

**Subject: Tax Relief request for Years 2011 - 2018 at 185 Northland Drive, Conklin****APPROVALS:****Annette Antoniak**\_\_\_\_\_  
Director\_\_\_\_\_  
Chief Administrative Officer**Recommended Motion:**

THAT the request for tax relief, in the amount of \$22,565.58, for the property located at 185 Northland Drive in Conklin, be denied.

**Summary:**

The property at 185 Northland Drive, Conklin was purchased from the Municipality by the current owner in 2004.

The property owner is requesting that Council do the following:

- retract and reassess all property assessments between 2011 and 2016 using the same calculation as the revised property assessment for 2017;
- refund part of the taxes paid between 2011 and 2015 as a result of the new revised assessment; and
- cancel/waive any tax arrears for 2016, 2017 and 2018.

**Background:**

The property has been assessed since 2004 to the same property owner. The zoning of the property is BI Business Industrial. As the property is zoned BI and is not utilized for residential purposes the property has been and continues to be classified and taxed as rural non-residential.

The assessed value for this property was \$24,000 in 2010, due to market activity the 2011, assessment increased to \$145,140. The assessment value peaked at \$582,800 in the years' 2015-2017 until it was reduced in 2017 to \$116,500. The property has been valued using non-residential land rates for the Conklin area with an adjustment allowance for restricted use of a portion of the property. The restricted use of the property is due to a watercourse (a channel that a flowing body of water follows) located

on the property, although in this case, the watercourse is dry for parts of the year. Development of this property will be impacted by the watercourse as it is located in the middle of the property and runs the entire length of the property.

From our assessment records, 2011 was the first year that an allowance for the watercourse through the property was applied; the allowance for the watercourse from 2011 to 2017 (amended) was 50%.

In 2017, Assessment staff completed a review of the development limitations imposed on the lot, as it currently sits, and determined that an obsolescence of 90% should be applied to this property.

This revision was completed under S 305 of the *Municipal Government Act* as no appeal was filed by the property owner in 2017 nor have any appeals been filed on the property since the first assessment year in question, 2011.

The property owner now requests that the change in 2017 be applied retroactively to the preceding years (back to 2011) for which no appeals were filed. Adjustments to previous years' assessment can only be made if an outstanding appeal has been filed.

The property owner has requested that penalties and arrears on outstanding balances since 2016 which have been applied based on bylaw 95/041 (Tax Penalty), be cancelled.

As per the *Municipal Government Act*, S 203 (2)

*A council may not delegate*

*(d) its power with respect to taxes under section 347*

As per the *Municipal Government Act*, S 349(1):

*Taxes that have been imposed in respect of improvement are a first charge on any money payable under a fire insurance policy for loss or damage to those improvements.*

As per the *Municipal Government Act*, S 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.*

### **Budget/Financial Implications:**

If the recommendation is approved, the budget implications would result in a reduction in tax revenue of \$ 22,565.58, if all assessments were adjusted and all arrears and penalties were adjusted as requested by the property owner.

**Rationale for Recommendation:**

The property was first assessed for the 2004 tax year and has been properly classified and taxed as rural non-residential based on the BI zoning in place.

The assessment has been based on mass appraisal principles with an allowance for the watercourse on the property. The allowance was 50% for the tax years 2011-2017, and after review, the assessment was changed to reflect a 90% allowance for the 2017 tax year.

There have been no appeals filed on the property since 2011 and therefore no legislative method of adjusting the previous year's assessment excluding Section 347 of the *Municipal Government Act* (S 347), request to council.

While council does have the authority under S 347 to cancel or refund part of a tax and cancel or defer tax arrears, administration's recommendation is that this not be done due to the precedent that may be set by this action.

The change in assessment in 2017 did result in a large reduction in the assessment of this property but there were no appeals filed. The property assessment system is built on predictability in the revenue required to fund the municipality's operations. Prior years' appeals can be accounted for in current budgets and changes in assessments and tax dollars, in prior years in which appeals have not been filed, are an unbudgeted loss in revenue. Although all S 347 requests stand on their own merit and the change in tax dollars from this request is a small percentage of the annual budget, a precedent may be set if penalties and arrears are cancelled. Revising prior years' assessments through an S 347 when appeals do not exist would set a precedent and add a level of unpredictability in municipal finances in coming years.

**Strategic Priorities:**

Responsible Government