

BRIEFING

Chief Financial Officer's Briefing to
Priorities and Finance Committee
2019 September 17

ISC: UNRESTRICTED
PFC2019-1026

Non-Residential Assessment Sub-Classes

PURPOSE OF BRIEFING

The purpose of this briefing is to address the Priorities and Finance Committee's direction to Administration on 2019 June 04 to:

- 1) Continue to solicit responses from the engagement group referred to in Report PFC2019-0559 (the "Report"); and
- 2) Determine the impact of the recently adopted legislation, if any, on Non-Residential Assessment Sub-Classes within the context of MGA; the *Matters Relating to Assessment Sub-Classes Regulation*, Alta Reg 202/2017 (the *Regulation*) and the associated issues/risks identified in the Report.

SUPPORTING INFORMATION

Engagement Group Feedback

At the time the Report was written, Administration had received responses from the Calgary Chamber of Commerce, the Canadian Federation of Independent Business, and the Calgary Business Improvement Areas as per Attachment 1.

Shortly after the Report was written, the Building Owners and Managers Association Calgary (BOMA Calgary) issued a letter via email to the Mayor and all Councillors on 2019 June 03 indicating its opposition to the establishment of a small business property sub-class (SBSC) and elaborated its reasoning therein.

Administration has followed up with the remaining parties shown in Attachment 1, though no response from two of the parties has been received as of 2019 August 26.

Recently Adopted Legislation

During Priorities and Finance Committee on 2019 June 04, a question was raised as to whether recently adopted legislation, specifically Bill 7, *Municipal Government (Property Tax Incentives) Amendment Act*, 1st Sess, 30th Leg, Alberta, 2019, (*assented to 28 June 2019*)¹ would impact The City's ability to establish a SBSC pursuant to the *Regulation*. Specifically, the question was raised in the context of the number of issues and risks that Administration had identified with respect to implementing a SBSC.

After brief analysis of Bill 7 and the *Regulation*, it is clear that the two tools are quite distinct from one another.

¹ Hereinafter referred to as "Bill 7".

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Bill 7 permits municipalities to offer tax incentives to reduce, exempt or defer the collection of property taxes for non-residential properties for up to 15 years, with the option for renewal; and establish an eligibility criteria and application process to streamline tax incentive offers for potential beneficiaries (rather than requiring a council resolution or bylaw for each property).

In contrast, the *Regulation* permits municipalities to create an assessment sub-class specifically for properties owned or leased by small businesses prescribing, among other things, that a small business property must have fewer than 50 employees and that the tax rate must be between 75 and 100 per cent of the Other non-residential property sub-class.

ATTACHMENT(S)

1. Attachment 1 – Stakeholder Engagement Summary
2. Attachment 2 – Bill 7
3. Attachment 3 – Matters Relating to Assessment Sub-Classes Regulation