

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2020 February 11

ISC: UNRESTRICTED  
PFC2020-0010

## **2020 Supplementary Property Assessment and Tax Bylaws**

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### **EXECUTIVE SUMMARY**

Council approval is required to authorize the 2020 Supplementary Property Assessment Bylaw and 2020 Supplementary Property Tax Bylaw.

#### **ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommends that Council give three readings to the Proposed 2020 Supplementary Property Assessment Bylaw and Proposed 2020 Supplementary Property Tax Bylaw.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Council has passed similar bylaws each year authorizing the preparation and taxation of supplementary property assessments, most recently through the 2019 Supplementary Property Assessment Bylaw 6M2019 and 2019 Supplementary Property Tax Bylaw 7M2019.

### **BACKGROUND**

Property assessments are used as the basis for The City of Calgary's municipal and provincial property taxes and subject to the requirements and procedures set out in the Municipal Government Act (MGA) and related regulations.

#### Supplementary Property Assessments

Individual residential, non-residential and machinery and equipment property assessments are prepared by The City of Calgary's Municipal Assessor the year before the property tax is imposed and reflect the property's market value as of July 01 and the characteristics and physical condition of the property on December 31.

During the tax year, under the direction of a Council Bylaw the Municipal Assessor prepares supplementary assessments for municipally assessed property where there is an increase in property value due to completed construction, or the occupation of an improvement made to a property, or a when a manufactured/mobile home is moved into Calgary after January 1. The value of a supplementary assessment is pro-rated to reflect the number of months during which the improvement is completed or occupied or, in the case of a manufactured home, is located in Calgary.

#### Supplementary Assessment and Tax Bylaws

Section 313 of the MGA provides Council with the authority to pass a Supplementary Property Assessment Bylaw for municipally assessed property types and to direct the Municipal Assessor to prepare and issue supplementary property assessments. The Bylaw applies to the year in which it is passed and only if it is passed before May 01 of the same year.

If Council passes the Supplementary Property Assessment Bylaw, a Supplementary Property Tax Bylaw must also be passed in the same year under the authority of section 369 of the MGA. The 2020 Supplementary Property Assessment Bylaw in Attachment 1 and 2020 Supplementary Property Tax Bylaw in Attachment 2 are similar to the Bylaws presented to Council in 2019 and in previous tax years; updates were made to reflect the 2020 dates.

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The tax rates imposed on supplementary assessments will be the same as the tax rates set out in the 2020 Property Tax Bylaw that is expected to be passed by Council later this spring.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Supplementary property taxes for municipally assessed properties were included as a revenue source in Council's approved One Calgary 2019-2022 Service Plans and Budgets. If Council chooses not to support the recommendation, this revenue will not be available.

### **Stakeholder Engagement, Research and Communication**

The annual process for preparing the 2020 Supplementary Property Assessment and Supplementary Property Tax Bylaws report includes staff members from the Finance, Law and Assessment business units.

### **Strategic Alignment**

The recommendation is in alignment with the direction in the One Calgary 2019-2022 Service Plans and Budgets.

### **Social, Environmental, Economic (External)**

#### **Social**

No implications were identified

#### **Environmental**

No implications were identified

#### **Economic (External)**

The Supplementary Property Assessment Bylaw and the Supplementary Property Tax Bylaw authorize The City to assess and tax properties within the current taxation year. Passing the bylaws is consistent with The City of Calgary's municipal tax direction in 2019 and prior years.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

Supplementary tax revenues are a source of funding for current and future operating fiscal plans. For 2020, the approved budget amount is \$8.2 million in municipal supplementary property tax revenues. This figure may change as a result of the 2020 Tax Rate Bylaw calculations.

#### ***Current and Future Capital Budget:***

Supplementary tax revenues are a source of funding for current capital fiscal plans.

### **Risk Assessment**

If Council does not pass the 2020 Supplementary Property Assessment and 2020 Supplementary Property Tax Bylaws, The City will not be able to prepare supplementary assessments and levy the supplementary property tax. This would reduce the revenue available for City of Calgary operations and, in turn, services to Calgarians.

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### **REASON(S) FOR RECOMMENDATION(S):**

The 2020 Supplementary Property Assessment and 2020 Supplementary Property Tax Bylaws provide The City with the authority to prepare supplementary property assessments in order to levy 2020 supplementary property taxes. The approved One Calgary 2019-2022 Service Plans and Budgets includes and relies on the supplementary property tax as a municipal revenue source.

### **ATTACHMENT(S)**

1. Attachment 1 – Proposed Wording for the 2020 Supplementary Property Assessment Bylaw
2. Attachment 2 – Proposed Wording for the 2020 Supplementary Property Tax Bylaw