

TAX FORGIVENESS OPTIONS FOR THE YWCA

Recommendation

That the August 30, 2023, Financial and Corporate Services report FCS01879, be received for information.

Requested Action	Information only		
ConnectEdmonton’s Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places		
City Plan Values	THRIVE.		
City Plan Big City Move(s)	Inclusive and compassionate	Relationship to Council’s Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Council Policy C607A - Retroactive Municipal Tax Relief 		

Previous Council/Committee Action

At the April 17, 2023, City Council meeting, the following motion was passed:

That Administration bring a report providing background and outlining the tax forgiveness options for the YWCA with tax amounts assessed in 2022 at 10408-124 St. (account 9948253).

Executive Summary

- A property leased by the Young Women’s Christian Association (YWCA) starting in April 2022 was eligible for a tax exemption beginning in May 2022, but YWCA did not apply for an exemption until November 2022.
- The exemption was approved and made effective as of January 1, 2023.

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- YWCA is seeking forgiveness of taxes levied on the property from April to December 2022. The municipal taxes for this period total \$20,730.69. There are no associated penalties.
- Retroactive tax relief is guided by Council Policy C607A - Retroactive Municipal Tax Relief. YWCA does not qualify for tax relief under this policy, but Council has the authority to exceed the policy's limits if it considers it appropriate to do so.

REPORT

The Young Women's Christian Association (YWCA) of Edmonton is a non-profit organization that runs programs and services, and advocates for equity for women and families. In April 2022, the YWCA began leasing a portion of an office building located at 10408124 Street NW, owned by Stony Plain Investments Ltd. According to the YWCA, they moved into the leased space in May 2022. Taxes are charged to the property owner, who is responsible for apportioning the charges among the building tenants based on lease agreements.

YWCA applied for a property tax exemption on November 16, 2022. The application was approved in early 2023 and the exemption was made effective as of January 1, 2023.

Provincial legislation requires that if an application for an eligible property is received before September 30, the City must make the exemption effective for the following tax year. Due to YWCA's late application, the City was not legislatively required to make the exemption effective before January 1, 2024. However, Administration generally aims to make exemptions effective as of the month the application is received. This is not always possible for applications received in the last months of the year due to the work required to prepare the assessment roll and notices. Once the calendar year has elapsed, the City cannot apply an exemption retroactively for a prior tax year. This often means successful applications received in November and December generally do not have exemptions applied until January 1 of the following year, which is one year earlier than the legislation requires for an organization applying after September 30.

Section 347 of the *Municipal Government Act* authorizes Council to cancel or refund taxes if they consider it equitable to do so. This authority can only be used for municipal taxes; there is no authority to forgive education taxes. Council Policy C607A - Retroactive Municipal Tax Relief is intended to guide Council in making decisions regarding tax relief and to direct the City Assessor's delegated tax relief authorities. This policy does not support tax relief in this circumstance. However, Council has the authority to cancel or refund municipal taxes beyond the guiding provisions of the policy if it chooses.

YWCA has requested forgiveness of the property taxes associated with their space in the 2022 tax year. YWCA leased the space beginning in April, but would not have qualified for an exemption until May when occupancy began, since exemptions are based on property use. If Council wishes to provide tax relief, the following amounts of tax forgiveness could be considered:

- The amount of \$20,730.69 is the municipal taxes associated with YWCA's space for the months of April to December 2022, the full time of the lease during which the property was taxable. This reflects the entire amount owed by YWCA from the 2022 tax year; however, it would include forgiveness for a month during which the property would not have been eligible for an exemption.

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- The amount of \$18,427.28 is the municipal taxes associated with YWCA's space for the months of May to December 2022, the time during which YWCA could have been exempt if they had applied at the start of their tenancy.
- The amount of \$4,606.82 is the municipal taxes associated with YWCA's space for the months of November to December 2022, the time between the submission of the exemption application and the effective exemption date of January 1, 2023.

If Council passes a motion to provide tax relief for the YWCA, the City has no mechanism to monitor or enforce that a tax rebate to the property owner would reduce the rent paid by the YWCA.

Budget/Financial Implications

Administration has an established budget for tax losses, which is typically drawn upon to pay for outstanding Assessment Review Board decisions and other qualifying C607A tax forgiveness requests. Based on current 2023 projections and greater than expected tax appeals and losses, this account is already forecasted to be over budget in 2023.

If Council wishes to provide tax relief, the Council Contingency is an available funding option. The current amount of funding available in Council Contingency for 2023 is \$375,000.

Legal Implications

Section 347 of the *Municipal Government Act* allows Council to cancel, reduce, refund or defer municipal taxes and arrears when it considers it equitable to do so. Policy C607A guides Council in its use of this authority.

Community Insight

As this concern is related to a specific property, broad engagement with Edmontonians was not conducted for this report. Administration has been in contact with YWCA regarding their property tax concerns.

GBA+

Property taxes are paid directly by property owners, and revenues are used to fund City infrastructure and services for all residents. It is difficult to link property tax data with demographics, particularly for a situation dealing with one property owner. Administration is not able to record demographic information about property owners seeking tax relief. While all other taxpayers ultimately pay for any tax relief provided, the impact on the overall tax rate is minimal.

The YWCA of Edmonton, the non-profit organization seeking tax-forgiveness, runs programs and services, and advocates for equity for women and families.