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October 18, 2022

Mr. Kent Robinson
Executive Director, Corporate Services
Rocky View County
262075 Rocky View Point
Rocky View County, AB T4A 0X2 Canada

Via Email: krobinson@rockyview.ca

Dear Mr. Robinson:

RE: 2022 - Late Property Tax Payment Penalty Relief Request – Submission #2

Further to AltaLink's property tax penalty relief request dated August 29, 2022 sent to your attention, AltaLink wishes to supplement that request with the following submissions for late tax payment penalty relief.

AltaLink acknowledges that it made a clerical mistake by not identifying the changed address for payment of property tax to Rocky View County. AltaLink, in good faith, attempted to make the tax payment on time and mailed its tax payment on June 23, 2022, as evidenced by the post marked envelope of the same date (previously provided). AltaLink uses a large SAP ERP system and it was an oversight that the mail enclosing the payment was sent to the old address without follow-up, as that address was in our system and had been used in the past. In 2020 and 2021 AltaLink made its property tax payments directly via the bank because of its concerns of the effect of the pandemic on mail delivery; and, as a result, AltaLink was not aware that the mail forwarding from the old address was discontinued.

AltaLink admits its oversight in not identifying the difference between the payment address and the address shown on the tax notices; however, AltaLink has no record of being notified that mail addressed to the former address would no longer be received by the County. Further, AltaLink protects itself and its vendors, like Rocky View County, from fraud by not changing payment addresses based solely on an invoice.

Bylaw C4727-96 -Tax Penalty Bylaw

AltaLink submits that the 12% penalty of \$511,775.31 which resulted from the clerical error of using the former address is not commensurate or a reasonable penalty when you look at the purpose of the tax penalty provisions of the Municipal Government Act ("MGA") and Bylaw C4727-96 (Tax Penalty Bylaw). The purpose of the penalty provision is to incentivize taxpayers to pay their taxes on time and to compensate the municipality for carrying costs for the period of indebtedness. This penalty is extreme and unfair given AltaLink's good faith effort to pay on time.

Policy 204- Late Tax Payment Penalty Cancellation Policy

Policy 204 sets out the provisions for late tax payment penalty relief. Under Section 2, Council may cancel, reduce, refund, or defer property tax if it is equitable to do so pursuant to Section 347(1) of the Municipal Government Act (MGA). Under Section 3, the policy states that Council

recognizes the need to be equitable and fair to taxpayers. Further, under Section 11, Council may consider penalty adjustments or cancellations for types of requests not set out in the policy.

AltaLink understands and acknowledges that it would be consistent with past practices of Council that a reasonable penalty be levied in circumstances where a taxpayer sent their tax payment to the wrong address.

Tax Penalty Calculation

The 12% penalty when applied to a commercial taxpayer with such a significant number of properties and corresponding large property tax bill produces an unreasonable and unwarranted result. The 12% penalty results in reasonable penalties for smaller single property tax assessments but it is too blunt of a calculation for commercial classes of properties. In this case, the daily penalty rate for the 21 days the tax payment was late would equate to a penalty of \$24,370.25 per day (\$511,775.31 / 21 days), which further equates to an annual interest rate of 186% per year (the criminal rate of interest (usurious interest) is 60%).

AltaLink submits that the 12% flat rate penalty is too harsh for the business class of properties controlled by AltaLink. The result is an excessive, inequitable, and unfair penalty which goes far beyond the purpose of the County's Tax Penalty Bylaw. Even a reduction of the penalty by 50% will still produce an unfair and excessive penalty.

In Policy 204, Council acknowledges their duty to be fair and equitable and it is this reason section 11 of the policy grants Council the power to consider penalty adjustments or cancellations for types of requests not specifically set out therein. Section 347 of the MGA - *Cancellation, reduction, refund or deferral of taxes*, distinguishes particular taxable properties from different business classes of taxable property, which allows Council to separately assess the reasonableness of tax and penalties based on a class of properties. Additionally, Council in past council meetings have acknowledged that the tax penalty bylaw needs to be revised and Council has begun the process of drafting a new tax by-law for approval next year. AltaLink's circumstance exemplifies this need.

AltaLink respectfully requests that Council uses its discretion under the MGA and Policy 204, and the reasoning that is guiding Council to change its property tax policies, to remedy this extreme and harsh result.

Suggestion for Reduced Penalty

AltaLink submits that it would be fair and equitable that it pays a late tax payment penalty amount that would follow the underlying principles of the County's Late Tax Penalty Bylaw:

- a) of incentivizing taxpayers to pay their property taxes on time; and
- b) to cover the cost to the County not having the tax payment on time.

Accordingly, AltaLink requests that the penalty be reduced to \$49,444.61 which would equate to:

- a) a late payment penalty of \$20,000.00; and

* The Bank of Canada interest rate is approximately 3.25%

- b) interest of 12% per annum (which greatly exceeds the carrying cost for the County*)
prorated for number of days the payment was late (21 days) \$29,444.61 ($\$511,775.31 \times 21/365$).

We thank you in advance for your and Rocky View Council's consideration of AltaLink's tax penalty relief request. If you have any questions or require more information please contact Robert Drotar via email at robert.drotar@altalink.ca or by phone at 1-403-267-4443.

Sincerely,



Robert Drotar
VP & Controller – Corporate Finance



Chris Lomore
Vice President & Treasurer

* The Bank of Canada interest rate is approximately 3.25%