



## **PRESS RELEASE**

*For immediate release*

# **THE UNION DES MUNICIPALITÉS DU QUÉBEC STANDS WITH CHELSEA IN THE NCC'S UNPAID TAX CASE**

**Chelsea, May 4, 2023** – The Municipality of Chelsea received significant support yesterday morning in its legal dispute with the National Capital Commission (NCC). The Board of Directors of the Union des municipalités du Québec (UMQ) approved the Union's proactive intervention in the case between Chelsea and the NCC, through its Municipal Legal Action Fund.

The Municipality is very pleased with the UMQ's decision as, in addition to the official support, it will benefit from recognized legal expertise and valuable financial support.

"We welcome with great enthusiasm this important legal, financial and symbolic support from the UMQ, which represents more than 390 municipalities in Quebec. The Federal Court's decision is fraught with consequences and sets a dangerous precedent. We hope that by joining forces with the UMQ, we will be able to redress this injustice that is causing serious harm to Chelsea taxpayers," explained Chelsea Mayor Pierre Guénard.

"This case goes beyond Chelsea as it affects all municipalities with federal lands on their territory. With the challenges facing Quebec municipalities, it is all the more important for the UMQ to defend its members against this type of injustice," said Martin Damphousse, president of the UMQ and Mayor of Varennes.

The Municipality of Chelsea appealed last February the Federal Court's decision in the dispute that has pitted it against the National Capital Commission (NCC) since 2018 in relation to unpaid taxes. The NCC does not recognize the valuation of its lands located in Gatineau Park in Chelsea and therefore refuses to pay for the fair value established by independent appraisers mandated by the MRC des Collines-de-l'Outaouais. The judgment could deprive the Municipality and its taxpayers of more than \$800,000 per year, a significant amount of money for Chelsea and its 8,000 citizens.

The Municipal Legal Action Fund is a legal service exclusive to UMQ members that provides financial support to municipalities involved in cases that are of interest to all Quebec municipalities. The UMQ occasionally intervenes proactively in cases that are of strategic interest to municipalities, as in the Chelsea case.

### **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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