

SOUTHERN ALBERTA FLOOD RESPONSE PROGRAM – PROPERTY TAX RELIEF

EXECUTIVE SUMMARY

Council approval is required to roll out the Property Tax Relief Program in Calgary under the Alberta Government's Southern Alberta Flood Response Initiative.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends that Council approve the roll out of the Property Tax Relief Program in Calgary as outlined in the Attachment.

PREVIOUS COUNCIL DIRECTION / POLICY

Council adopted the following verbal report, Southern Alberta Flood Program Tax Relief (Verbal), VR2014-0019, at the 2013 January 27 Regular Meeting of Council:

"That Council direct Administration to pursue options for tax relief for flood impacted residents and businesses including but not limited to the Alberta Government's Southern Alberta Flood Response Program and to return to the Priorities and Finance Committee no later than 2014 February."

BACKGROUND

The Government of Alberta announced in 2013 fall, as part of the Southern Alberta Flood Response Program, that it would provide municipalities with property tax relief funding. This is to offset lost revenues resulting from municipal councils deciding to cancel property tax for property owners who have lost the use of their residential and non-residential properties either permanently or for a prolonged period due to the flood. Administration contacted the Province in the fall indicating Calgary's interest.

In addition, The City engaged a consultant to assist The City to ensure all sources of 2013 flood disaster recovery funding offered through the Province and the Federal Governments are being considered by The City, including the Property Tax Relief Program. A meeting was held in Edmonton in 2014 January 13 to learn detailed eligibility criteria, timelines, and other critical information necessary for Calgary to make an informed decision about the Property Tax Relief Program. While a precise number of properties is not known, it is estimated that 100-200 may meet the Province's criteria.

To date, The City of Calgary has provided relief to impacted property owners by waiving penalties in 2013 and through the 2014 assessment process.

The waiving of penalties was addressed in a report to Council entitled Cancellation of Property Tax Penalties (C2013-0761). Administration cancelled a total of \$2.27 million tax penalties in 2013 (\$1.21 million in residential property tax penalties for 10,022 properties and \$1.06 million in non-residential property tax penalties for 598 properties). In 2013, Administration looked into whether The City could recover costs related to waived penalties from this program and it was concluded that we could not.

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A second report was brought to Council entitled 2014 Assessment Rolls - Flood Update Report (PFC2013-0812). To date, 1,939 properties have been identified as having experienced a market value loss. The report was approved at Council on 2014 January 13. At that time, Administration was directed to use the Tax Loss Provision Reserve to reduce the impact to the tax base in 2014, estimated at \$2.4 million.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Attachment is the proposed criteria and process for the Property Tax Relief Program if Council chooses to roll out this program in Calgary. This program provides property tax relief (2013, 2014 and 2015) to those property owners, residential and non-residential, for the period that the properties are deemed uninhabitable. The program is largely designed based on our learning from the Province but includes some enhancements, such as:

- A 30 day grace period after the building is reoccupied has been added in determining the amount of credit on the property taxes. This is to provide additional property tax credits to the property owners as their properties have been severely damaged.
- All 2013 current year penalties charged to the qualified property tax accounts will be credited back to the accounts.
- Any interest would also be added to the qualified property tax accounts recognizing the time delay in getting the credits.

If Council approves the program on 2014 February 24, Administration is proposing to roll out this program on the following Monday (March 3) to give property owners ample time to apply before the mailing of the 2014 general property tax bills in May. Administration will bring forward a report on 2014 April 28 requesting Council to cancel the appropriated 2013 property tax. Administration will ensure as many of the qualified applications as possible will be before Council at that time. Administration will process all approved credits prior to the mailing of the 2014 general property tax bills. Any applications received afterward will be processed and brought forward to Council for consideration after the mailing of the 2014 general property tax bills.

Administration will continue to seek out all available opportunities for additional relief from the Provincial or Federal Governments relating to the 2013 June flood. Administration will also continue to work with Alberta Municipal Affairs to ensure The City is complying with the requirements of the Property Tax Relief funding for 2014 and 2015.

Stakeholder Engagement, Research and Communication

Finance & Supply, in conjunction with Assessment, Information Technology and Customer Service & Communications, is developing the necessary tools and processes to roll out the Property Tax Relief Program on 2014 March 3 once it is approved by Council. A communication plan is being developed to create citizen awareness and support the implementation of the Property Tax Relief Program. After Council approval, the first phase of communications will be distributed through a news release that will feature a Property Tax Relief Program webpage with information about eligibility and how to apply for the program.

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Strategic Alignment

The recommendation is in alignment with the direction from Council to provide necessary support to property owners that were impacted by the 2013 June flood. This program is aligned with the other tax mitigation programs that were approved by Council in 2013.

Social, Environmental, Economic (External)

The Property Tax Relief Program provides financial support to property owners whose properties were severely damaged by the flood.

Financial Capacity

Current and Future Operating Budget:

All property taxes cancelled by Council pursuant to Section 347 of the Municipal Government Act are to be charged to Program 856 (Taxation). However, Administration is expected to recover most of the funding through the Southern Alberta Flood Response Program from the Government of Alberta. The amount that may not be recoverable from the Province for the additional benefits The City is providing, as well as the administration of the program, is estimated to be less than \$100 thousand. This amount will be charged to either Program 856 (Taxation) or absorbed within the business units' approved budgets.

Current and Future Capital Budget:

There are no implications on the Capital Budget.

Risk Assessment

There is a risk that the property taxes cancelled by Council may not be fully recovered from the Province. However, Administration will ensure all applications and documents are verified to meet the requirements of the Provincial Government before making recommendations to Council to minimize the risk.

REASON(S) FOR RECOMMENDATION(S):

As part of the Southern Alberta Flood Response Program, the Province has made available funding to municipalities to offset lost tax revenue that meet certain criteria. Administration has reviewed the criteria and ascertained this funding is available to Calgary if Council would like to roll out a Property Tax Relief Program. Administration has developed the attached criteria and process to roll out the program with some enhancements in Calgary if Council chooses to participate.

ATTACHMENT(S)

Proposed Criteria and Process for a Property Tax Relief Program