

## TAXES RECOMMENDED FOR CANCELLATION (WRITE-OFF)

### Cancellation of Uncollectible Taxes and Penalties

#### Recommendation

That Executive Committee recommend to City Council:

That the cancellation (write-off) of \$94,264.78 in uncollectible Business Improvement Area (BIA) taxes, including all accrued penalties, as at December 31, 2024, as outlined in Attachment 1 of the February 12, 2025, Financial and Corporate Services report FCS02757, be approved.

<b>Requested Action</b>	Decision required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	N/A		
<b>City Plan Values</b>	N/A		
<b>City Plan Big City Move(s)</b>	N/A	<b>Relationship to Council's Strategic Priorities</b>	Conditions for service success
<b>Corporate Business Plan</b>	Managing the corporation		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		

#### Executive Summary

- This annual report recommends the cancellation (write-off) of uncollectible Business Improvement Area taxes and penalties.
- There are 177 inactive accounts where collection efforts have proven unsuccessful.

## **TAXES RECOMMENDED FOR CANCELLATION (WRITE-OFF) - Cancellation of Uncollectible Taxes and Penalties**

- The total amount recommended to be cancelled is \$94,264.78.

### **REPORT**

Administration has reviewed the inactive accounts on the City's tax roll with outstanding Business Improvement Area (BIA) taxes. These accounts reflect unpaid taxes and penalties as of December 31, 2024. As all methods of collection have been exhausted, or where the amount owing is smaller than the cost to collect, these account balances are recommended for cancellation (write-off). The annual write off of uncollectible BIA taxes represents 2.1 per cent of the annual BIA tax levy and reflects account balances related to 2023 and prior years.

Following pandemic-era closures and subsequent economic conditions, the challenge of collecting BIA taxes has increased. BIA collections differ from real property collection (properties assessed and taxed as part of the regular tax levy) due, in part, to differing enforcement mechanisms. For real property there are provisions within the *Municipal Government Act* (MGA) that direct a municipality through specific steps and timelines to recover unpaid property taxes. These steps ultimately lead to a public auction process that can result in a property being sold to a third party, or the municipality taking control of a property. These same provisions do not apply to BIA levies since these taxes are not secured against real property; thus, the available enforcement mechanisms are less effective.

The criteria for cancellation (write-off) is described in Attachment 1. The inactive account types and balances are listed in Attachment 2.

### **Budget/Financial Implications**

Administration has budgeted for uncollectible taxes and penalties.

### **Community Insight**

This annual report to City Council requests approval to write-off uncollectible taxes and penalties on inactive property and Business Improvement Area tax accounts, for which all methods of collection have been exhausted.

### **GBA+**

GBA+ was not completed for this report. Taxation of BIAs is based on the assessed value of the occupied space and does not consider any other factors.

### **Attachments**

1. Cancellation (Write-Off) Criteria By Category
2. BIA Account Balances Recommended for Write-Off by Category