



**AGENDA ITEM**  
**Property Tax Penalty and Payment Bylaw**  
**January 31, 2022**

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**BACKGROUND**

For the past two years (and tax seasons) the County has deferred the first tax payment deadline by one month from August 31<sup>st</sup> to September 30<sup>th</sup>. This change was in response to the economic impacts that the global pandemic had on local taxpayers. With the economic situation improving in general, Administration is proposing that the County's tax deadlines return to the pre-Covid timelines.

To accomplish this, Council has to adopt a new tax penalty and payment bylaw. A proposed bylaw is attached.

**ANALYSIS**

When the County first extended its deadline for payment of taxes from August 31<sup>st</sup> to September 30 in 2020, 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 30<sup>th</sup>.

In 2021 there were no such deferrals for utilities or property taxes being required by the Province. However, a number of municipalities continued to provide some relief in the form of delayed tax payment deadlines. Lacombe County also continued to provide an extension of the first payment deadline from August 31<sup>st</sup> to September 30<sup>th</sup>.

With the Provincial economy returning to some form of normalcy, Administration is recommending that the payment deadlines be returned to the 2019 dates that is August 31<sup>st</sup> and November 30<sup>th</sup>. The dates would also ensure that payment deadlines did not fall on the newly created federal holiday, Truth and Reconciliation Day.

Bylaw 1359/22 is attached and reflects these updated deadlines.

Bylaw 1359/22 would make the following changes:

1. The first payment deadline is changed from September 30<sup>th</sup> to August 31<sup>st</sup>.
2. The timeline to enroll in TIPP's is also changed from September 30<sup>th</sup> to August 31<sup>st</sup>.
3. Penalty levies on current years and arrears is incurred on September 1<sup>st</sup> instead of October 1<sup>st</sup>.



The first penalty is still at a rate of 6% The second penalty that would be levied would still occur December 1<sup>st</sup> at a rate of 10% The second penalty deadline has not changed during this time.

Alternatives

Council has several options:

1. Adopt Bylaw 1359/22 which would restore penalty deadlines to the pre-pandemic schedule (Administration recommendation)
2. Keep the current bylaw and extended deadline of September 30<sup>th</sup> in place for an additional year. Council would then receive this report for information.
3. Maintain current bylaw in perpetuity. Council would then receive this report for information and pass a resolution confirming status of bylaw.
4. Council provides an alternative penalty deferral option.

**BUDGET IMPLICATIONS**

Delaying the penalty deadline from August 31<sup>st</sup> to September 30<sup>th</sup> is not expected to have an impact on penalty revenue. 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.

A comparison of 2019, 2020 and 2021 shows that the average additional unpaid property tax balance of \$34.2 million remained outstanding at the end of August for 2020 and 2021 compared to 2019. Based on an investment rate of .75%, extending the deadline from August 31<sup>st</sup> to September 30<sup>th</sup> would result in a loss of \$21,400 in interest revenue.

**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.

**RECOMMENDATION**

That Council give three readings for Bylaw 1359/22

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