

Corporate Planning & Financial Services Report to
Executive Committee
2024 March 12

ISC: UNRESTRICTED
EC2024-0105

Charter Bylaw and Council Policy for Tax Corrections and Compassionate Penalty Relief

PURPOSE

The purpose of this report is to amend [Charter Bylaw 1H2018](#) and to enact a new Council Policy on “Tax Relief Delegated to Administration.” This will enable Administration to provide an updated compassionate property tax penalty relief program, and correct certain types of assessment-related errors where taxpayers incurred taxes in error within the previous two years.

PREVIOUS COUNCIL DIRECTION

This is a report back in response to [Notice of Motion EC2023-0457](#), approved by Council at the 2023 May 09 Regular Meeting of Council. Council directed Administration to review the [Compassionate Property Tax Penalty Relief \(“Compassionate Relief”\) Program](#); recommend an updated Charter Bylaw and new Council Policy to provide compassionate penalty relief and to correct prior-year assessment errors; and to create an annual reporting mechanism to ensure compliance with the principles of fairness and equity to taxpayers.

RECOMMENDATIONS:

That the Executive Committee:

1. Direct Administration to:
 - a. Forward Report EC2024-0105 to the 2024 June 4 Public Hearing Meeting of Council; and
 - b. Publish a notice of the 2024 June 4 Public Hearing of the Proposed Charter Bylaw under Report EC2024-0105 in two issues of a newspaper, with each issue being in consecutive weeks and no later than 2024 April 4; and
2. Recommend that Council:
 - a. Give three readings to the Proposed Charter Bylaw (Attachment 2) to amend Charter Bylaw 1H2018 to delegate authority to Administration to cancel, reduce, refund or defer taxes up to \$500,000 per taxation year in accordance with an approved Council Policy; and
 - b. Adopt the proposed Council Policy on “Tax Relief Delegated to Administration” (Attachment 3), should the proposed Charter Bylaw be fully approved by Council.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Carla Male, Chief Financial Officer and General Manager of Corporate Planning & Financial Services concurs with this report.

HIGHLIGHTS

- Administration is recommending amendments to Charter Bylaw 1H2018 and adoption of a new Council Policy. Together, they will enable an updated Compassionate Property Tax Penalty Relief Program and allow Administration to correct for prior-year property assessment errors, to a maximum of \$500,000 per year in delegated tax relief powers (the maximum available under current regulations).
- Proposed changes include an expanded eligibility window and other updates to the Compassionate Property Tax Penalty Relief Program to be more inclusive of various

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circumstances, and the ability for Administration to correct certain prior-year assessment errors.

- Delegating authority for these types of tax relief will allow The City to provide more efficient and responsive customer service, particularly for correction of prior-year errors which currently require Council's approval through a twice-annual report which has historically always been approved.

DISCUSSION

Compassionate Property Tax Penalty Relief

The current Compassionate Property Tax Penalty Relief Program was created in 2018. Through the program, eligible taxpayers who incur property tax penalties on their principal residence when they or their immediate family member has experienced a critical illness diagnosis or death in the 60 days before the tax payment deadline, may have the penalties canceled.

Administration completed a jurisdictional scan to inform revisions to the Compassionate Property Tax Penalty Relief Program. Highlights from the jurisdictional scan are included in Attachment 4, alongside a summary and analysis of the most notable changes to the existing programming.

Recommended changes to the Compassionate Property Tax Penalty Relief program include:

- More inclusive and flexible terminology to ensure the program is accessible by taxpayers with a variety of household or family structures.
- An expansion of the timeline for extraordinary circumstances to occur within 90 days of the tax payment deadline (increased from 60 days), to accommodate more circumstances, such as settling an estate or probate periods.
- Approvals for providing tax relief will be changed to the Director, Assessment & Tax/Municipal Assessor, from the Chief Financial Officer.

Correction of Prior-Year Assessment Errors

Currently, Administration may only correct errors in property assessments within the current year. To correct errors from previous years, Council may approve a tax cancellation or refund to a taxpayer impacted by such an error. This process is facilitated twice annually, through the "Assessment & Tax Circumstances Report." However, this can result in taxpayers waiting for months for a resolution to their assessment issue due to the cadence of Council reporting.

Since at least 2008, Council has always approved Administration's Circumstances Report recommendations. Most errors on the Circumstances Report are caused by something outside the control of the property owner and are related to objective facts about a property where a correction or new information was unable to be processed prior to the year-end assessment roll system lockout. The most notable proposed change related to prior-year assessment errors is providing the delegated authorities to Administration to correct them. The criteria of errors that can be corrected through this process has also been updated to provide greater clarity and consistency in Administration's decision-making through the delegated process, while remaining consistent with current practices. The updated criteria are included in the proposed Council Policy, Attachment 3.

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Additional background on both the Compassionate Relief Program and the Circumstances Report process, including historical costs, is included in Attachment 1.

Next Steps

In accordance with section 9 of the City of Calgary Charter Regulation and Part 7 and sections 216.4, 231, and 606 of the Municipal Government Act, a public hearing, including advertising is required prior to the second reading of a Charter Bylaw. This also includes the ability for electors to file a petition for a vote of electors in respect of the Charter Bylaw.

Following the public hearing, if Council approves both the proposed Charter Bylaw and Council Policy, Administration will begin implementation as soon as possible. Administration intends to provide an annual report on the use of these delegated tax relief authorities to Council as part of the Annual Property Tax Exemptions and Tax Relief Expenditures Briefing, pursuant to the original direction in the Notice of Motion, and to the proposed Council Policy.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

IMPLICATIONS

Social

The updated criteria for the Compassionate Relief Program is intended to reduce barriers to access for more diverse household and family structures, in accordance with the [Social Wellbeing Policy](#). The proposed updates will expand access to multi-generational and extended family households, who may not qualify in the existing program. The updated program will continue to support social resilience by mitigating tax penalties for Calgary residents who are going through difficult times, such as a critical illness diagnosis or death in the family leading up to the tax payment deadline.

Environmental

Not applicable.

Economic

The proposed Charter Bylaw and Council Policy will enable Administration to provide more efficient and responsive services to taxpayers, including to cancel or refund taxes levied due to an error, helping to mitigate financial risks for taxpayers associated with property assessment errors.

Service and Financial Implications

Existing operating funding - base

- The current Compassionate Relief Program has used less than half of its \$25,000 annual budget in each year since the program started. New costs from the updated program are expected to remain within the existing budget.

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- In the past five years, costs associated with corrections of prior-year assessment errors made through the Circumstances Report have remained under one-third of the existing \$1 million annual budget. Costs under the new policy are expected to remain within the existing budget.

RISK

- Unanticipated growth in use of the Compassionate Relief Program could result in lost penalty revenues for The City beyond the \$25,000 budget. However, forecasted costs remain within the existing budget, and ongoing monitoring and reporting on the program will also permit evaluation and amendment as needed.
- A significant increase in circumstances warranting tax relief through the proposed policy could result in exceeding the maximum of \$500,000 delegated tax relief per year. To reduce this risk, Administration reviews all assessment errors corrected through this process and works to mitigate them from reoccurring where possible. Administration may also report to Council with recommendations for tax relief beyond the \$500,000 delegated maximum if it became necessary, pursuant to section 347 of the Municipal Government Act.
- Maintaining the current Compassionate Relief Program will mean the program will continue to operate with its comparatively limiting terminology and eligibility window, resulting in reduced overall accessibility of the program.
- Maintaining the status quo for correcting prior-year errors will mean taxpayers impacted by a prior-year assessment error must wait, often months at a time, for the Circumstances Report process to complete to resolve their tax issues.

ATTACHMENT(S)

1. Background and Previous Direction
2. Proposed Charter Bylaw
3. Proposed Council Policy on Tax Relief Delegated to Administration
4. Summary and Analysis of Substantive Policy Changes
5. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male, Chief Financial Officer/General Manager	Corporate Planning & Financial Services	Approve
Eddie Lee, Director/City Assessor	Assessment & Tax	Approve
Les Tochor, Director/Deputy CFO/City Treasurer	Finance	Inform

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