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TAMRMS#: B09

Council Policy C-FS-15 Amendment - Tax Relief

Presented by: Greg Dahlen, Senior Manager, Assessment & Taxation Services

RECOMMENDATION(S)

That the Governance, Priorities and Finance Committee recommend to Council that revised Council Policy C-FS-15, provided as an attachment to the February 11, 2019 Agenda Report titled "Council Policy C-FS-15 Amendment - Tax Relief", be approved.

PURPOSE OF REPORT

To present proposed revisions to Council Policy C-FS-15.

ALIGNMENT TO COUNCIL STRATEGIC PRIORITY

N/A

ALIGNMENT TO SERVICE DELIVERY

Service Name: Tax Account Administration
Service Definition: Administration of the annual and supplementary tax levy, pre-authorized payment system, schools support declarations, property tax collection process, and land title office changes.
Service Component: Not applicable
Current Service Level: Not applicable

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND AND DISCUSSION

The City of St. Albert, at present, does not have a policy to govern how it deals with requests from property owners for property tax relief. Provision of such a policy would be beneficial, as it would provide a framework for both Council and property owners, as to what types of requests for property tax relief would be deemed reasonable and acceptable. Revisions to an older existing Council Policy C-FS-15, have been made, in an effort to provide policy in this area. Given the need to transfer onto the new policy template and the substantive changes made to the policy, a redlined version has not been provided but rather the existing policy and the proposed policy are provided separately.

Section 347(1) of the *Municipal Government Act* permits Council the discretion to cancel or reduce

tax arrears, cancel or refund all or part of a tax, or defer the collection of a tax, for a particular taxable property, or class of taxable property, if it considers it equitable to do so.

Council must exercise this discretion in an equitable and transparent manner, as any cancellation, reduction, or deferral has a financial consequence to the City. Council Policy C-FS-15 - Property Tax Relief attempts to provide clarity and guidance as to how requests for property tax relief may be deliberated at the Council level.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

Any request for property tax relief has a potential financial implication to property tax revenues.

Legal / Risk:

Decisions by Council to allow tax refunds, cancellations, reductions, or deferrals are typically rare. However, any decision in this area may imply an unintended precedent; which could be construed as a risk. Conversely, the policy attempts to provide a framework of limitations on what is an acceptable tax relief request, which serves to mitigate financial risk.

Program or Service:

It is anticipated that Council Policy C-FS-15 will bring greater clarity, transparency, fairness and equity in the administration of property tax accounts. By providing a more formalized mechanism for property owners to request tax relief, customer service is enhanced.

Organizational:

Approval of Council Policy C-FS-15 will result in slight workload adjustments for the Taxation Department staff and Legislative Services staff. Taxation staff will administer the request form process and Legislative Services staff will advise property owners of Council's decision on a tax relief request, by mail.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

1. The Governance, Priorities and Finance Committee could choose to further amend Council Policy C-FS-15 and recommend to Council approval of the revised Council Policy.
2. The Governance, Priorities and Finance Committee could choose not to consider the revised Council Policy C-FS-15 at this time.

Report Date: February 11, 2019

Author(s): Greg Dahlen

Committee/Department: Financial & Assessment Services

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CITY OF ST. ALBERT CITY COUNCIL POLICY

NUMBER	TITLE
C-FS-15	Property Tax Relief
ORIGINAL APPROVAL DATE	DATE LAST REVISED
May 19, 2009	February 11, 2019

Purpose

To provide a framework for Council, in the exercise of its discretion under section 347(1) of the *Municipal Government Act*, when considering requests from property owners for property Tax Relief.

Policy Statement

Section 347(1) of the *Municipal Government Act* permits Council the discretion to cancel or reduce tax arrears, cancel or refund all or part of a tax, or defer the collection of a tax, for a particular taxable property, or class of taxable property, if it considers it equitable to do so.

Council must exercise this discretion in an equitable and transparent manner, as any cancellation, reduction, or deferral has a financial consequence to the City.

Definitions

“Act” means the *Municipal Government Act*, R.S.A., 2000, c. M-26 and amendments thereto.

“Assessor” means an accredited (holding the AMAA designation) property assessor as employed by the City of St. Albert.

“COPTER” means *Alberta Regulation 281/98, Community Organization Property Tax Exemption Regulation*.

“Error in Fact” means a quantitative and Substantive data error in the assessment data used to prepare a property assessment. Examples of Error in Fact may include house size, presence of basement finish, or tax classification. Errors in Fact do not include subjective or qualitative assessment data.

“Immediate Family” includes the property owner’s spouse, common law or adult interdependent partner, child or step-child, sibling or step sibling, guardian, dependent, parent or step-parent, son/daughter-in-law or sibling-in-law, grandparent, grandchild or another relative permanently residing with the property owner as a member of the family.

“LTO” means Alberta Land Titles Office.

“Substantive” means having affected the assessed value by a minimum of 10%.

“Tax Relief” is the discretionary cancellation, reduction, refund, or deferral of all or a part of a property tax, or tax penalty, by Council.

Responsibilities

The City Assessor is responsible for:

- Reporting to Council the outstanding requests for property Tax Relief, and the particulars of each request.

Council is responsible for:

- Rendering a decision on each request for Tax Relief, as per the discretion granted to them by section 347(1) of the Act, and based on the service standards as articulated within this policy.

Service Standards / Expectations

General Tax Relief Principles

1. Section 203 of the Act prohibits Council from delegating the authority for provision of discretionary Tax Relief to Administration.
2. Administration retains the ability to cancel, reduce or refund all or part of a property tax, or property tax penalty, if it is determined that the Assessment & Taxation Department has made an error, omission, or misrepresentation, in the administration of the assessment & tax account in question.
3. Property Tax Relief generally applies to all components of the property tax (municipal, education, Homeland Housing) unless expressly articulated by Council. Council may reserve the situational discretion to provide Tax Relief for the municipal portion of taxes only, if desired.
4. When considering a request for property tax reduction, cancellation, refund, or deferral, Council shall take into consideration the following principles:
 - a. Fairness and equity to all taxpayers;

- b. Sustainability of municipal revenues;
 - c. Simplicity, transparency, and efficiency of the tax levy process; and
 - d. Predictability and stability.
5. All property owners seeking Tax Relief shall follow the prescribed administrative process which entails the following:
- a. Property owners shall first dialogue with the Assessment and Taxation Department as to the nature of their request for Tax Relief;
 - b. If the Assessment and Taxation Department is of the opinion that no error, omission, or misrepresentation has occurred in the administration of the tax account, then the request for Tax Relief shall be referred to Council;
 - c. Property owners must complete the required standardized "Request for Property Tax Relief" application form, which is available via the Assessment and Taxation Department; and
 - d. The tax penalty or property tax in question, should be paid by the property owner to avoid further penalties being incurred.
6. Council shall not be bound by precedent for any prior decisions it has made relative to requests for property Tax Relief.
7. Council's decision on a request for Tax Relief is considered final. There is no further recourse available, and the matter is considered closed.

Permissible Tax Relief Categories

8. Compassionate Grounds:

Council may provide Tax Relief for property tax penalties incurred by the property owner. Tax Relief is typically only available for current taxation year penalties. The following extenuating circumstances may be considered by Council:

- a. Death or critical illness occurred in the Immediate Family of the property owner; and
 - b. Any other extenuating circumstance, that in the opinion of Council merits compassionate Tax Relief, given the uniqueness and severity of the situation.
9. Property Eligible for Tax Exemption in Prior Tax Year:

Council may provide Tax Relief to a non-profit group, whom are eligible for taxation exemption under COPTER, but had mistakenly neglected to apply for tax exemption status. Tax Relief is only available for the one year of taxes immediately prior to the current year taxes. The Assessor shall assist in the determination of if the non-profit was eligible via COPTER.

10. Substantive Prior Year Assessment Errors:

- a. Council may provide Tax Relief for a Substantive assessment Error in Fact, that has been discovered relative to a prior year assessment. Tax Relief is only available for the one year of taxes immediately prior to the current year taxes. As per section 305 of the Act, the current year taxes are available to be corrected by the Assessor via amendment of the property assessment. No Tax Relief shall be available if the Error in Fact resulted from non-compliance of Assessor's requests for property information, or requests to enter and inspect the property for assessment purposes.
- b. The Tax Relief shall be equal to the differential in taxes occurring due to the identified Error in Fact. The Assessor will assist in quantifying this tax amount.

Non-Permissible Tax Relief Categories

While the granting of property Tax Relief remains at the discretion of Council, the following categories of requests generally are deemed to not qualify for Tax Relief:

11. Failure to Receive Assessment & Tax Notice:

- a. Non-receipt of an assessment & tax notice is typically not a permissible reason for request for relief from a tax penalty or annual property tax.
 - i. Sections 310 - 311 of the Act stipulates that the City only has the obligation to ensure notices have been sent. The City is not under legislative obligation to ensure physical receipt of the notice by the property owner.
- b. Common examples include, but are not limited to:
 - i. Failure of receipt due to unanticipated Canada Post strike or other mail delivery disruption;
 - ii. Incorrect ownership or mailing address information was registered at LTO, regarding the property in question; and
 - iii. General disappearance of the notice due to mis-delivery, loss, theft, or destruction.

12. Payment Errors or Delays:

- a. Payment errors and/or delays, resulting in late payment, are not typically a permissible reason for request for relief from a tax penalty.
- b. Common examples include, but are not limited to:
 - i. Use of telephone or online banking caused delay in receipt of tax payment;
 - ii. Financial institution processed tax payment after tax payment deadline;
 - iii. Errors, delays, misunderstandings, or non-communications in the conveyancing, transfer of title, or property registration process, by property owners, lawyers, agents, or LTO, resulting in late payment of property taxes;
 - iv. Property owner was on vacation, out of country, or similarly physically unable to make payment prior to tax payment deadline; and
 - v. General late payment of property taxes, with no specific reason for the lateness.

13. Damage or Destruction of Property due to Natural Disaster:

- a. Damage, devaluation, or destruction of property due to natural disaster is not a permissible reason for request for relief from an annual property tax or tax penalty.
- b. Common examples include, but are not limited to:
 - i. Floods;
 - ii. Tornados;
 - iii. Earthquakes;
 - iv. Wildfires;
 - v. Hail;
 - vi. Lightning strikes; and
 - vii. Storms.

14. Tax Relief of Other Charges:

- a. Charges, levies, or amounts added to the tax roll that do not relate to the annual property assessment and taxation process, are not a permissible reason for request for Tax Relief from an annual property tax or tax penalty.

- b. Common examples include, but are not limited to:
 - i. Fees and charges arising from the tax recovery process;
 - ii. Service fees for returned tax payments;
 - iii. Unpaid municipal bylaw violation charges;
 - iv. Utility consumption or installation charges; and
 - v. Any penalties, interest, or other charges related to those amounts.

15. Demolitions:

- a. Demolition of existing buildings or improvements which are of the volition of the property owner, are not permissible for request for Tax Relief from an annual property tax or tax penalty.
- b. Common examples include, but are not limited to:
 - i. Demolition of all of portion of existing home;
 - ii. Demolition of ancillary buildings, such as garage, carport, shed;
 - iii. Demolition of landscaping or fencing;
 - iv. Demolition of any non-residential structure.

17. Structural Fires:

- a. The occurrence of a structural fire involving loss or damage of an existing home, building, structure, or business, is not a permissible reason for request for relief from an annual property tax.
- b. Payment of outstanding property taxes is an expense item typically covered within a fire insurance policy. Therefore, property owners should seek property tax coverage first from their fire insurance policy. Section 349 of the Act stipulates that “taxes that have been imposed in respect of improvements are a first charge on any money payable under a fire insurance policy for loss or damage to those improvements.”

Legal References

Municipal Government Act, RSA 2000, c M-26;

Community Organization Property Tax Exemption Regulation, A.R. 281/98

Cross References

No related internal references

Attachments

Property Tax Relief Request Form

DATE REVIEWED	NEXT REVIEW DATE	REVISIONS
December 2018 – Assessment & Taxation	2022	Date – Resolution No.

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Property Tax Relief Request Form

Important Information:

The purpose of this form is for an assessed person, or their authorized agent, to request under section 347(1) of the Municipal Government Act (MGA), that Council consider property tax relief, in the form of a reduction, cancellation, refund, or deferral, in respect to municipal property tax levied on the property as listed in Section B below.

Section A Information about whom is making the tax relief request

1. Is the requestor the: ☐ Property Owner or, ☐ Agent
2. Requestor Name: _____ 3. Requestor Phone: _____
4. Requestor Address: _____ 5. Requestor E-mail: _____

Section B Property information *(From your property tax notice)*

6. Assessment Roll Number(s): _____, _____
7. Property Address(es): _____

Section C Type of property tax relief being requested *(Please check ONE of the below boxes)*

- ☐ Property Tax Cancellation ☐ Property Tax Refund
- ☐ Tax Penalty Cancellation ☒ Property Tax Deferral
- ☐ Property Tax Reduction

Section D \$ Amount of property tax relief being requested *(Enter dollar amount)*

\$

Section E Reason(s) for Property Tax Relief Request *(Please articulate the reasons, circumstances for your request)*

(Please attach additional information to this form if you require more space)

Section E	Acknowledgement & Certification
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By signing below, I acknowledge and certify that:

- i. I understand that for the purposes of MGA section 347(1), this request for property tax relief is valid only for the properties identified in Section B of this form, and that this request applies only to tax levies and/or tax penalties levied in respect of the *current* Taxation Year.
- ii. I understand that for the purposes of MGA section 347(1), that the decision of Council on the matter of property tax relief is final, and there is no further recourse available on this matter.

Signature of Property Owner(s) or Authorized Agent

Date: _____

Section F	Form Submission Information
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Please remit this completed form to:

TAXATION DEPARTMENT

Main Floor – St. Albert Place

5 St. Anne St.

St. Albert, AB T8N 3Z9

Phone: 780-459-1516

Fax: 780-459-1733

You will be contacted at a later date with details of when Council will hear and decide upon your request.

FOR OFFICE USE ONLY

<i>Date Received:</i>	<i>Received By:</i>	<i>Property Tax Verification:</i>
	<i>Dept:</i>	<i>Current Year Tax Levy:</i> \$ _____
		<i>Prior Year Tax Arrears:</i> \$ _____
		<i>Prior Year Tax Delinquent:</i> \$ _____
		<i>Tax Penalty Totals:</i> \$ _____
		<i>Other:</i> \$ _____
		<i>TOTAL Outstanding:</i> \$ _____
<i>Notification to Director:</i> Y N <i>Notification to Leg Services:</i> Y N <i>Notification to Taxation:</i> Y N <i>Owner contacted:</i> Y N	<i>Comments:</i>	