

## LEDUC ANNEXATION AREA TAX PENALTY CANCELLATION AND ADJUSTMENTS FOR 2020

### RECOMMENDATION

That Executive Committee recommend to City Council:

That, for residential properties within the Leduc annexed area, 2020 municipal tax increases where 2021 assessments were reduced by the Assessment Review Board, be adjusted.

### Report Purpose

#### Council decision required

Council is being asked to approve forgiveness to taxes in relation to its previous direction about properties annexed in Leduc County.

### Previous Council/Committee Action

At the February 8, 2021, City Council meeting, the following motion was passed:

That Administration provide a report to Committee, outlining the cancellation that would be required under section 347 of the *Municipal Government Act*, for properties that are successful in an assessment appeal in 2021, in accordance with Option 2, as outlined in the February 1, 2021, Financial and Corporate Services report FCS00021rev.

### Executive Summary

- Administration was directed to proceed with providing a prorated tax rebate for the 2020 tax year for any property owner that successfully reduced their assessment at the Assessment Review Board in 2021.
- The cost to adjust the property taxes in accordance with Council's motion is \$372.06.

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## REPORT

On January 1, 2019, two areas of land from Leduc County and the Town of Beaumont became part of Edmonton by way of an annexation agreement. Under this agreement, the properties in the annexed area are taxed each year for 50 years at either the City's tax rate or their former municipality's tax rate, whichever is lower. In 2020, a number of residents in the Leduc County annexed area raised concerns about tax increases, which were primarily due to property assessment changes related to either market analysis or data corrections. Annual changes to property values are a normal part of the assessment process, but the difference in value upon reassessment was more pronounced for some property owners.

On February 8, 2021, Council moved four motions in support of the Leduc County annexed properties. Two motions were previously addressed by Council on May 3, 2021, through Financial and Corporate Services report FCS00404, Bylaw 19640 - Amendments to Bylaw 19394 and Financial and Corporate Services report FCS00470, Leduc Annexed Residential Properties, and a third motion is scheduled for the first quarter of 2022 (Financial and Corporate Services report FCS00406). The fourth motion directed Administration to proceed with providing a prorated tax rebate for the 2020 tax year for any property owner that successfully reduces their assessment at the Assessment Review Board (ARB) in 2021. The amount of the 2020 rebate will be based on the difference between the 2021 revised assessment and the 2020 assessment. The rebate will not exceed the 2020 residential municipal tax increase.

There were 13 complaints filed on residential properties in this area in 2021. Of these properties, five successfully reduced their assessments at the ARB this year, with two meeting Council's criteria to receive a prorated tax rebate for the 2020 tax year (Attachment 1). The cost to adjust the property taxes in accordance with Council's motion is \$372.06. This amount can be accommodated through the City's budget tax sale reserve.

## COMMUNITY INSIGHT

On October 26, 2020, Executive Committee heard from a number of Leduc County residents who expressed frustration with their property tax increases.

## GBA+

As property tax forgiveness was directed by City Council in alignment with the Assessment Review Board appeal, no GBA+ was undertaken for this report.

## ATTACHMENTS

1. Leduc Annexation Area Residential Property Assessment Complaints for 2020