

Subject: Tax Relief Request: Condo Plan 812 0257**APPROVALS:****Jody Butz**_____
Director_____
Interim Chief Administrative Officer**Recommended Motion:**

THAT the request for tax forgiveness, in the amount of \$305,744.42, for 103 units of the properties registered under condo plan 812 0257 (Attachment 1), be denied;

THAT the request for tax penalty forgiveness, in the amount of \$61,696.92, for 103 units of the properties registered under condo plan 812 0257 (Attachment 1), be denied; and

THAT the Condo Corporation for condo plan 812 0257 pay the taxes owing and associated penalties for late payment on the tax accounts identified in Attachment 1 in the amount of 305,744.42, on a monthly basis in the amount of \$14,000 per month until the units are sold, or the taxes are paid in full.

Summary:

Administration received a request from Condo Corporation 812 0257 operating as Hangingstone Point ("Hangingstone") for tax relief for the years 2018 to 2022 in the amount of \$305,744.42, comprising of municipal tax, education tax, seniors requisition, utilities, and penalties, for 103 units.

Background:

On July 22, 2022, Administration received copies of the following court orders:

Court File Number 1803-18535: This order was pronounced on September 16, 2021, directing Hangingstone to take possession of 86 units (Attachment 2); a subsequent order on May 26, 2022 (Attachment 3) added an additional 24 units for the purposes of renting and administrating units, as agent of their owners, and to apply any revenue generated as follows:

- i. first, towards the costs, if any, of fitting out the units for rental along with any associated costs towards repairs, maintenance and cleaning as required to maintain the unit in upstanding condition for subsequent rental or sales;

- ii. second, towards the costs, if any, of commissions or other fees paid to real estate agents or brokers in connection with the rental of such unit;
- iii. third, towards property taxes, utilities or other expenses paid or incurred by Hangingstone as agent of the owner pursuant to the rental contract;
- iv. fourth, to pay any arrears of special assessments or condominium fees, including interest payable in accordance with Hangingstone's by-laws;
- v. fifth, to pay current condominium fees; and
- vi. finally, to the owner or any other person who may be entitled thereto at law.

Hangingstone also owns two condo units under Condo Plan 812 0257.

In summary, Hangingstone is the owner of two units and has agency over 110 units.

Property taxes have been paid by the owners for 9 of the 112 units. Despite the court order and ownership of 2 units, Hangingstone has not paid the property taxes for 103 units totaling \$305,744.42.

The tax arrears are calculated based on the tax break down below:

Municipal	Education (Provincial)	Seniors (Provincial)	Penalties & Fees	Utilities	Partial Payments	Total
\$77,009.25	\$91,618.77	\$1,396.09	\$61,969.92	\$81,480.22	\$(7,456.83)	\$305,744.42

It is recommended that the tax relief request be denied, as it has not been deemed as "equitable" as defined by the *Municipal Government Act (MGA)*, s.347(1), which states:

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.*

Alternatives:

As defined in section 347 of the MGA, if Council considers it equitable to do so, may defer payments for a period of 36 months commencing October 31, 2022, and Hangingstone enter into a tax repayment agreement to pay an amount of \$14,000 per month beginning

on November 1st, 2022, until all taxes are paid.

Budget/Financial Implications:

If approved, the property tax relief request for the 103 units listed on Attachment 1, registered under Condo Plan 812 0257, would result in a net decrease of \$305,744.42 in tax revenue, while establishing a precedent where tax forgiveness is concerned.

Requisitions in the amount of \$93,014.86 will come out of Municipal reserves, as the money was already paid to the Province of Alberta, representing the provincial portion of the taxes owed (education and seniors).

Rationale for Recommendation:

The request for tax relief does not meet the following provisions of the approved Property Tax Relief Policy (FIN-280):

- 3.2.4.9. the request for relief is for charges, levies, or amounts added to the tax roll that do not relate to the annual property assessment and taxation process; the utility charge at the amount of \$81,480.22 is included in this request.
- 3.2.5. the Taxation Branch will also normally recommend to Council that the request for Property Tax Relief be denied if the request is related to Property Tax that was levied more than two years prior to the current Taxation Year.

Subsection 347 (1) of the *MGA* authorizes Council, where it deems it equitable, to cancel or refund all or part of a tax.

In this case:

- Following the Horse River Wildfire, all fire-impacted homeowners received tax relief in the form of the cancellation of 2016 municipal property taxes for destroyed or severely damaged homes, until the property was repaired, sold, or the end of the calendar year was reached.
- Existing owners of registered accounts have not requested tax relief and the Municipality will pursue its legal rights under Section 411 of the *MGA* to collect unpaid taxes.

Strategic Plan Values:

Fiscal Management

Attachments:

1. Properties Registered to Condo Plan 812 0257

2. Court Order 1803-18535, September 2021

3. Court Order 1803-18535, May 2022