



AGENDA ITEM

Property Tax Penalty and Payment Bylaw

May 13, 2021

BACKGROUND

As the County enters a second tax season during the COVID-19 pandemic, the pandemic continues to disrupt the local economy. Though many sectors have returned to a level of normalcy, many people continue to be affected. The most recent provincial COVID-19 restrictions will continue to have an impact on many sectors of the local economy.

In 2020, several municipalities extended or deferred entirely their property tax penalty schedules. The County followed suit by deferring payment obligations for taxes from the August 31st to a September 30 deadline. A few local municipalities have either altered penalty rates or payment deadlines again for the 2021 tax season.

Should Council wish to continue to offer this extended deadline then no action is required. The County's current bylaw reflects these extended deadlines and would be in place for 2021 unless changed.

ANALYSIS

When the County extended its deadline for payment of taxes from August 31st to September 30, it did so in conjunction with the extension of other deadlines such as deferral of utilities by both municipal and private sector utilities. In addition, the Province also delayed the non-residential school portion of property taxes to September 30th. In 2021 there are no such deferrals for utilities or property taxes being required by the Province.

The focus in 2020 was on the business sector with many of these initiatives. Lacombe County extended the deadline for payment of taxes for all properties in 2020 to September 30th to ensure equity amongst all County taxpayers.

For 2021, municipalities are adopting a variety of different options for taxpayers. Several municipalities have reduced their penalty rates, other have extended payment deadline while others have waived tax penalties to the end of the year.

Administration has examined these various models as well as implications for the County. As a result, Administration is proposing that the current County's Tax Penalty and Payment Bylaw remain in place.



The differences in the current bylaw compared to prior years are:

1. The first payment deadline is September 30th compared to August 31st.
2. The timeline to enroll in TIPPs is September 30th compared to August 31st.
3. Penalty levies on current years and arrears is October 1st compared to September 1st.

The first penalty is at a rate of 6% The second penalty that would be levied would still occur December 1st at a rate of 10% The second penalty deadline and rate did not change in 2020.

Administration is proposing that these deadlines would revert to pre-pandemic deadlines for the 2022 tax season. Alternatively, Council can change the deadlines back to the original deadlines this year. To accomplish this Council would have to adopt Bylaw 1343/21 which is attached.

ALTERNATIVES

Council has several options:

1. Keep the current bylaw and extended deadline of September 30th in place and receive this report for information.
2. Adopt Bylaw 1343/21 which would restore penalty deadlines to the pre-pandemic schedule.
3. Have one deadline on December 31st for all properties. This is similar to many surrounding urban municipalities.
4. Extend the second deadline to December 31st from December 1st.
5. Council provides an alternative penalty deferral option.

BUDGET IMPLICATIONS

Delaying the penalty deadline from August 31st to September 30th is not expected to have an impact on penalty revenue for 2021. The cost of delaying the deadline lies in the opportunity cost of not having the funds from the tax levy for 30 days. This opportunity cost would be reflected in lower interest revenue for the year.

Based on 2019 figures, the County collected \$37 million in tax revenue in the month leading up to the deadline (August 31st). Based on an investment rate of .75%, extending the deadline from August 31st to September 30th would result in a loss of \$22,800 in interest revenue. This is a relatively small cost to the municipality but could provide some additional relief for several County ratepayers.



Based on experience from 2020 there was a high uptake in the taxpayers taking advantage of this extended deadline.

LEGISLATIVE RESPONSIBILITIES

1. Sections 340, 344 and 345 of the Municipal Government Act, RSA 2000, c. M-26 provide the authority for a municipality to levy penalties on current years and arrears. Section 340 allows for the authority for a tax installment plan.
2. Section 180(1) of the MGA states that Council may act only by resolution or bylaw.

PUBLIC PARTICIPATION

Lacombe County sees the value in engaging and informing the public/stakeholders through a variety of mediums as outlined in the Policy AD(40): Public Participation Policy. The appropriate level of engagement for each public participation opportunity is selected on a project-to-project basis.

For this item, the following engagement will take place: Administration will inform the Public of Council's decision through the same methods the County uses to advertise the passing of the annual tax bylaw and mailing of tax notices.

These methods include information in the Council Highlights and County News. Information about timelines and methods of payments are also included on the County's website as well in the assessment/tax notice mailout.

STRATEGIC PLAN

The following elements of the County's Strategic Plan are relevant to this issue:

Our Vision: "An attractive, balanced and progressive community".

Our Mission: "Building a safe and vibrant community through leadership, innovation and the development of healthy relationships".

Key Principles: 1) "Integrity: Honesty and Trustworthy", 2) "Accountability and Transparent for our decisions and for our actions" and 3) "Fair and Objective in our decisions and how we treat individuals"

Key Success Measures – Financial/Viability: "Success at working within budgets" and "Taxation and fee levels"



Key Success Measures – Sustainability: “Current services are maintainable and provide benefits for the future, while minimizing negative impacts on the community”

RECOMMENDATION

That Council receive this report for information.

PREPARED BY: Michael Minchin, Director of Corporate Services

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REVIEWED BY: Tim Timmons, County Manager

A blue ink signature of Tim Timmons, consisting of stylized initials and a surname, enclosed in a square box.