

## PROPERTY OWNER REQUESTS

### Issue

A recent fire has destroyed two homes in Sheep River Cove and the two property owners are requesting property tax cancellations.

### Motion Proposed by Administration

That the municipal portion of improvements for 171 and 173 Sheep River Cove be cancelled from March 2022 to December 2022.

OR

That consideration of a tax cancellation for these two properties be postponed until April 25, 2022 for a legal opinion be obtained on the matter of tax cancellation due to loss of improvements as set out in the *Municipal Government Act* s. 349(1).

### Report, Analysis and Financial Implications

The homeowners at 171 and 173 Sheep River Cove have written Council requesting that their property taxes be cancelled under Property Tax Cancellation Policy GP-F-2.2. Both residences were lost due to fire on March 15, 2022. Written requests from both homeowners are attached.

The *Municipal Government Act (MGA)* indicates:

Fire insurance proceeds

- 349(1) Taxes that have been imposed in respect of improvements are a first charge on any money payable under a fire insurance policy for loss or damage to those improvements.
- (2) Taxes that have been imposed in respect of a business are a first charge on any money payable under a fire insurance policy for loss or damage to any personal property
  - (a) that is located on the premises occupied for the purposes of the business, and
  - (b) that is used in connection with the business and belongs to the taxpayer

The homeowners have requested urgent consideration of this matter. By policy, Council can waive the taxes however it is recommended that this decision be deferred for two weeks until the legal opinion is received and reviewed. The Town of Okotoks has requested a legal opinion on this issue to determine the process for the Town to ensure the Town is first charge on insurance proceeds. That legal opinion was not available at the time of writing this report. All previous fires that resulted in losses within the Town of Okotoks, have followed this clause of the *MGA* and no tax writeoffs were required.

For reference, the 2021 municipal portion of property taxes on the improvements for the properties are:

Property	Municipal Portion of Taxes (not including Requisitions)	Municipal Portion of Taxes on Improvements Only
171 Sheep River Cove	\$2,864.29	\$2,050.83
173 Sheep River Cove	\$2,455.10	\$1,625.28

The 2022 rates will not be established until the tax rate bylaw comes forward to the May 9, 2022 Council meeting.

### Strategic Plan Goals

<input type="checkbox"/>	Manage Community Growth	<input checked="" type="checkbox"/>	Provide Strong Governance
<input type="checkbox"/>	Provide Quality Community Infrastructure	<input type="checkbox"/>	Healthy and Safe Community
<input type="checkbox"/>	Enhance Organizational Excellence	<input type="checkbox"/>	Foster Economic Vitality
		<input type="checkbox"/>	Promote Environmental Excellence

### Governing Policies/Bylaws/Legislation or Agreements

*Municipal Government Act*

### Public Participation Strategy

n/a

### Alternatives for Consideration

n/a

### CAO Comments

I appreciate the homeowners request for tax cancellation based on the total loss of their homes. This is an unusual circumstance and in our research most municipalities are not waiving tax in this situation because of section 349 of the *MGA*. The municipality needs to ensure that its own actions do not contravene the *Municipal Government Act* and set a precedent. As the tax rate bylaw for 2022 will not be established until May, there is ample opportunity to correct the amounts to be collected in the coming weeks. Administration has reached out to the homeowners to request a delay in consideration of this item by Council however the homeowners would like Council to consider this item now. Council can choose to waive the property tax now or wait until it has the legal opinion to understand the implications.

### Attachment(s)

1. Letter from 171 Sheep River Cove Homeowner
2. Letter from 173 Sheep River Cove Homeowner
3. Property Tax Cancellation Policy GP-F-2.2

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