



File #: BIR-26-007, **Version:** 1

BUDGET INFORMATION REQUEST (BIR) - Late Penalty Revenue

Requested by: Councillor Hughes

Date of Request: November 5, 2025

Date Response Due: November 12, 2025

Confidential: No

QUESTION

Please provide the total late penalty revenue in 2023, 2024, 2025 (to date and revised budgeted), and budgeted for 2026.

PURPOSE

The primary reason municipalities impose tax penalties is to promote timely payment of property taxes and encourage compliance. When tax payments are delayed, the City may experience cash flow challenges that can affect its ability to fund essential municipal services. Penalties act as a deterrent against late payment and help maintain predictable revenue inflows.

LEGISLATIVE AUTHORITY

The authority to impose tax penalties is granted under Part 10, Sections 344 and 345 of the *Municipal Government Act (MGA)*.

Within the City of St. Albert, penalties for the non-payment of property taxes are established under Bylaw 38/2019 - Property Tax Penalty Bylaw.

CURRENT PENALTIES

Penalties are imposed on any portion of current year taxes remaining outstanding as of June 30, on the following dates and at the specified non-compounded rates:

- July 1: four per cent (4%)
- August 1: six per cent (6%)
- October 1: six per cent (6%)
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Taxes and penalties remaining unpaid after December 31 of the year they were levied become tax arrears. Penalties are imposed on tax arrears on the following dates and at the specified compounded rates:

- January 1: six per cent (6%)
- April 1: six per cent (6%)
- July 1: six per cent (6%)

RESPONSE-SUMMARY OF TAX PENALTY REVENUE

In February 2025, four years of actual tax penalty revenue were used to determine the budgeted tax penalty revenue for 2026.

- 2021 Tax Year: \$1,167,532
- 2022 Tax Year: \$1,209,964
- 2023 Tax Year: \$1,223,077
- 2024 Tax Year: \$1,230,838

4-Year Average: \$1,207,853

- An initial budgetary requirement of **\$1,220,000** (rounded) was formulated from this average.

ADDITION OF 2025 (ACTUAL) PENALTIES

The November 6th 2025 penalty revenue of **\$1,399,993** is considered a reliable indicator of total 2025 revenue, as no further penalties are assessed in November or December.

The current 2025 projection of \$1,450,000 is therefore overstated by approximately \$50,000.

Recalculating the average with 2025 actual results provides an increase:

5-Year Average: \$1,246,281

UTILITY LATE PENALTIES

The utility late penalties budget and actuals are as follows:

YEAR	Budget	Actuals
2023	\$ 135,000	\$ 140,152
2024	\$ 135,000	\$ 167,199
2025	\$ 145,000	\$ 150,453
2026	\$ 167,000	N/A

The 2025 data is current as of November 14, 2025. The late-payment penalty has remained at 2.5% from 2023 to the present and is applied only to outstanding current-month utility charges that are not paid by the due date.

In 2023, a Utility Transfer to Tax fee of \$20 per transfer was implemented to recover the administrative costs associated with transferring outstanding utility balances to the property tax account.

Reported in the actuals above includes a total utility transfer to tax fee of:

2023: \$11,320

2024: \$23,200

2025: \$25,600

RECOMMENDATION

Based on the updated five-year average, administration supports adjusting the 2026 property tax penalty revenue budget upward by \$30,000, resulting in a revised budget estimate of:

Revised Budget: \$1,250,000

Report Date: November 12, 2025
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