

OPTIONS TO EXTEND PENALTIES FORGIVENESS TO SMALL BUSINESSES

Budget/Financial Implications

The proposed amendments are not expected to result in a significant change in the amount of relief approved by the City Assessor.

All approved tax relief is applied directly to the property owner's tax account from a fund established for this purpose.

Legal Implications

Charter Bylaw 18652 Municipal Tax Relief Delegation delegates the authority to cancel, reduce or refund taxes or tax arrears to the City Assessor in accordance with City policy, which is expressed through Policy C607A.

Legally, corporations do not have families and are considered an independent entity. To adopt this type of forgiveness in the corporate setting requires looking at shareholders, directors or other senior management. Arriving at an administratively efficient definition of a small business that can be monitored is a significant challenge. While the options for policy amendments would capture this, it would be difficult to monitor. Other definitions looking at the number of employees or amount of revenue would lead to various issues about obtaining and tracking the information needed to enforce the requirements.

COMMUNITY INSIGHT

Administration has not received direct feedback from the community regarding limitations on support through Policy C607A. Non-residential properties were eligible for penalty forgiveness in Policy C607 from its adoption in January 2019 to its update to C607A in June 2022. In that time, the City did not receive any requests for non-residential penalty relief under this section, suggesting perhaps an amendment to include businesses is not a high need from the community.

GBA+

Property taxes are paid directly by property owners and the revenues are used to fund municipal infrastructure and services. It is difficult to link property tax data with demographics, particularly for a policy such as C607A, which directly impacts few people. Administration does not record demographic information on property owners seeking tax relief. While all taxpayers ultimately pay for any tax relief provided for the few that qualify for it under Policy C607A, the impact on the overall tax rate is not significant.

In general, this Policy supports property owners who are impacted by a City error or by certain circumstances that prevent the use of their property. It is designed to address the relatively common situations where relief may be warranted, but it does not, and cannot, address all possible circumstances where Council may consider tax relief to be appropriate. While Policy C607A guides Council's discretionary tax relief powers, Council retains the ability to override the Policy and/or approve tax relief in other circumstances if it considers it equitable to do so. This means that if a property owner believes the policy is inequitable for any reason, they are able to request relief directly from Council.