



Report Number: C2020-0163
Meeting: Combined Meeting of Council
Meeting Date: 2020 February 03

REVISED

NOTICE OF MOTION

RE: Advocating for the Creation of a Provincial Task Force on Property Tax Assessment Reform

Sponsoring Councillor(s): Councillors Jeff Davison, Ward Sutherland, Peter Demong, Jyoti Gondek, Diane Colley-Urquhart, Sean Chu, Joe Magliocca, Shane Keating

WHEREAS Provincial law, specifically the Municipal Government Act and related regulations, establishes the property tax system, including the methods of assessment and the distribution of taxes among residential and non-residential taxpayers;

AND WHEREAS Alberta's economic downturn has resulted in the City of Calgary being profoundly impacted with the fifth highest unemployment rate of any Census Metropolitan Area in Canada, a significant impact on downtown vacancy rates, and corresponding declines in assessed property values of downtown office buildings. .

AND WHEREAS since 2017, the City of Calgary Council has approved \$216 million in "one-time" Phased Tax Programs ("PTP"), of which approximately \$174 million in credits have been issued to date to provide tax relief to business and non-residential property owners over the last three years;

AND WHEREAS in 2019, Calgary City Council demonstrated attention to the issue through a combination of:

- 1) Operating budget cuts totaling \$130 million;
- 2) Capital spending deferrals;
- 3) Directed Administration to find further permanent reductions to the operating budget in the amount of \$24 million in 2020, and another \$50 million in 2021;
- 4) Creating a Tax Shift Assessment Working Group to steward changes in the property tax processes within the municipal jurisdiction; and,
- 5) Creating a Financial Task Force to recommend changes in tax and revenue policy and developing principles and a framework for the property tax system within both provincial and municipal jurisdictions;

AND WHEREAS in 2019, the City of Calgary extended assistance to the business community with a further extension of the PTP for one more year and shifted the share of property tax responsibility for the operating budget to be 48% non-residential and 52% residential;

AND WHEREAS at the January 21 2020 meeting of the Priorities and Finance Committee, the committee recommended that Council:

- 1) Direct Administration to implement a modified PTP calculation using actual after PTP taxes (PTP applied);
- 2) Direct Administration to use a 10 per cent non-residential municipal property tax cap for 2020;

- 3) 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; and,
- 4) Direct Administration to come back with options for a transitional non-residential Phased-Tax Program for 2021 if required due to uncertainties relating to future market conditions and the 2021 assessment values;

AND WHEREAS phase-tax programs cannot adequately address the systemic issues arising from the current property tax assessment system, leading to uncertainty and unsustainable increases for non-residential and residential rate payers;

AND WHEREAS legislated assessment reform is within the jurisdiction of the Province of Alberta and not within the jurisdiction of the City of Calgary;

AND WHEREAS in 2019, the provincial education tax requisition is estimated at 37 percent of total property taxes on residential properties, and 20 percent of total property taxes of non-residential properties;

AND WHEREAS other Alberta municipalities, both urban and rural, have raised concerns related to the current property tax assessment system and have called for provincial wide assessment reform.

NOW THEREFORE BE IT RESOLVED that The City of Calgary Financial Task Force continue to achieve their outcomes based on their Council approved Terms of Reference that includes potential recommendations for municipal tax and revenue policy reform, and that this form the basis for any recommendations regarding the property tax system, including property tax assessment, to the Province or any expert task force formed by the province regarding municipal financing. More information regarding the Financial Task Force is provided monthly at Priorities and Finance Committee, the most recent update is found in PFC2020-0100;

AND FURTHER THEREFORE BE IT RESOLVED that Council authorize the Mayor to write a letter to the Premier of the Province of Alberta and the Provincial Minister of Municipal Affairs requesting the creation of an expert taskforce to oversee property tax assessment reform;

AND FURTHER THEREFORE BE IT RESOLVED that Council, through its appointed representatives on the Alberta Urban Municipalities Association (AUMA) and the Intergovernmental Affairs Committee, draft and a prepare a resolution to be voted on at AUMA calling on the Province of Alberta to consider the creation of an expert taskforce to oversee property tax assessment reform.