



Subject: 2017 Tax Relief

APPROVALS:

Dana Woodworth, Recovery Team Leader
Elsie Hutton, Chief Financial Officer

Administrative Recommendations:

THAT the Wood Buffalo Recovery Committee (WBRC) recommend to Council the following:

1. That Council use its authority under s. 347 of the *Municipal Government Act* to cancel the municipal portion of property taxes payable for 2017 on residential properties in accordance with the following:

For every residential property that continues to be uninhabitable because it was destroyed or irreparably damaged by the wildfire: cancellation of the amount representing the pro-rated daily amount of the whole municipal portion of tax, including land and building, multiplied by the number of days in 2017 until the first to occur of:

- (a) Completion of reconstruction of the residence on the property as determined through the issuance of a final occupancy permit,
 - (b) Sale of the property to a new owner, or
 - (c) The end of the calendar year 2017;
2. That Council ask the Mayor to make a request to the Government of Alberta, on Council's behalf, to waive that portion of the provincial education requisition for 2017 that would ordinarily be payable by property owners for whom the municipal portion of property tax is cancelled pursuant to Council's exercise of its authority under s. 347 of the *Municipal Government Act*;
 3. That Council direct Administration to make application to the Government of Alberta for funding support in an amount equal to the property taxes cancelled pursuant to Council's exercise of its authority under s. 347 of the *Municipal Government Act*;
 4. That Council enact a bylaw to over-ride the provisions of the Tax Penalty Bylaw in order to effect cancellations or refunds of penalties applied on January 1, 2017 to residential property taxes in arrears, to the extent that such penalties arise from the portion of the tax arrears that relates to the 2016 provincial education requisition, such over-riding bylaw to be effective if and when and to the extent that the Government of Alberta pays a refund to the RMWB of all or a portion of the amount paid by the RMWB to the Government of Alberta on account of the 2016 provincial education requisition.

Summary:

The disaster caused by the destructive wildfires of May 2016 has resulted in hardship for many residents of the Municipality and financial difficulties for many whose lives and income streams were disrupted with the loss of their home.

In accordance with section 347(1), “If a Council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following with or without conditions:

- (a) Cancel or reduce tax arrears;
- (b) Cancel or refund all or part of a tax;
- (c) Defer the collection of a tax.”

Also, under section 345(1) of the MGA, a Council has the authority to impose penalties in any year following the year in which the taxes were imposed or any later date specified in a bylaw. Under the authority of that section, the RMWB Council has passed the Tax Penalty Bylaw, No. 95/041 (Attachment 1)

The WBRC acknowledges the many challenges faced by residents to rebuild homes that have been destroyed or irreparably damaged and recommends to Council that additional tax relief be provided to this specific group of residents.

In addition, the Regional Municipality of Wood Buffalo (RMWB) has requested the Government of Alberta to cancel the education tax portion of the 2016 property tax bill in accordance with the Council resolution of August 30, 2016 (Attachment 2) for all residents. If this formal cancellation is approved by the GOA, residents will receive additional credits/refunds related to this amount and any associated penalties will also need to be adjusted accordingly.

Background:

On May 31, 2016, Council passed Bylaw 16/010 (Attachment 3) to amend the tax penalty provisions of Bylaw 95/041 (Attachment 1) for property taxes levied against a residential property for the 2016 calendar year only, so that all property tax payers of the Municipality will be relieved of the need to make payment of those taxes and avoid late payment penalties, until December 31, 2016. This penalty cancellation was viewed to be fair and equitable to allow all citizens additional time to pay their taxes.

In addition to the penalty cancellation, on August 30, 2016, Council passed an additional resolution (Attachment 2) to cancel the municipal portion of property taxes payable for 2016 on residential properties. All credits and refunds related to the resolution have been completed and a letter has been sent to the GOA regarding Municipal and education tax relief (Attachment 4).

Budget/Financial Implications:

The cancellation of the municipal portion of property taxes payable for 2017 on residential properties as outlined in Administrative Recommendation 1 is estimated at \$1.3M. The estimate

was calculated utilizing the applicable 2016 tax rate and preliminary assessment information currently available.

In the event the request to the Government of Alberta to waive that portion of the provincial education requisition for 2017 is approved, a further reduction of \$2M would be provided to the applicable residential property accounts. This estimate was also based on preliminary assessment information and the 2016 tax rate.

Rationale for Recommendation:

Administration and the Recovery Task Force have made many recommendations to Council with the objective to remove barriers to allow residents to facilitate rebuilding.

The process of recovery is complex and many activities needed to occur prior to the formal start of the rebuild including, but not limited to; sifting through ash, the removal and disposal of debris, the approval from the Chief Medical Officer of Health to re-occupy restricted areas, revised permitting processes, amendments to the Land Use Bylaw through the overlay and ensuring the continued health and safety of residents.

The processes mentioned above required time to complete and residents were left with a short window to begin rebuilding in advance of cold weather conditions. Many residents still have much work to do in order to complete their rebuild and they continue to face financial challenges and difficulties on their path to return home.

In cases of similar natural disasters, such as the Slave Lake fire, the Government of Alberta generously assisted residents in the payment of municipal property taxes, and the RMWB is looking for similar consideration for our residents.

Also, the recommendation to cancel any penalties applied to the portion of taxes arising from the 2016 provincial education requisition, contingent upon receiving a refund from the Government of Alberta of all or a portion of the amount already paid by the RMWB, provides Administration with authorization to facilitate the credit/refund process if a favorable decision is received and creates a level playing field for all residents.

Strategic Plan Linkages:

Pillar 1 – Building Responsible Government

Recovery Plan Linkages:

People
Rebuild

Attachments:

1. Bylaw 95/041
2. Council Report Taxation Matters – August 30, 2016
3. Bylaw Amendment 16/010
4. Letter to Minister of Municipal Affairs re. Municipal and Education Tax Relief