

The word "Calgary" in white sans-serif font on a red rectangular background.A nighttime photograph of a city street. On the right, a large, ornate clock tower is illuminated with warm yellow lights. To the left, a street lamp emits a bright blue light. The background shows other city buildings and streetlights.

2020 Non-Residential Property Tax Relief Options

PFC2020-0015

2020 January 21

ISC: Unrestricted





Previous Council Direction: Municipal Non-Residential Phased Tax Program (PTP)

A sharp and rapid market value decline of one sector of the non-residential roll (mainly Downtown Office) caused significant tax shifts for non-residential properties in other sectors.

Council approved PTP funding in 2017, 2018 and 2019 to mitigate the most extreme municipal property tax increases resulting from the tax shift.

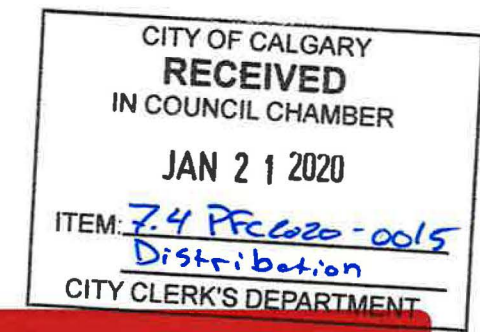
2017 PTP – **\$45 million** / **5%** cap on increases

2018 PTP – **\$41 million** / **5%** cap on increases

2019 PTP – **\$130.9 million** / **-10%** cap on increases



2020 Factors



2020 Market Trends

- Stabilization of Downtown Office values
- Market values for the non-residential sectors are generally moving in unison

Reallocation of the Tax Responsibility

- Council decision to change the tax share allocation between non-residential (NR) and residential (Res)
- 2020 – NR 48% : Res 52%

Impact of 2019 PTP

Both of the above factors reduced the need for additional tax shift mitigation programs. However, due to the substantial credits issued in the \$130.9 million 2019 PTP some material tax increases are expected for 2020



Recommendation – Modified PTP Calculation Using Actual After PTP Taxes (PTP Applied) – Option 2b

Same eligibility
requirements as
previous PTP's
(Attach. 2)

Modified
calculation using
the 2019 after
PTP tax amount

Caps municipal
tax increases at
10%

Est. number of
eligible
properties:
5,071

Est. program
cost:
\$30,027,656



Administration Recommendations

1. Direct Administration to implement Option 2b; “*Modified PTP Calculation Using Actual After PTP Taxes (PTP Applied)*”, with a 10% non-residential municipal property tax cap for 2020
2. Approve \$10,624,755 from unused funds previously allocated for PTP and \$19,402,901 from the Fiscal Stability Reserve generated from anticipated year end 2019 Corporate Program savings for the 2020 PTP
3. Direct Administration to come back to the Priorities and Finance Committee in Q1 2021 with options for a transitional PTP for 2021, if required
4. That Report PFC2020-0015 be forwarded to the 2020 February 3 Combined meeting of Council
5. Direct that Attachment 8 remain confidential pursuant to section 27(1)(a) of the *Freedom of Information and Protection of Privacy Act*