



REQUEST FOR DECISION

MEETING DATE: March 14, 2022

TITLE: Business Improvement Area – Section 347 Cancellations

DIVISION: Corporate Services

SUMMARY:

Council's authorization is requested to cancel uncollectible Business Improvement Area taxes for 2019-2021.

PROPOSED MOTION:

THAT the cancellation of the listed uncollectible Business Improvement Area taxes for 2019 - 2021 under section 347 of the *Municipal Government Act* be authorized.

BACKGROUND / ANALYSIS:

City Council approved the establishment of the City Centre Business Improvement Area (BIA) by bylaw in August 2016 for the purpose of promoting the revitalization and redevelopment of the Spruce Grove City Centre. The Bylaw (C-966-16) further provided for the establishment of the City Centre Business Association (CCBA) as the Board for the BIA including the corporate bylaws under which the Board will operate.

The Board determines an annual budget which is submitted to City Council for approval. At least part of the Board's annual budget is funded by the City of Spruce Grove through a Business Improvement Area tax on businesses located in the BIA zone. In 2017, the City fully funded the BIA tax as a grant and then began billing for the tax in subsequent years once the assessment roll of businesses could be established. Thus, the City has been billing businesses in the BIA zone for four years from 2018 - 2021. In early 2021, Council approved the cancellation of BIA taxes outstanding from the 2018 - 2020 years.

A Business Improvement Area tax is allowed under section 381 of the *Municipal Government Act* (MGA) and is governed by the Business Improvement Area Regulation. Under that regulation, the amounts levied to businesses are considered a tax and as such, are treated as a business tax under the MGA. If uncollectible amounts are to be reversed, Council would have to make the decision for cancellation under section 347 of the MGA, which provides the authority to Council to cancel, reduce, refund or defer taxes.

Total amounts billed to businesses in the BIA over the last four years amount to \$128,000. In 2021, Council approved the cancellation of \$5,652.16 from the 2018 - 2020 years. The cancellation was due to moves out of the area or closures of business or subsequent proof of tax exempt status. Analysis of outstanding accounts has determined that \$2,523.07 (2.0%) should be considered for cancellation at this time. These amounts and the years involved are shown in the attachment.

OPTIONS / ALTERNATIVES:

If Council chooses not to cancel these amounts, they would remain on the City's books as uncollectible accounts.

CONSULTATION / ENGAGEMENT:

Finance works closely with Economic Development, Planning and Development and the CCBA to determine the listing of businesses that are active within the Business Improvement Area. This enabled the determination of amounts that are recommended for cancellation.

As requested by the CCBA, the City has agreed to link the renewal of business licenses in the City Centre to the payment of the BIA tax. This will be implemented starting in 2022 and is intended to streamline the collection process.

The City has developed an administrative procedure to implement this change. It will follow an approach based on a typical enforcement procedure involving education, a warning and, finally, a consequence, while allowing time for businesses to pay the levy and come into compliance before the City takes the next step. The administrative procedure is as follows:

- The City sends out the initial BIA tax levy by April 30th of each calendar year. This will include a letter that their Business License may not be renewed if the tax is not paid.
- The BIA tax notice clearly indicates June 30th as the deadline for remitting payment.
- The City will generate a list of overdue accounts by September 1st and a letter sent to those businesses warning that their business licenses will not be renewed until the tax has been paid.
- Overdue account holders will be prevented from renewing their license within the new online renewal system until the outstanding tax has been paid.

- The BIA tax would be enforceable under Bylaw C-1124-20 Development Fees and Fines.

IMPLEMENTATION / COMMUNICATION:

Economic Development is working collaboratively with Planning and Development, Finance and the CCBA to address efficiencies in the administration of the Business Improvement Area tax. Addressing these outstanding accounts is part of that work.

IMPACTS:

n/a

FINANCIAL IMPLICATIONS:

The cancellation of these accounts will result in a loss of \$2,523.07 to the City of Spruce Grove.

STRATEGIC VISION ELEMENT:

n/a

RELATED GOAL:

n/a