

Subject: Tax Relief Request for 108 Abraham Gate**APPROVALS:****Jamie Doyle**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT the tax cancellation request for the 2021 tax year, in the amount of \$32,312.93 comprising of municipal tax, education requisition, seniors requisition, and penalties for the property located at 108 Abraham Gate in Fort McMurray be denied; and

THAT the tax cancellation request for the 2020 tax year, in the amount of \$19,789.42 comprising of municipal tax, education requisition, seniors requisition, and penalties for the property located at 108 Abraham Gate in Fort McMurray be denied.

Summary:

On September 18, 2020, Administration received a tax exemption request from the Sanatan Mandir Cultural Society (SMCS) for the property located at 108 Abraham Gate in Fort McMurray.

The request has been denied until construction is completed, and the property is being used as intended under Section 364(1)(k) of the *Municipal Government Act (MGA)*.

As per Section 347(1) of the *MGA*, if Council considers the refund or cancellation to be equitable it may, with or without conditions, cancel or refund all or part of the municipal tax. However, there are other non-profit organizations that have paid taxes during construction and therefore it would be unfair and inequitable to those organizations.

Background:

This property is currently under construction and therefore is considered a taxable property as per the *MGA*. Once construction has been completed and the building is in regular use, an exemption can be applied for by the religious organization as per Section 362(1)(k) of the *MGA*.

There is a court decision from 2008 relating to a similar situation. The Alberta Queen's Bench considered the case of property being built for a religious organization (specifically a church), and whether property taxes should have applied during the

period of construction before regular religious services were held at the location. In this case, the organization did hold a couple services, but the ruling stated that the use was insufficient to reach the “chief use” threshold.

There have been similar situations in the past where properties belonging to non-profit organizations were taxed during the construction period as per the *MGA*. Therefore, treating any organization differently would not be fair or equitable to all taxpayers.

Budget/Financial Implications:

Should Council elect to cancel 2020 and 2021 taxes and all Province of Alberta requisitions, this will result in a net decrease in the amount of \$52,102.35. The municipal tax portion is equal to \$25,143.09, accrued penalties are \$3,665.56 and the Alberta requisition is equal to \$23,293.70. Any cancellation or refund of Alberta requisitions would have to be taken from Municipal reserve.

Strategic Priorities:

Responsible Government