close to July 1;
- Further 7% penalty imposed on September 1;

- Further 3% penalty imposed on November 1; and
- Taxes unpaid after December 31 are subject to an additional 9% on January 1 of the following year.

These penalties do not apply to:

- Taxpayers who annually pay more than \$1M in taxes and have entered into an agreement with the Municipality to pay taxes on an installment basis;
- Taxpayers who are enrolled in the Tax Installment Payment Program (TIPP) unless automatic withdrawals are cancelled or are two months in arrears; and
- Taxpayers who pay through their mortgage company.

The effect of passing Bylaw No. 20/013 would be to supersede the sections of Bylaw No. 95/041 that authorize imposition of the July 1, September 1 and November 1 penalties on unpaid current taxes for 2020. The first penalty applied in 2020 would be a 3% penalty on October 1, 2020 on current year taxes, and 2% penalties would continue to be applied in accordance with Bylaw No. 95/041 on property tax arrears arising from prior years.

Budget/Financial Implications:

Penalties applied according to Bylaw No. 95/041 accounts for approximately \$5.6M in revenue annually; of this amount, \$1.53M will be waived for the year ending 2020.

Rationale for Recommendation:

Support residents and businesses experiencing cash flow challenges due to the COVID-19 pandemic.

Strategic Priorities:

Responsible Government

Attachments:

1. Bylaw No. 20/013 - Tax Penalty Relief