

**Subject: Tax Relief Request for Years 2011 - 2016 at 185 Northland Drive, Conklin**

**APPROVALS:**

**Annette Antoniak**

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Director

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Chief Administrative Officer

**Recommended Motion:**

THAT the request for tax relief, in the amount of \$38,148.35 comprising municipal tax, education tax and seniors' requisition, for the property located at 185 Northland Drive in Conklin, be denied.

**Summary:**

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
- request the refund include municipal tax, education tax and seniors' requisition

The dollar amount requested has changed from the previous reports due to a change in the tax balance of the account and clarification of the request from the property owner.

**Background:**

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.*

The RMWB does not currently have a policy on the application of S 347 requests for tax cancellation or deferrals. As an example, the City of Edmonton and the County of Strathcona have policies on S 347 applications.

If Council believes it is equitable with other property owners in the RMWB to grant tax relief to this property owner, the City of Edmonton and the County of Strathcona's tax property relief policies may provide guidance in the final decision.

The City of Edmonton current policy, *Tax Adjustment and Rebate Criteria*, states that the policy covers municipal tax only. Education property tax is levied by the province and the full amount levied must be remitted to the province. The policy states where errors of fact result in a higher than appropriate assessment value, Council may authorize a refund for the differential tax amount for a maximum of the two previous years, this would not include the year in which the error was discovered.

The County of Strathcona policy, *Property Tax Relief*, states that when errors in fact occur which result in a higher than appropriate assessment value, Council may authorize a refund for the differential tax amount for a maximum of one previous year.

Both policies speak of the onus of the taxpayer to review their assessment annually, thus the limits on previous year's tax relief. Neither policy precludes Council from exercising its broad discretion to grant tax relief under S 347 when given due consideration of all taxpayers if granting of relief is equitable given the circumstances.

In summary, tax cancellation in these two municipalities is limited to municipal tax only. The City of Edmonton limits tax relief to two years and the County of Strathcona limits tax relief to one year.

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

The budget implications for an acceptance of this request could go far past this request. Successful requests for prior year assessment and tax amendments, which would be unbudgeted, could result in major revenue reductions based on establishing a precedence.

If the recommendation is approved, the immediate budget implications would result in a reduction in tax revenue of \$ 38,148.35, if the 2011 to 2016 assessments were adjusted using the same formula that was applied for 2017. If the education portion was adjusted it would result in an increase to the 2019 education requisition reflecting an underpayment of the education grant.

### **Rationale for Recommendation:**

The assessment has been based on mass appraisal principles with an allowance for the water course 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 assessment appeals filed on the property since 2011. The onus is on the property owner to dispute their assessment and as this was not done it shows sufficient proof of due diligence by the property owner and the previous assessments should stand.

As all S 347 requests stand on their own merits, Council must ensure that their decision is equitable to all property owners in the RMWB.

As an example, Council has in the past deferred the taxes of a property owner, the property owner was in receivership and has since ceased operating. As the property was leased from the province there was no opportunity to recover past taxes.

Section 347 states that Council can, if it considers it equitable to do so, it may cancel or reduce tax arrears, cancel or refund all or part of a tax or defer the collection of a tax. The request from this property owner, if granted, would not be equitable with other property owners in the RMWB as previous tax years are not open for review unless appealed in the tax year.

The effect of granting this request could open tax years on any property account from small accounts to multi-million-dollar oil sands accounts.

To act contrary to the legislation would expose the municipality to potentially costly unbudgeted property tax adjustments. As an example, during the years of industry appeals a property owner missed filing an appeal on a major industrial plant. Even though adjustments were processed on the appealed years, no adjustment was made on this property for the year in which no appeal was filed. In accordance with the legislation there is no recourse to ask for the adjustment in a year in which no appeal was filed.

#### Onus on the property owner

The RMWB mails assessment notices to property owners annually. On each and every notice it reads:

*Please review the Property Assessment Notice carefully. The assessed value of your property reflects the market value (most probable selling price) of your property on July 1, 20XX including any physical changes up to December 31, 20XX. The assessed value will be used to calculate the amount of tax billed for your property. Your tax bill will be calculated in early June. If you disagree with any of the assessment information on this notice, you have the right to submit an Assessment Complaint with the Clerk of the Assessment Review Board (see reverse for details by 4:30 pm on May XX, 20XX).*

**COMPLAINTS CANNOT BE SUBMITTED AFTER 4:30pm on May XX, 20XX.**

The property assessment system is built on predictability in the revenue required to fund the municipality's operations and infrastructure. Prior years' appeals can be accounted for in current budgets, changes in assessments and tax dollars. In the case of prior years in which appeals have not been filed, would result in 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 a 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