

Financial Task Force

Executive Summary of Recommendations

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01-03

Use evidence for decisions



Recommendation #1: Apply a decision-making framework that addresses forces within the control of The City. Adding elements that are subject to the decision of the other orders of government limits execution capacity. Commit to a process based on two features:

- Purposefully find the ‘best available’ evidence on
 - ▶ Revenues and taxes required for municipal services.
 - ▶ Affordability of revenues and taxes collected by residents and businesses.
 - ▶ Sustainability and long-term impact of revenue and tax collected on the economy.
 - ▶ Emerging trends having the potential to impact revenue and taxes.
- Critically evaluate the validity and generalization of the evidence before decisions.

Recommendation #2: Develop and sustain the credibility of the decision-making process by:

- Committing to a principles-based process for adjusting municipal property taxes with strong accountability and ownership.
- Delivering analysis, in everyday language, of the upcoming year’s property tax challenges ahead of the tax rate decisions for adequate reflection.
- Communicate, using standardized terms, the evolution of drivers of change and their fiscal impact before decision-making.

Recommendation #3: Improve certainty and predictability around property taxation in Calgary.

- As economic agents, residents and businesses must be provided with certainty and predictability to make timely and well-advised decisions. They would benefit provided the plan is clear, and the commitment sustained over time, reducing business risks.
- Consider overall budgetary changes that adapt to the impact of inflation and population growth.

04

Respond to Calgary's evolving economy



Recommendation #4: Establish annual reporting, including for public information, that reflects evolving economic conditions faced by Calgary residents and businesses. The goal is to generate evidence that would anchor decisions for a cyclical economy. Be responsive to economic conditions and taxpayer expectations in a meaningful manner. The elements in the periodic reporting would include:

- *Monitor* – List prevailing stresses and shocks on the local economy and the transmission mechanism to property taxes to minimize the impact of sudden shocks.
- *Anticipate* – Limit uncertainty by predicting future-year changes in the taxable assessment base using correlations with economic activity.
- *Sustain* – Improve reliance on the non-property tax revenue by limiting its volatility and increasing its growth before exploring offsetting property tax measures for shifts.
- *Segment* – Measure annual changes in property tax dollars charged to residents and businesses across the distribution of taxpayers (i.e. not just mean or median).
- *Respond* – Report on the distribution of the tax responsibility across subgroups of residential and non-residential taxpayers to better support timely responses.

05 to 08

Manage the transition to the new economy



Recommendation #5: Prepare for the future by looking inwards and creating a good environment where businesses, small and large businesses, can thrive.

- The economy of any city is not static – businesses open and close, leading to economic shifts.
- Create conditions where communities, entrepreneurship and innovation can thrive.

Recommendation #6: Consider differentiated taxation for businesses and organizations that make significant contributions to the character and fabric of the city. It would include

- Organizations like BIAs
- Non-profit organizations
- Owner-operated small businesses with limited financial means

Recommendation #7: Identify future value opportunities for the City and the capacity to adjust to the rapidly growing e-commerce activity level. Our economy is everchanging, and our activities should adapt to the transformation of behaviour in society. The connection between cities and citizens would increase in the future. Adapt City operations to these changes.

Recommendation #8: Leverage Calgary's economic strategy – "Calgary in the New Economy." Align decision-making priorities with the strategy.

- Focus activities on the four pillars of the strategy that involve making Calgary the destination for talent in Canada, the leading business-to-business (B2B) innovation ecosystem, the most livable city in Canada, and the most business-friendly city in Canada.
- Establish Calgary as a centre of excellence where businesses build the future.
- As a centre of excellence for energy, communicate specific initiatives that demonstrate long-term efforts at diversifying, including a sustainable energy sector and oil and gas industry. It should include tracking performance metrics, such as ESG scores, to demonstrate progress.
- As a centre of excellence for the digital economy, target initiatives addressing adaptable talent, digital governance and innovation, and corporate social responsibility.

09

Advocate for timely legislative change



Recommendation #9: Develop research and analysis that document the extent of the decline in bricks and mortar and the transition to new models of delivering goods and services. Use it to demonstrate that municipalities' traditional real estate tax revenues cannot capture the transition to e-commerce transactions. Use the findings to advocate for the reform of municipal finances and the revenue-generating tools available to municipalities.

10

Focus on long-term fiscal sustainability



Recommendation #10: The goal is long-term fiscal sustainability.

- Establish and commit to the principle that long-term growth in revenue from property taxes shall reflect anticipated long-term population and real economic growth.
- Complement with ongoing work on prudent budgeting and spending.
- Although the mandate of the Financial Task Force did not include a consideration of initiatives targeted at spending discipline, Task Force members emphasize the vital role of spending discipline for achieving long-term fiscal sustainability.

11

Use the guiding principles



Recommendation #11: Use globally accepted guiding principles that generate a well-functioning property taxation decision-making process to secure a property taxation mandate from Council that captures Council's taxation priorities initially by 2020 Q4 and on an annual basis after that.

- The principles should align with those for a sound property assessment and taxation system.
- The annual mandate would provide clarity to Administration on the expectations for property tax options for Council consideration.
- The mandate would draw the link between the range of services, service levels and generally accepted principles for an effective taxation system.
- In the event of future tax shifts, the mandate would form the basis for adjusting services or service delivery to accommodate the shift as best as possible.

12

Make subclass legislation usable



Recommendation #12: Work with the provincial government to allow the legislator's intent on the definitions for non-residential subclasses for implementation by municipalities.

- Make them usable for The City and expand the tools available for responses when tax circumstances that are unique to certain non-residential taxpayer groups emerge.
- The main goal is to support targeted, temporary relief and not to target subclasses for permanently high taxation. The change cannot materially increase tax for any group. During economic cycles, some taxpayer groups are more adversely affected.
- Provide capacity for relief because the current sub-class definition makes for a blunt tool for property tax relief.
- Another goal is to support the general direction of tax policy for the long-term.
- Implement a review mechanism to confirm that the taxation arising from the assessment sub-classes do not target a specific sub-class for higher taxation.

13

Investigate cost recovery with the province



Recommendation #13: Collaborate with the province to authorize access to tools that address services that arise from provincial government direction or changes.

- Identify services that may have been directed to The City explicitly or inadvertently.
- The inadvertent transfer of responsibility occurs when third parties are no longer able or willing to deliver the services, but The City steps in for continuity as the last resort government service provider.
- These services have value for those who access them. Ensuring continuity, as well as adequate funding for those services, is vital.
- Use the results from the review to engage in a dialogue with the province. Collaborate to determine and agree on the fiscal tools necessary to allow effective delivery of those services by the municipality.

14

Ensure funding for new services



Recommendation #14: Establish long-lasting revenue and cost-sharing arrangements with other orders of government whenever new municipal services are directed by other orders of government. The introduction of new services on a permanent basis, which adds incremental costs, should be accompanied by new revenue tools. Costs for new, permanent programs, like the recent introduction of the municipal cannabis program, should be accompanied by permanent, not temporary, municipal revenue tools. Failing which Calgary should pursue exemptions from implementation to achieve fiscal sustainability.

15 to 17

Support regional economic development



Recommendation #15: Work with intermunicipal neighbours on coordinated actions to support regional economic development. Seeking synergies in service provision and prioritizing economic development at the Calgary Metropolitan Region Board. Investigate municipal governance structures that promote the cost-effective delivery of services for regional economic benefit.

Recommendation #16: Investigate cross-subsidization for non-Calgary residents and businesses in the Calgary region that benefit from City services for potential cost-sharing. Investigate new revenue opportunities that address cross-subsidization borne by The City of Calgary in favour of others in the region, including:

- *Cost-Sharing Agreements* – with regional partner municipalities. They can be applied to recover costs for shared services and shared use of infrastructure.
- *Sharing property tax revenue* – with neighbouring municipalities. An example is the use of Joint Economic Development Initiatives (JEDI) type agreements.
- *Differential User Fees* – to recover subsidies to regional users of City services.
- *Collaboration Agreements* – where Calgary and regional partner municipalities work together on applications for infrastructure funding from other levels of government.

Recommendation #17: Ensure that the investments made by The City that support regional growth do not decrease Calgary's competitiveness. Investigate measures to reduce costs borne by The City from regional growth, including:

- *Recovering the cost of growth* – by working with intermunicipal neighbours to establish off-site levy/levies to be imposed on an intermunicipal basis.
- *Cross-corporate regional servicing* – where service provision by The City to the region is synchronized to minimize costs and achieve positive cross-corporate cost/benefit.
- *Targeted annexations* – by ensuring that future annexations will provide for the best possible cost/benefit outcomes for The City.

18

Balance livability and tax competitiveness



Recommendation #18: Further develop and sustain Calgary's superior livability outcomes while having competitive residential and non-residential property taxes.

- The goal is tax competitiveness.
- Use the other five largest Canadian cities and the other five large regional municipalities in the Calgary region for the comparison.
- To be transparent and credible, adjust for differences in the range and level of service as well as extent of fiscal tools as best as possible across jurisdictions.
- Measure and benchmark tax competitiveness using municipal property taxes per square foot for non-residential property.
- At the same time, ensure a balance so that taxes are competitive per unit of representative residential dwelling.

19

Distribute tax responsibility appropriately



Recommendation #19: Contract with a reputable independent expert to provide an acceptable and reasonable split of the property tax responsibility between residential and non-residential taxpayers.

- Determine the objectives that would inform the determination of the acceptable and reasonable split.
 - Incorporate the outcomes of recommendation #12 that targets making subclasses usable.
 - Explore the viability of pegging mill rates and options (if any) that would work for the Calgary context.
 - The extent to which it makes sense to determine tax rate thresholds that once breached would trigger the need for mill rate stabilization using an existing or a new reserve.
 - The range of fiscal tools, including reserves like the fiscal stability reserve, to minimize tax volatility while also maintaining a stable fiscal position.
 - The policy guidelines that would focus on stronger discipline for using the fiscal stability reserve and a minimum level of reserves dedicated to mill rate stabilization.
- Complete the exercise no later than 2021 Q2.
 - Use the results to address the risk that one taxpayer category may be overpaying for services.
 - Use the results to anchor future tax redistribution decisions.

20

Choose tax stability over volatility



Recommendation #20: Calgary residential and non-residential taxpayers need to rely on stable property tax payments with low and predictable changes over time.

- Change the approach from determining the level of services before finding the tax dollars because it runs the risk of creating volatility.
- Reduce the risk of volatility by determining maximum revenue growth and then finetuning the level of service to meet the restricted revenue growth.
- Recognize that some thin-tail risk events, such as the COVID-19 pandemic, that would be challenging to accommodate.

21

Leverage untapped revenue potential



Recommendation #21: Work with The City of Calgary's Economic Resilience Task Force to assess the extent to which The City of Calgary has fully explored revenue from existing authorities. Address the speculation that The City is not using revenue authorities to full effect. Undertake a comprehensive review and gap analysis on the use of traditional revenue sources. The review should consider legislative changes required to acquire authority (if applicable) and administrative practices that need changing for execution. The tools to consider include but are not limited to:

- *Return on Assets and Investments/ Proprietary Charges*
 - ▶ Develop and implement additional revenue from a strategic review of the business activities, proprietary charges and dividend policies of municipal corporations, such as ENMAX, Calgary Parking Authority.
 - ▶ Develop and implement the generation of recurring fees from the use of City assets and the one-time sale of excess capacity or assets (e.g. land that is not used or required).
 - ▶ Develop and implement the generation of returns from a public-private partnership for non-essential services, e.g. golf courses.
 - ▶ Invite proposals from members of the public and firms that would generate ideas to tap the unused potential.
- *Regulatory Charges*
 - ▶ Explore the use of regulatory charges, like 'franchise fees' or 'local access fees' for services provided in the City of Calgary which do not otherwise pay property tax (e.g. telecommunications infrastructure).
- ▶ Advertisement charges that include billboards and digital ads targeted in Calgary.
- ▶ Develop and implement licensing charges for business vehicles. It provides an opportunity for targeted relief when required for businesses.
- ▶ Develop and implement the extension of business licensing requirements to a wide variety of home-based businesses.
- *User Fees*
 - ▶ Apply total cost for municipal services complemented with Calgary resident discounts for certain services (e.g. park and ride) to achieve differential user fees.
 - ▶ Develop and implement the sale of memberships and long-term subscriptions for access to a wide range of services, e.g. golf courses.
 - ▶ Charges for the use of proprietary assets, e.g. data.
 - ▶ Deliver non-essential services only if the costs are fully recoverable through user fees.
- *Taxes*
 - ▶ Develop and implement taxes that would focus on tourists and visitors that use City services.
 - ▶ Seek agreement with the province to share revenue generated during "boom" years for a rainy-day fund to mirror the heritage fund.

22

Identify revenue from the new economy



Recommendation #22: Work with The City of Calgary's Economic Resilience Task Force to assess the extent to which The City of Calgary can generate revenue from new sources as we transition to the new economy. Undertake a comprehensive review and gap analysis on the utilization of new economy revenue sources. The review should include a consideration of legislative changes required to acquire authority (if applicable) and administrative practices that need to change for execution. The tools to consider include but are not limited to:

- *Return on Assets or Investments/ Proprietary Charges*
 - ▶ Consider investing in broadband infrastructure to gain long term dividends, including through partnerships with the telecommunications industry.
 - ▶ Invite proposals from members of the public and firms that would generate ideas for new economy revenue sources.
 - ▶ Exchange value created by City, e.g. data and other assets, subject to privacy rules, for private sector services or dollars to limit cost pressures.
- *Regulatory Charges*
 - ▶ Develop and implement 'franchise fee' type charges that leverage value in regulated assets that reflect the transition to the new economy, e.g. Calgary's 5G infrastructure.
- *User Fees*
 - ▶ Develop and implement vehicle permitting charges with the transition to driverless cars.
 - ▶ Develop and implement licenses for new economy services, e.g. e-scooters, ride-sharing.
- *Taxes*
 - ▶ Develop and implement a separate property tax class to capture businesses that are not bricks and mortar businesses operating outside the property assessment system.
 - ▶ Develop and implement taxation for e-commerce revenue generated from local consumption of goods and services not reflected in bricks and mortar.
 - ▶ Develop and implement a tax on home-based small businesses that would become more prevalent due to the transition to the new economy. Consider a different tax rate if a home is used as an office but address the trend toward increased home-work.

23

Enhance ongoing communication approach



Recommendation #23: Make changes to the content and form of communication with members of the public and other orders of government so that there is a better understanding of efforts at:

- *Education Support*
 - ▶ Simplify property taxation and municipal finance communication using plain language. While certain concepts and terms may be tools of the trade, they are less meaningful to taxpayers, e.g. a 3% property tax increase does not translate into 3 % increases for individual taxpayers.
 - ▶ Make the distinction between operating and capital budgets more transparent. Consider the use of terms that make sense to the public, e.g. using 'investments' for 'capital.'
 - ▶ Actively address misinformation on municipal finances. Letting them linger without correction adds to the confusion.
- *Cost-effectiveness*
 - ▶ Communicate initiatives underway to reduce municipal government costs, such as the Solutions for Achieving Value and Excellence (SAVE) program.
- *Demonstrating value*
 - ▶ Include the variety of services the municipality provides and draw a better link between the level of public consumption of municipal services and the property taxes paid.
- *Transparency and stability*
 - ▶ *Transparency* – Affirm the recommendations of the Tax Shift Assessment Working Group. Continue to improve transparency about how tax dollars are deployed, starting with clarity about the provincial and municipal split.
 - ▶ *Stability* – Work with the province to minimize volatility created by changes in provincial property requisitions that impact aggregate property tax payments.

24

Assess the cumulative impact of decisions



Recommendation #24:

- Anticipate and monitor changes in the evolving residential and non-residential real estate markets while supporting private market activity.
- Continue to expand the existing development and building processes to:
 - ▶ Enable development activity and growth in an appropriate way.
 - ▶ Support economic development and maintain employment and business growth.
 - ▶ Ensure adjustments to economic conditions and the aggregate impact on the economy.
 - ▶ Moving forward, to the extent possible, favour the occupation of the empty office spaces in downtown Calgary.
- Monitor key economic indicators for the City of Calgary. As we transition to the new economy, the forecasts should support The City's approval process and track the level of reliance on different sub-groups in the tax base.
- Assess the cumulative impact of approval decisions rather than individual decisions, and work to share the information with individual applicants to inform their decision-making.

25

Motivate Calgarians to increase TIPP program uptake



Recommendation #25: Increase the uptake on The City's Tax Installment Payment Plan (TIPP) program by developing and implementing processes for pursuing intrinsic motivation in addition to extrinsic motivation.

- Expand extrinsic motivational cues, such as financial rewards, to encourage uptake on the TIPP program. Examples are considerations for adjustments to the sign-up fee and potential financial incentives like one-time discounts.
- Expand the methods applied to increase TIPP program uptake to include nudging. Nudging focuses on intrinsic motivation using subtle hints, and evidence from behavioural economics suggests that it is more effective than extrinsic motivational cues.

26

Maintain annual assessments to anticipate the evolving economy



Recommendation #26: Do not sacrifice high-quality information available through annual property assessments that improve the ability to monitor and respond to underlying changes in the economy and real estate markets.

- Maintain the practice of undertaking annual property assessments to generate baseline information about the underlying shifts in the property tax base. Without frequent updates, it would be challenging to anticipate changes in the distribution of the tax responsibility across groups.
- Review the best way to use that information to position The City to respond to the changes.
- Recognize evidence of the limited cost savings from a transition to undertaking assessments less frequently, such as biennially or every three years.
- Conducting assessments every year should not necessarily lead to or translate to direct and immediate changes in the distribution of the tax responsibility.

27

Generate high-quality information for the tax rate decision



Recommendation #27: Address the misalignment where the approved tax rate decisions occur before information on the distribution of annual property assessments through the property assessment roll is available.

- Develop and implement changes to processes for the assessment roll that would allow earlier information on the results of annual property assessment exercises.
- Adjust the timing of the approved tax rate decision or the timing of assessment roll completion or both
- When determining tax rates for budget approval, provide as much information as possible on the distribution of the tax responsibility across classes (and sub-classes if applicable).
- The information should include impacts of a range of tax rate decisions on different classes and sub-classes and non-residential taxpayer groups, such as retail, office and warehouses.
- Affirm recommendations from City Council's Tax Shift Assessment Working Group requiring the same type of information for the indicative tax rate decision before the approved tax rate decision.
- Seek legislative and regulatory changes from the provincial government where necessary, including a date change for finalizing each property's condition. December 31 is currently the day to finalize the property condition.

28-30

Quantify the cost and value of services and distribution of benefits



Recommendation #28: Address the distinction between two elements. First, the value of services, privileges and The City's value proposition. Second, the cost of services that benefit residents and businesses in the city. The difference would represent City services afforded to non-residents.

- Develop and implement processes that would generate good and acceptable information about the value of services provided by The City that do not accrue to residents and businesses in the city.
- Develop and implement a cost of service study, starting with those services for which the estimation process is easier and faster to complete.

Recommendation #29: Use the information to better understand the level of support The City affords visitors and residents in the region. Incorporate the findings into the decision-making process for cost-sharing arrangements with regional partners.

Recommendation #30: Incorporate the information generated from the process changes into a future review of user levies.

- Existing processes for determining user levies already incorporate the distinction between private and societal costs. The practice of focusing on the recovery of private costs for services would continue to apply to city residents and businesses.
- Consider the addition of societal costs for services to non-residents without discouraging non-Calgarians from increasing economic activity through their spending in Calgary.

31

Affirm preference for tax stability over service stability and respond appropriately



Recommendation #31: Adjust the taxation policy and its implementation to balance the level of service and taxation level in favour of long-term stability in taxes over stable services:

- *Build flexibility to service delivery* – plan for differentiated operational flexibility of service level provision, not the elimination of services that Calgarians have come to rely on, to allow adjustments to the costs to deliver services promptly. For example, adjusting the frequency of garbage collection to accommodate financial circumstances. It would be beneficial to:
 - ▶ Underlie the analysis that would inform decisions with a triple bottom line review of impacts to avoid defunding vulnerable groups or generating unintended consequences.
 - ▶ Outline and communicate the options available for consideration and the rationale for the Council decisions.
- *Adjust to Taxpayer Preferences* – Recent survey data, following the downtown tax shift, suggested that Calgary taxpayers are more tolerant of volatility in the level and breadth of services than tax volatility. Conduct additional survey analysis to verify the findings and update taxation policy as required to adjust by leveraging the flexibility built into service delivery.
- *Exception for New Services* – Recognize better acceptance of increases in taxes whenever new services or service improvements occur that lead to the increases.
- *Private Sector Support* – Adjustment to services in constrained environments should include contracting out services wherever possible. It would consist of a business case that confirms that cost savings would materialize – prioritizing the local business community where it makes the most sense. Consider adding the cost of administering the contracts (i.e. contract administration) as an administration fee.
- *Municipal Finance Communication* – Intensify communication on the link between taxes paid and services received. Recognize that many taxpayers have a tax input-to- service output view of municipal finances.
- *SAVE Program Review* – Embrace the findings from the detailed review of the balance of spending activities relative to existing taxation authority already underway.

32

Adjust tax rates for relief when needed and stabilize rates with reserves



Recommendation #32: Advocate for the scope to deploy countercyclical fiscal policy at the municipal government level when the local economy is in a recession, by starting with the following tools and then expanding on them:

- Tax rate reductions as targeted relief for businesses whenever economic conditions suggest that the relief would generate economic stimulus.
- Explore the benefit of the timely conversion of underutilized or vacant land into structures when required to spur economic activity
 - ▶ Explore the benefits before proceeding with such tools, including legislative changes that improve the ability to achieve goals.
 - ▶ Encourage the use only when the benefits exceed the costs, otherwise rely on existing tools available through tax rate changes and other tools.
 - ▶ Incorporate rules that would allow discontinuation of such practices when the evidence indicates that anticipated positive net benefits do not materialize.
- Investigate the reasons for the crisis level vacancy rate in the downtown office market and respond with actions and policy changes to the regulatory environment that enhance attractiveness.

33

Investigate the crisis level vacancy in the downtown office market and respond with actions



Recommendation #33:

- Implement targeted engagement and surveys to learn the motivations of businesses that leave downtown Calgary for other parts of the city and new businesses that choose to locate outside downtown Calgary despite low-cost, abundant office space in downtown Calgary.
- Use the findings to inform policy changes to the regulatory environment that would make downtown Calgary, and other parts of Calgary, more attractive.
- In addition to policy changes, determine the actions and activities that The City and community can do to alleviate that crisis.
- Some of the activities would include
 - ▶ Promoting the benefits of the business environment in Calgary to retain and attract businesses.
 - ▶ Demonstrating that Calgary is a modern city that is the centre of activity beyond oil and gas activity.
 - ▶ Emphasizing the high quality of life in the city and the quality of governance and policymaking in the city to encourage growth right across the city.

34

Explore tax reform rather than using one-time measures repetitively



Recommendation #34: Make property taxation policy more predictable by limiting one-time mitigation tools, such as phased tax programs and rebates, to address imbalances across taxpayer groups.

- *Build Credibility* – Support municipal property taxation policy credibility by limiting the use of one-time mitigation tools to exceptional circumstances. The pressure to re-use a one-time mitigation tool in consecutive years should be resisted and interpreted as the need for immediate implementation of tax policy reform.
- *Improve Targeting* – Avoid using one-time mitigation tools that are determined to be blunt tools during the investigation and analysis process. Seek legislative change, as required, for long-term tools that would improve targeting in Calgary’s ever-evolving economy.
- *Educational Support* – Provide information directly to residents and businesses. Disclose taxation policy in plain language. Explain the long-lasting effects of one-time mitigation programs ahead of time, so taxpayers can better understand and anticipate changes to their tax bills.
- *Make exceptions for low probability, but high-impact (thin-tailed) events* – The emergence of the COVID-19 pandemic in 2020 confirms that thin-tailed risks attributable to once-in-a-lifetime events could arise. Incorporate flexibility to accommodate such thin-tailed risks. Such thin-tailed risk events could require continuous use of one-time mitigation.

35

Investigate the use of multi-year property assessment averages to reduce volatility



Recommendation #35: Given recommendation #26 to maintain the annual market value assessment process, investigate a multi-year assessment smoothing for taxation policy update. If warranted, establish revisions to the policy guidance for transmitting the results of annual market value assessment into taxation. The goal is to minimize the changes in property taxes over time for individual taxpayers. To the extent that averaging does not help with reducing volatility, retain the current policy. To the extent that averaging does help reduce volatility, seek legislative or regulatory approvals as required to implement the change.

- *Volatility Challenge* – The rapid rate of change in Calgary’s cyclical economy results in a high level of volatility for non-residential property assessments and taxes over a limited number of accounts (14,216 for the 2020 tax year). High volatility over a small base contributes to the high level of activity in the complaints process for non-residential accounts. Explore the extent to which reforms using smoothed assessments rather than annual assessment would be beneficial for the policy on yearly tax changes.
- *Compile Evidence* – Gather evidence on assessment smoothing impacts relative to counterfactual two-year, three-year, and four-year rolling averages of annual assessments. The analysis should emphasize data for the 2015 to 2019 period. The analysis should consider a variety of averaging methods beyond the arithmetic mean.
- *Generate Options* – Assess the ability of the two-year, three-year, and four-year rolling average options to minimize assessment fluctuations and, by extension, limit tax volatility.
- *Taxpayer Support* – Explore taxpayer support for changes by starting with the extent to which it provides certainty. Then, extend to tolerance to sustain the practice not just when property assessment values are increasing, but also when they are decreasing.
- *Political Support* – Deliver the results of the analysis to Council with recommendations for the period average to apply for smoothing property assessments over the long-term if averaging makes sense.
- *Legislative Change* – If averaging is beneficial for reducing volatility, and the decision is to proceed, seek legislative or regulatory approvals. Use the evidence gathered to inform a business case alongside Council recommendations for provincial government consideration.
- *Policy Review* – Should the policy review get through the legislative change phase, complete a multi-year assessment and mill rate smoothing review for taxation policy. It should inform practices for long-term financial sustainability.
- *Phased Implementation* – If there is evidence of the ability to minimize volatility, apply a phased-in approach to implementation to manage taxpayer expectations over time. Including an assessment of impact through the transition.