

CITY OF FORT SASKATCHEWAN

Cancellation of Tax Arrears

Motion:

That Council authorize the cancellation of tax arrears for Tax Roll 4851013 in the amount of \$9,094.44.

Background:

In February 2005, Casual Foods Concepts Inc., entered into a lease agreement with the City of Fort Saskatchewan for a food and beverage establishment located within the Dow Centennial Centre. Between 2005 and 2006, the business became negligent of the payments associated with their lease. The City took legal action against the tenant due to breach of lease, where a judgment was found in favour of the City.

In an attempt to recoup costs owed to the City, a Writ of Enforcement was registered against Casual Foods Concepts Inc. The Writ of Enforcement is a court document legally recognizing the City as a claimant. The Writ ensures that the City is entitled to outstanding amounts, should the funds become available.

When the lease for Casual Foods was drafted, it included a provision which enabled the City to charge the business with a tax as part of the lease. Due to the uniqueness of this situation, recovery of outstanding taxes is not an option for tax recovery under the *Municipal Government Act* (MGA).

Section 347(1) of the MGA states that a Council may consider cancelling, reducing, refunding, or deferring all or part of taxes or tax arrears, should it be equitable to do so. This could be with respect to cases such as taxable property, business, or a class of taxable property or business.

The City's Writ of Enforcement against Casual Foods is registered until September 17, 2016 and it is expected that the outstanding taxes will not be recovered from assets of the business, therefore Administration is requesting Council's consideration to cancel the outstanding tax arrears on Tax Roll 4851013. The City will continue to renew the writ on a bi-annual basis, allowing for the possibility to claim any amounts owing to the City.

Currently, the outstanding tax arrears for Tax Roll 4851013 total \$9,094.44. The City has not collected additional taxes, however the outstanding balance is accruing interest on an annual basis. Once the arrears have been cancelled by Council, the Tax Roll would be closed to eliminate accrual of any future penalties.

Alternatives:

1. That Council authorize the cancellation of tax arrears for Tax Roll 4851013 in the amount of \$9,094.44.
2. That Council not authorize the cancellation of tax arrears for Tax Roll 4851013 in the amount of \$9,094.44, and advise how they wish to proceed.

Prepared by:	Susan Morrissey, CGA Finance Director	Date: November 4, 2014
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Approved by:	Brenda Molter Director, Legislative Services	Date: November 26, 2014
Approved by:	Brenda Rauckman General Manager, Corporate and Protective Services	Date: November 19, 2014
Reviewed by:	Kelly Kloss City Manager	Date: November 19, 2014
Submitted to:	City Council	Date: November 25, 2014