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7.1

Property Tax Relief Policy Presentation

Presented by: Stephen Bannerman, City Assessor, Finance Services & Information Technology

RECOMMENDED MOTION

That Community Growth & Infrastructure Standing Committee receive the following report for information in anticipation of the Dec 6, 2021 Property Tax Relief Presentation before City Council.

PURPOSE OF REPORT

Explanation and summary of Policy C-FS-15. To provide Council with a framework to guide how it will respond to requests for property tax relief. To bring clarity to property owners on what types of requests for tax relief are deemed acceptable.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF 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 (OR COMMITTEE) DIRECTION OR MANDATORY STATUTORY PROVISION

As per Section 347(1) of the *Municipal Government Act*, requests for property tax reductions, cancellations, refunds, or deferrals, must be referred to Council.

BACKGROUND AND DISCUSSION

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. Policy C-FS-15 has been established to provide clarity and guidance as to how requests for property tax relief may be deliberated at the Council level.

Requests for property tax relief to Council are rare, but the *Municipal Government Act* does afford a property owner the ability to make such a request. Typically, the property owner feels that extenuating circumstances existed, which resulted in the tax penalty or tax arrears being incurred. Again, the challenge is in determining what latitude exists in cancelling or reducing such penalties or tax arrears. To this end, C-FS-15 was approved by Council to provide a framework by which decision criteria would be established for dealing with these requests.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

Property owners first communicate with the Taxation branch about their tax penalty or outstanding tax arrears. Cancellations of penalties can only be made by the Finance and Assessment department, if it is ascertained that an administrative error was made in the administration of the tax account.

If no error was made on the part of the City, then the property owner has the ability to make a request for tax relief to Council, as referenced to in section 347(1) of the *Municipal Government Act*.

IMPLICATIONS OF RECOMMENDATION

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, allowing property owners the opportunity to make a request for tax relief is a legislative right within the *Municipal Government Act*, and serves to enhance fairness and equity with the property taxation process.

Program or Service:

It is anticipated that continued use of C-FS-15 will bring greater clarity, transparency, and fairness & 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:

None at this time.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

None

Report Date: November 22, 2021
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Deputy Chief Administrative Officer: Kerry Hilts
Chief Administrative Officer: Kevin Scoble

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CITY OF ST. ALBERT

Property Tax Relief Requests

2021 Tax Year Requests

Nov 22, 2021

Presented by:
Stephen Bannerman
City Assessor
Assessment & Taxation Services

Background – Tax Relief Requests

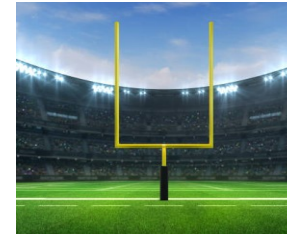
- Taxation Dept. is inundated with requests for tax relief each year, due primarily to the imposition of tax penalties for late payment.
- Administration can only cancel or reduce tax penalties if the City has administratively made an error, omission, or misrepresentation.

Background - MGA 347

- Section 347 of the *Municipal Government Act* allows only Council to cancel, reduce, refund, or defer all or part of a tax.
- Section 203 of the *Municipal Government Act* prohibits Council from delegating its power with respect to taxes under section 347.
- Thus, only Council has the ability to provide leniency, in instances where the City has not erred.

C-FS-15 Purpose of Policy

- To provide Council with a framework to guide how it will respond to requests for property tax relief.
- To allow Council to have a set of “goalposts”, but still allow Council to exercise its own discretion.
- To bring clarity to property owners on what types of requests for tax relief are deemed acceptable.



Tax Relief Principles

When considering requests, Council shall take into consideration the following principles:

- a. Fairness & equity to all taxpayers;
- b. Sustainability of municipal revenues;
- c. Simplicity, transparency, and efficiency of the tax levy process;
- d. Predictability and stability.



Request Form Process

- Standardized Request Form
- Administered by Tax Dept.
- Consistency of process

City of St. Albert
Assessment and Taxation Services

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)

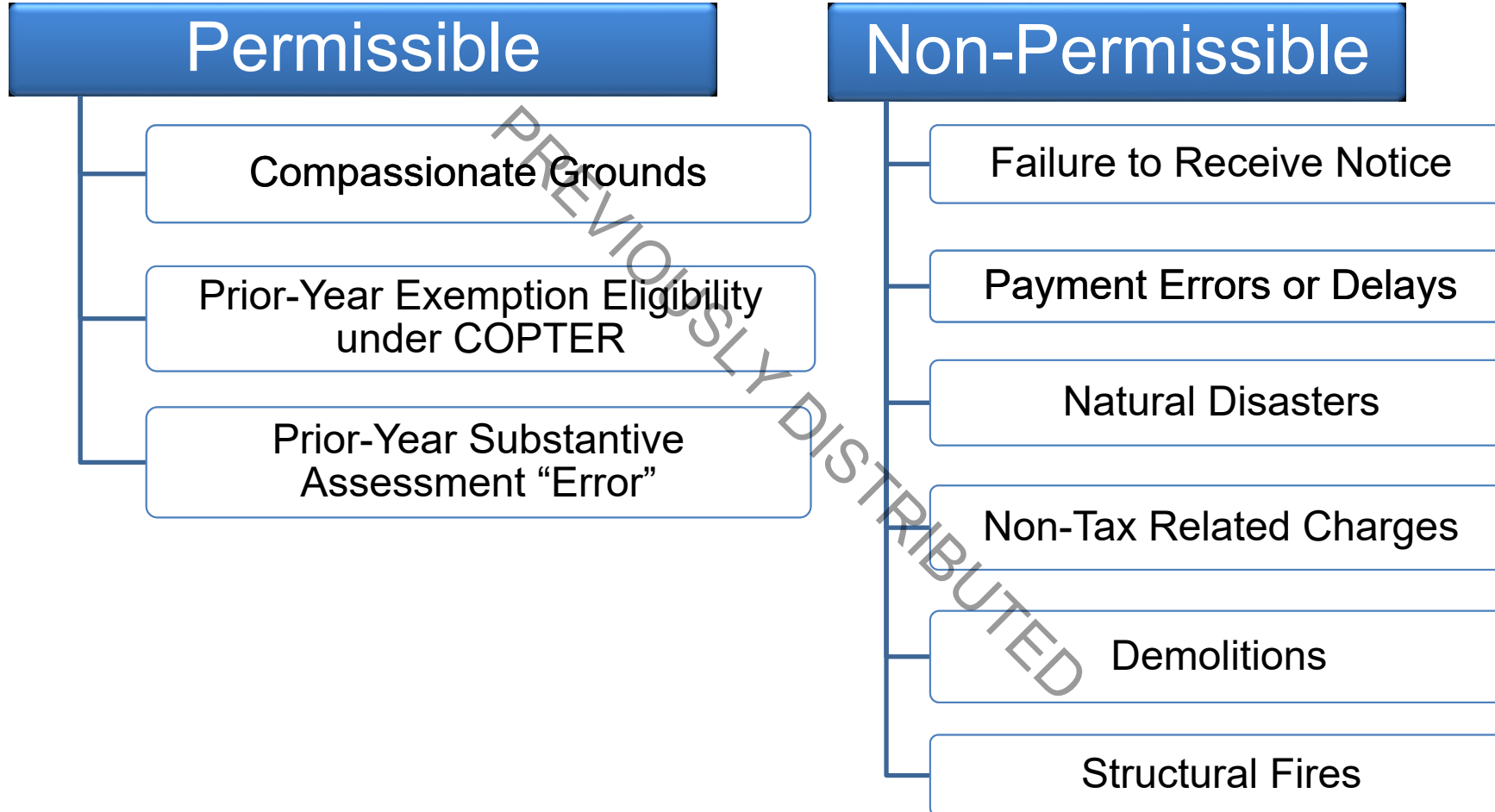
(Please attach additional information to this form if you require more space)

Example of Typical Penalties

- Incurring a tax penalty can result from a myriad of underlying reasons. Penalty amounts vary, due to underlying assessed value:

House assessed at \$450,000	Tax Details	Condo assessed at \$275,000	Tax Details
Original Taxes	\$5,031	Original Taxes	\$3076
July 1 Penalty @ 4%	\$201	July 1 Penalty @ 4%	\$123
Aug 1 Penalty @ 6%	\$302	Aug 1 Penalty @ 6%	\$185
Oct 1 Penalty @ 6%	\$302	Oct 1 Penalty @ 6%	\$185
Total Penalties	\$805	Total Penalties	\$493

Tax Relief Categories



Compassionate Grounds



- Council may provide tax relief for extenuating circumstances that merit compassion.
- Example: The property owner was in hospital with a critical illness and could not attend to payment of taxes prior to the deadline.
- Response: The tax penalty incurred could be cancelled.

Prior Year Exemption Eligibility



- Council may provide tax relief for instances where a exempt entity was eligible for tax exempt status, but was unaware of the ability to seek the exemption.
- Example: An eligible non-profit commenced leasing a commercial space but was unaware they could have qualified for tax exemption status until two years had passed by.
- Response: A tax refund for one prior year of taxes could be granted.

Prior Yr Assessment Error in Fact



- Council may provide tax relief for instances where a prior-tax assessment “error-in-fact” has been identified by the property owner.
- Example: A property owner realizes that their assessment was based on a house size that was substantively* different than the actual size. The error has persisted for several years unnoticed.
- Response: A tax refund equal to the differential in applicable taxes for one prior year could be granted.

Administrative Process

- Requests for tax relief are received intermittently throughout the year by Tax Dept.
- Those that remained unresolved are “bundled”, and presented to Council via the agenda report process, typically in Q4.

Administrative Process cont.

- The requestor (the property owner) is given the opportunity to present their request in writing, or in person if they choose to appear.
- Council will deliberate each request and make a tax relief decision.
- Decision results will be forwarded to property owner.
- Decision would be considered final.

Questions?





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 or 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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