

# Theatre Network Tax Status

## Recommendation

That the May 10, 2021, Financial and Corporate Services report FCS00408, be received for information.

## Previous Council/Committee Action

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

That Administration return to Executive Committee with a report outlining the current tax status of the Theatre Network (tax account 2716157) and proposed options to cancel outstanding municipal property taxes.

## Executive Summary

In January 2015, Theatre Network 1975 Society lost their building at 10708-124 Street ("Roxy Theatre") to a fire. The organization is currently reconstructing the facility, but has outstanding taxes from previous years. On April 9, 2019, Council approved these taxes be cancelled on the condition that building foundations were laid in 2019. Unfortunately, unforeseen circumstances prevented the property owners from laying foundations in 2019. The Theatre Network 1975 Society is requesting the City forgo the previous condition and cancel \$34,291.40 in outstanding taxes along with associated arrears.

## Report

The Theatre Network 1975 Society ("Theatre Network") owned and operated the Roxy Theatre, located at 10708-124 Street. This theatre was exempted from property taxation under provincial legislation while in use as a non-profit entity.

On January 13, 2015, the Roxy Theatre was destroyed in a fire. According to provincial legislation, if a property is no longer being used for non-profit purposes, it cannot remain exempt from property tax. Since the property was not operating as a non-profit in 2015, it was taxed. The tax amount was only for vacant land as per Council's Tax Adjustment and Rebate Criteria.

In 2016, the Theatre Network approached City Council with a tax cancellation request. Council instead chose to defer outstanding municipal taxes and associated penalties under the condition that the property would be reviewed in 2017 to determine if a

deferral was still warranted, or if other action was appropriate. The Theatre Network paid its outstanding education tax amounts and related penalties. In 2017 and 2018, Council chose to continue its deferral action and the Theatre Network paid only its education tax amounts each year.

In 2019, Council learned that the Theatre Network intended to begin construction on site, which would allow subsequent tax amounts to fall under Council Tax Relief Policy C607. However, in order to address the deferred taxes from previous years, Council decided on conditional cancellation contingent on the foundations of the building being laid in 2019. Due to unforeseen circumstances, the Theatre Network did not lay foundations in 2019 meaning that the previously deferred tax amounts were not cancelled and have instead been returned to the account as an outstanding balance.

In line with Committee's most recent motion, if Committee wishes to proceed with cancellation of the outstanding tax amount of \$34,291.40 and associated penalties without conditions, the following motion can be made:

*That Executive Committee recommend to City Council:*

*That the outstanding balance on tax roll account 2716157, in the amount \$34,291.40 and associated arrears, be cancelled.*

### 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 Reasonable and Transparent Tax Policy	5-year total of Council-approved tax cancellations and refunds.	<p>Under City Policy C607/543:\$986,196 (2016-2020)</p> <p>Ad-hoc requests from non-profit organizations:\$1,021,538 (2016-2020)</p> <p>Private property owners:\$0.00 (2016-2020)</p>	N/A
	5-year average value of Council-approved tax cancellations and refunds.	<p>Under City Policy C607/543:\$197,239 (2016-2020)</p> <p>Ad-hoc requests from non-profit organizations:\$204,307 (2016-2020)</p> <p>Private property owners:\$0.00 (2016-2020)</p>	

**Others Reviewing this Report**

- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- C. Owen, Deputy City Manager, Communications and Engagement
- K. Fallis-Howell, Acting City Solicitor