

Previous Council Direction

Business Tax Consolidation (BTC)

In 1916, to provide struggling Alberta municipalities with an alternative source of revenue, the provincial government established the right of municipalities to levy a business tax of up to 10 per cent of the rental value of a property. It led to the business tax, which is an occupancy tax levied directly against the owner of a business.

Two features of the business tax made it compelling. First, the basis is the expected income of a business, not the wealth of landlords. Because rents consider business location, opportunities and expected revenues, among other factors, they provide a reasonable measure of potential business incomes. Second, it allowed quasi-public exemptions that reflected prevailing economic circumstances through vacancy adjustments.

On 2012 April 09, Council approved PFC2012-35, the consolidation of business tax revenue into the non-residential property tax, based on the following schedule for the incremental transfer of budgeted 2013 business tax revenue, adjusted for physical growth and contingency amounts in future years:

- zero per cent in 2013;
- 10 per cent in each of the years 2014-2015; and
- 20 per cent in each of the years 2016-2019,

with business tax, for business tax purposes, eliminated in 2019.

Council's 2012 direction ended a century of work applying the business tax in Calgary. A review of The City of Calgary rationale for eliminating the business tax, through BTC, identified two principal arguments in favour of a 'property tax only' approach for Calgary businesses. First, it would be less expensive to collect just one tax. Second, an increased tax on vacant land is an incentive for development.

Phased Tax Programs (PTP)

In the absence of business tax relief as a tool for Council to offer support to Calgary businesses affected by the downtown tax shift that started in 2015, Council directed annual mitigation measures between 2017 and 2019.

On 2017 January 23, Council approved C2017-0057, which recommended the implementation of the one-time 2017 Municipal Non-Residential Phased Tax Program (2017 PTP). The 2017 PTP limited the increase in 2017 municipal non-residential property taxes for eligible non-residential property owners to five per cent (not including the effect of Business Tax Consolidation (BTC)).

On 2018 March 19, Council approved PFC2018-0045, which recommended the implementation of the one-time 2018 Municipal Non-Residential Phased Tax Program (2018 PTP). The 2018 PTP limited the increase in 2018 municipal non-residential property taxes for eligible non-residential property owners to five per cent (not including the effect of BTC).

On 2019 June 10, Council approved C2019-0782 – Immediate Tax Relief for Calgary Businesses, which recommended the implementation of the one-time 2019 Municipal Non-Residential Phased Tax Program (2019 PTP). The 2019 PTP limited the increase in 2019 municipal non-residential property taxes for eligible non-residential property owners to ten per cent.

Financial Task Force (FTF)

The expectation was that the PTP program would be a one-time program. After two iterations of the program without a resolution to the tax shift, Council directed more work on a sustainable solution. Council provided the direction before approving the implementation of the third round of the PTP program.

On 2018 November 19, PFC2018-1134 Council directed Administration to convene a Financial Task Force comprised of internal and external experts to develop a strategy on (a.) short term mitigation, (b.) long term solutions, and (c.) revenue options to improve financial resiliency. City Administration was to return to Council through Priorities and Finance Committee with the recommended membership, framework, and terms of reference no later than Q1 2019.

On 2019 March 18, C2019-0352 Downtown Tax Shift Response – Updated, Council directed Administration to refine further and update the proposed roles and responsibilities of the Financial Task Force and bring an updated Terms of Reference for the Financial Task Force for discussion and consideration of Council by 2019 April 1.

On 2019 April 1, C2019-0352 Downtown Tax Shift Response – Updated, Council directed Administration to further refine and update the proposed roles and responsibilities of the Financial Task Force and bring an updated Terms of Reference for the Financial Task Force for discussion and consideration of the Priorities and Finance Committee no later than June 2019.

On 2019 May 27, Council approved, with respect to Report PFC2019-0590, the immediate termination of the investigation and/or implementation of a Small Business Resilience Grant program, based on the findings in a consultant's report and clear feedback from the community of stakeholders and a confidential attachment.

Rather than implement the Small Business Grant Program, Council directed Administration to “commit \$70.9 million of one time funding (\$44M from the Fiscal Stability Reserve and \$26.9M within the Budget Savings Account) for strategies related to short term mitigation measures or potential long term solutions for business in Calgary, to be determined through the work of the Financial Task Force (to be formed once the Terms of Reference are approved) and/or the working group, with options to be recommended to Council through Priorities and Finance Committee no later than November 2019.”

On 2019 June 17, Council approved that with respect to Report PFC2019-0707. The following be adopted:

1. *Approve the Terms of Reference of the Financial Task Force, as amended, and*
2. *Direct Administration to commence the setup of the Financial Task Force and report back no later than November 2019 with a status update.*

Tax Shift Assessment Working Group (TSAWG)

On 2019 May 27, Council approved that with respect to Report PFC2019-0451, the following be adopted:

In accordance with the Procedure Bylaw 35M2017, as amended, Appendix B, B.9. (a), (c), (e) and (l):

1. *Council direct Priorities and Finance Committee (PFC) to form a tax shift response working group by June 30, 2019, with a mandate to assess the best options for greater tax parity between assessment classes, based on an analysis of root problems that include but are not limited to disparity in proportional share of operating budget and absence of zero-based budgeting on an annual basis.*

2. *Council direct that PFC add an agenda item to its June 4, 2019 meeting that allows committee to:*
 - a) *appoint a PFC member to lead the working group,*
 - b) *determine which other members of Council will be part of the working group,*
 - c) *determine which members of Administration will be part of the working group, and*
 - d) *enable the lead of the working group to reach out to external stakeholder groups and bring back a list of names for the working group to finalize by June 30, 2019.*
3. *The tax shift response working group shall provide updates to PFC at each meeting until November 2019, at which time final recommendations will be presented to inform Council's budget deliberations so that an informed tax shift decision can be made as part of the budget process, providing certainty and predictability for property owners by November 29, 2019.*

Notice of Motion – Advocate for Creation of a Provincial Task Force on Property and Tax Assessment Reform

On 2020 February 3, Council approved that with respect to Report C2020-0163, the following be resolved:

1. 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;
2. 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;
3. The appointed representatives on the Alberta Urban Municipalities Association (AUMA) and the Intergovernmental Affairs Committee, draft and 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.