



## AGENDA ITEM

### Lynx Energy ULC

### 2021 Property Tax Late Penalty Cancellation Request

**November 10, 2021**

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#### **BACKGROUND**

Attached is email correspondence from Lynx Energy in which the Company is requesting that Lacombe County cancel the \$57,350.15 in late payments levied on the Company's 2020 outstanding tax balance for its oil and gas properties in Lacombe County.

Action requested of Council is consideration of this request.

#### **ANALYSIS**

Lynx Energy is seeking the cancellation of the property tax penalties levied on its properties on October 1<sup>st</sup>, 2020, December 1<sup>st</sup>, 2020, and October 1<sup>st</sup>, 2021. As the brief email indicates, the Company indicates that payment was not made in time as the Company was waiting a decision from the County on Lynx's payment plan proposal.

As background, Lynx submitted a payment plan in 2020 to cover the 2020 property taxes for its properties in Lacombe County. The following is a timeline events concerning the 2020 taxes for Lynx Energy

- **Mailing of Taxes Notices – June 29<sup>th</sup>**
- Lynx submits payment proposal – September 28<sup>th</sup>
- **Deadline for Payment – September 30<sup>th</sup>**
  - Lynx makes initial payment at 7.5% of balance as part of payment plan
- **Initial Penalty of 6% on outstanding balance – October 1<sup>st</sup>**
- Lynx presents proposal to Council – October 22<sup>nd</sup>
- Council declines proposal – November 12<sup>th</sup>
- Council's decision communicated to Lynx – November 13<sup>th</sup>
- **Second Penalty of 10% on outstanding balance – December 1<sup>st</sup>**



- Lynx pays balance of 2020 levy – December 30<sup>th</sup>
- 2020 Balance remains equal to penalties levied during year.
- **Lynx pays 2021 property taxes (excluding 2020 penalty) – September 30<sup>th</sup>**
- **Initial Penalty of 6% on outstanding 2021 balance – October 1<sup>st</sup>**

As identified above, penalties are levied on October 1<sup>st</sup> and December 1<sup>st</sup> each year in accordance with Bylaw 1326/20. A penalty of 6% is levied in October and a further penalty of 10% is levied in December. There are no other penalties levied during the year. Penalties, once levied, form part of the outstanding taxes for a property. Accordingly, only Council, by resolution, has the authority to cancel these penalties.

The County receives a number of these requests on an annual basis. In the past, Council has been firm in denying these requests. Requests have been granted only in situations where the County erred in assessing or taxing a property or made an error which caused or contributed to the payment not being made prior to the penalty date. In this case, only a portion of taxes were paid prior to the September 30<sup>th</sup> deadline and the balance was not made until after November 30<sup>th</sup> deadline even though they were aware of Council's decision on November 13<sup>th</sup>. As a result, penalties from 2020 remain outstanding and a penalty was levied on October 1<sup>st</sup>, 2021, as there was still a balance on these accounts.

The County had already extended the payment deadline from August 31<sup>st</sup> to September 30<sup>th</sup> to reflect the impact of Covid on local taxpayers. If Council were to cancel the penalties levied against this tax account, it may be difficult to defend the denial of future requests involving similar or slightly dissimilar circumstances. As such, Council must be cognizant of the precedent that may be established in doing so.

Alternatives:

1. Deny the Request (by defeating the proposed resolution) (Administrative recommendation)
2. Approve the cancellation of late payment penalties of \$57,350.15, as requested by the property owner.
3. Take other action(s) as determined by Council.

## **BUDGET IMPLICATIONS**

Any cancellation of late payment penalties will result in a reduction of late payment revenue of a corresponding amount.



**LEGISLATIVE RESPONSIBILITIES**

Section 347 (1) of the MGA states that “if a Council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions a) cancel or reduce tax arrears; b) cancel or refund all or any part of a tax; or c) defer the collection of a tax”.

**RECOMMENDATION**

That Council defeat the following resolution:

That Lacombe County cancel the \$57,350.15 late payment penalties levied on properties owned by Lynx Energy

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**PREPARED BY:** Michael Minchin, Corporate Services Director

A blue ink signature of Michael Minchin, consisting of stylized initials "M.M.", enclosed in a square box.

**REVIEWED BY:** Tim Timmons, County Manager

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