

Requests for Tax Adjustments and Rebates

Recommendation

That Executive Committee recommend to City Council:

That the municipal tax adjustments and rebates totalling \$47,228.69 for the tax accounts identified in Attachment 1 of the April 5, 2018, Financial and Corporate Services report CR_5702, and any associated penalties, be approved.

Executive Summary

Each year, a contingent of property owners request tax adjustments and rebates due to recently discovered errors in their tax accounts or due to building destruction or demolition. In the mid 1990s, Council approved a policy to address these requests and delegated Administration the authority to administer the policy. However, the pending enactment of the City of Edmonton Charter has created a transitional period where Administration recommends that Council should directly approve these requests until such time Council determines how to use the tax forgiveness delegation that will likely be available under the City Charter.

Administration recommends that Council approve the requests brought forward in this report based on their qualification through the existing Tax Adjustment and Rebate Criteria. In the absence of revised and enacted policy and legislation, doing so supports an open and effective government that is transparent and accountable to taxpayers.

Report

In the mid 1990s, Council approved a criteria and process known as the Tax Adjustment and Rebate Criteria. This allowed Administration to independently review and, if warranted, approve tax adjustments and rebates to property owners where an error in fact was discovered, which resulted in an inaccurate assessment value and an overpayment in taxes, potentially over multiple years. The City Assessor could also independently consider cases where buildings were destroyed by fire, acts of god, or were voluntarily demolished. For those qualifying accounts, Administration applied adjustments to the tax account of the current owner for the current tax year and up to two previous years. The Tax Adjustment and Rebate Criteria was later amended, in 1998, to allow for penalty cancellation in specific cases. Overall, the intent of this

policy was to redirect small and routine requests for tax forgiveness from Council's agenda and allow Administration to render a decision on these requests.

These tax adjustments and rebates are a form of tax forgiveness. It appears that the upcoming City Charter will allow Council to delegate the ability to forgive taxes to a maximum amount of \$500,000 in any given taxation year. However, until such time as the City Charter is in force, and the various types of tax forgiveness that will be delegated are determined, Administration recommends that these requests for tax forgiveness should be directly approved by Council using the standard review and decision-making process. It is also anticipated that additional requests for tax adjustment and rebate will be received throughout the year prior to the legislation being fully implemented. As a result, these future requests will also have to undergo the standard Council review and decision-making process.

In the meantime, Administration recommends the existing Tax Adjustment and Rebate Criteria as the benchmark when deliberating current requests for tax adjustment and rebate. Administration recommends the municipal tax adjustments and rebates for the tax accounts identified in Attachment 1 of this report, and any associated penalties, be approved, as they meet the criteria regarding errors in fact.

Budget/Financial

This report addresses 12 requests for tax adjustment and rebate, totalling \$47,228.69 in municipal tax rebates, plus associated penalties. Any amount of municipal tax rebate approved will be funded from the established reserve for prior year assessment appeals and adjustments.

Legal

Section 347(1) of the Municipal Government Act empowers City Council to do one or more of the following with respect to property taxes, if it considers it equitable to do so:

1. Cancel or reduce tax arrears;
2. Cancel or refund all or part of a tax;
3. Defer the collection of a tax.

City Council may only do so with respect to a specific taxable property or business or a class of taxable properties or businesses. The version of the upcoming City Charter that has been published for consultation has a provision that allows Council to delegate the power to forgive taxes to a maximum amount of \$500,000 in any taxation year.

Public Engagement

Public Engagement was not undertaken to determine a recommendation for these requests because they involve independent, individual property matters.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Ensure transparent and reasonable tax policy.	5-year total effect of Council Directives	\$1,357,397	N/A
	5-year average of Council Directives	\$ 271,479	

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Commercial	Tax refunds will shift the tax burden onto remaining taxpayers.	5	1	5	Council could choose not to approve the request.	A refund will be absorbed by the remaining tax base, but will put pressure on tax increases.
Legal / Regulatory	The City runs the risk of additional groups requesting similar consideration.	2	2	4	This risk is mitigated by the existence of Council policy.	Council ultimately has the authority to approve or deny subsequent requests.

Attachments

1. Tax Adjustment and Rebate Requests Recommended for Approval
2. Tax Adjustment and Rebate Criteria