



PRESS RELEASE

For immediate release

Taxes unpaid by the NCC

CHELSEA APPEALS THE RULING

Chelsea, February 21, 2023 – Chelsea Municipal Council adopted a special resolution this morning instructing its lawyers to appeal the Federal Court’s decision in the municipality’s dispute with the National Capital Commission (NCC) over unpaid taxes. The Union des municipalités du Québec, the MRC des Collines-de-l’Outaouais and the Ville de Gatineau have all expressed their support for the Municipality of Chelsea in this process.

“We were surprised and disappointed by the Federal Court’s decision last month,” says Chelsea Mayor Pierre Guénard, adding: “More importantly, we are at a loss to explain this ruling, which goes against the conclusion of the Payments in Lieu of Taxes Dispute Advisory Panel (PILT-DAP).”

Note that the NCC itself had recommended that the PILT-DAP be consulted in order to resolve the dispute over payments in lieu of taxes and had committed in writing to respect the panel’s recommendation. However, upon receiving the PILT-DAP’s recommendation, which was unfavourable to it, the NCC rejected this process put in place by the Government of Canada. The Commission issued its final decision on November 19, 2021, in which it decided to make payments in lieu of taxes on values representing approximately 50% of the Advisory Panel’s conclusions.

“This ruling has serious consequences and is blatantly unfair for Chelsea taxpayers, who will have to bear the tax burden,” Mayor Guénard notes. “We are talking about more than \$800,000 annually that our citizens will unfortunately have to pay from their own pockets, and this is not acceptable to us. We have decided to take our case to the courts in order to rectify this unfair situation. The NCC must assume its responsibilities.”

He continues: “We also believe that this ruling sets a precedent and poses a risk to all Canadian cities and municipalities that have federal lands within their territories and that could be deprived of property tax revenues that are essential to provide services to their citizens, including the maintenance of road infrastructures.”

The Mayor concludes: “We are pleased to have the support of the Union des municipalités du Québec and several cities and RCMs, including the Ville de Gatineau and the MRC des Collines-de-l’Outaouais. We are confident that support will increase in the coming weeks and we intend to assert our rights.”

Background:

- The dispute has been ongoing since 2018 and concerns the non-payment of approximately \$1.4 million in PILT for NCC-owned land in Gatineau Park located within Chelsea.
- The NCC does not recognize the valuation of its land in Chelsea and therefore refuses to pay taxes on the basis of the fair value established by independent appraisers hired by the MRC des Collines-de-l’Outaouais. It is important to note that more than 60% of Chelsea’s territory consists of land owned by the NCC.



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- At the NCC's suggestion, the Municipality turned to the PILT-DAP, a committee established by law to resolve PILT disputes.
- In 2019, the NCC committed in writing to abide by the PILT-DAP's findings.
- The panel hearing was held in November 2020 and, at the NCC's request, the PILT-DAP was composed of three independent experts.
- In February 2021, the PILT-DAP unanimously found in favour of the Municipality of Chelsea regarding the value of the land in dispute. It recommended that the NCC establish its PILT to the Municipality of Chelsea based on almost all of the land valuations determined by the experts of the MRC des Collines-de-l'Outaouais.
- For the 2021-2023 assessment roll, the value of the land in dispute established by the MRC is \$144 million, while the NCC recognizes a value of \$64 million, or only 44% of that.
- In June 2021, the Municipality of Chelsea received a proposal from the NCC that did not reflect either the PILT-DAP's conclusions or its principles.
- In this proposal, the NCC asked the Municipality to accept a lump-sum payment other than in PILT form for the taxation years 2018 to 2023 and to agree, for the future, to apply land valuation principles contrary to the principles and rules established by the PILT-DAP and without any commitment on the NCC's part to compensate for the shortfall that would result from a payment other than in PILT form.
- If Chelsea were to accept the NCC proposal, it would lose the equivalent of approximately \$800,000 annually starting in 2024 and for all subsequent years.
- The Municipality of Chelsea went to Federal Court in December 2021 to seek enforcement of its rights. The judgment was finally issued in January 2023.

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Source and information:

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