EXECUTIVE SUMMARY
Council approval is needed to cancel the applicable 2014, 2015 and 2016 taxes for property and business accounts that meet Administration’s criteria for prior year tax cancellation. This report is presented to Council twice annually to effect the timely cancellation or refund of taxes on accounts which meet the criteria and that have been brought to the attention of Administration since the last report. This is the first report this year presented to the Priorities and Finance Committee.

In this report, Administration is also recommending the cancellation of 2015, 2016 and 2017 municipal property taxes for non-profit organizations that applied and qualified under the Non-Profit Tax Mitigation Policy which was passed by Council 2014 December 14.

ADMINISTRATION RECOMMENDATION(S)
That the Priorities and Finance Committee recommend that Council under the authority of section 347 of the Municipal Government Act:

1. Cancel 2014, 2015 and 2016 property and business taxes that meet Administration’s criteria for corrections, for the amounts listed in the Attachment 1.

2. Cancel 2015, 2016 and 2017 municipal property taxes for the qualifying non-profit organizations for the amounts listed in Attachment 2.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2017 MAY 16:
That Council approve the Administration Recommendations contained in Report PFC2017-0307.

PREVIOUS COUNCIL DIRECTION / POLICY
This report is presented to Council twice annually and Council typically accepts Administration’s recommendations, with the most recent instance at the 2016 October 03 Combined Meeting of Council.

The Non-Profit Tax Mitigation Policy (C2014-0919) represents a Council direction to Administration to cancel the municipal property taxes for qualifying non-profit organizations, which was passed at the 2014 December 14 Regular Meeting of Council.

BACKGROUND
Tax Cancellation for Assessment Corrections

Under section 305 of the Municipal Government Act (MGA) and section 7(a) of the Business Tax Bylaw 1M2017, Administration can only correct or amend property and business
assessment rolls during the current tax year. The amendment triggers a corresponding adjustment to the current year’s property or business taxes. Property and business owners have a responsibility to inform the municipality of assessment errors or changes to their property or business in a timely manner. This will allow Administration an opportunity to correct the errors or make the relevant changes to the business or property assessment accounts within the current taxation year.

However if the inaccuracy occurred in a previous year, Administration does not have the authority to correct or amend the property or business assessments rolls. In these circumstances, Administration asks Council to consider exercising its discretionary taxation power under section 347 of the MGA to cancel, reduce or refund property and business taxes to correct the inaccuracy. Section 203 of the MGA specifies that Council may not delegate its powers with respect to taxes.

Generally, valid cancellation requests are for tax amounts that were levied as a result of:

- an incorrect issuance of a property or business assessment
- a property or business assessment that was not corrected appropriately
- a tax exemption that was not processed or not processed correctly
- a business account closure or move that was not processed or not processed correctly

The inaccuracy must be reported within two years after the inaccuracy occurred for the cancellation request to be considered for inclusion in this report.

Inaccuracies may result from a number of factors, including but not limited to: operational considerations associated with year-end assessment roll production, timing of communication between business units, incorrect data or mailing address information.

Exempt Organizations and the Non-Profit Tax Mitigation Policy

The Non-Profit Tax Mitigation Policy established by Council on 2014 December 15 through report C2014-0919 is intended to provide tax relief to non-profit organizations holding properties under construction that would normally be exempt from property taxes under the MGA and the Community Organization Property Tax Exemption Regulation (COPTER). These categories of property tax exemption require that the property and/or the facility are actually in use for an exempt purpose. This Council policy sets out guidelines under which Council will consider the cancellation of the municipal taxes for properties and/or facilities during the construction period.

To ensure efficiency, the Assessment and Tax Circumstances report is the mechanism through which the policy has been implemented. Applications under the policy continue to be received and Council can expect to see requests for cancellations on future Assessment and Tax Circumstances reports.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Tax Cancellations for Assessment Corrections
Assessment receives requests for tax cancellations directly from taxpayers or from other City of Calgary business units. Each request is investigated to discover if the circumstances align with Administration’s criteria for inclusion in this report. The investigation includes researching internal communications and records, speaking directly to the affected taxpayer and working with other relevant City staff.

Each year, Calgarians are encouraged to review and, if needed, ask questions about their property and/or business assessments before the end of the 60-day Customer Review Period that follows each mailing. Inaccuracies to the property or business assessments reported during this period are corrected for the current taxation year. However, special circumstances that have occurred in the previous tax year, such as those listed below, may still arise.

Administration uses the following criteria to determine if a taxpayer’s request should be brought forward to Council:

- the inaccuracy was reported within two years of the occurrence; and
- Assessment was advised of the inaccuracy within the Customer Review Period in the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed; or,
- the taxpayer was not aware and/or was not notified of the change in assessment and was unable to bring the inaccuracy to the assessor’s attention within the Customer Review Period; or,
- the property or business assessment account was set up in error, and the assessment notice was sent to the wrong party; or,
- another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified during the applicable taxation year.

The recommended adjustments to business tax accounts would cancel or reduce municipal business taxes, including Business Improvement Areas (BIA), formally called Business Revitalization Zones (BRZ), levies where applicable. The BIA levies are paid in January each year and any increases or decreases are adjusted in the following year.

The recommended adjustment to the property tax accounts due to assessment corrections would cancel or reduce both the municipal and provincial property taxes. Upon cancellation, the provincial portion of the property tax is a cost to The City because the provincial government does not refund its portion.

The funds for both business tax and property tax cancellations are available through The City’s prior years’ tax cancellation budget, should Council decide to support the recommendation for tax cancellations included in this report. If Council chooses not to support the recommendation, the tax liabilities and amounts owed will remain as originally billed.

Individual requests for previous years’ tax cancellation that met these criteria are listed in Attachment 1.

**Tax Cancellations under the Non-Profit Tax Mitigation Policy**
Administration uses the following criteria to determine if the non-profit organization’s request for municipal tax cancellation under the Non-Profit Tax Mitigation Policy should be brought forward to Council:

- a building permit for the site has been issued since 2013 January 01
- the organization has filed the necessary application form to qualify for the tax cancellation under the Non-Profit Tax Mitigation Policy to Assessment
- the property and/or facility construction has been completed
- the property and/or facility is occupied by the non-profit organization and used for an exempt purpose
- the organization has filed an application for property tax exemption under the MGA or COPTER to Assessment and the application has been approved.

The non-profit organization must meet all of the previously listed criteria in order to be eligible for tax cancellation under the policy. At the time this report was prepared, 10 non-profit organizations have met the criteria for tax cancellation. If pending applicants meet all the requirements, they will be brought forward to Council for tax cancellation consideration on future reports.

The individual tax amounts cancelled for each of the qualifying NPTM applicants are listed in Attachment 2.

Stakeholder Engagement, Research and Communication
This report is a collaborative effort between Assessment, Business Licence and Registry, and Finance. Throughout the circumstance report process, the business units are in communication, ensuring appropriate investigation and analyses are conducted for an accurate reflection of the tax cancellations proposed.

Subsequent to their initial inquiry, taxpayers are contacted by City staff if additional information is needed to establish whether individual circumstances meet the tax cancellation criteria. Assessment advises property or business owners whose tax accounts are included in the report, listed in Attachments 1 and 2 by letter. A second letter advises them of Council’s decision regarding the request for cancellation. The approved tax accounts are then adjusted by Finance and a refund is issued when necessary.

Strategic Alignment
The recommendations are in alignment with Council’s Action Plan 2015-2018 and with the Non-Profit Property Tax Mitigation Policy approved by Council in 2014 December 14.

Social, Environmental, Economic (External)
The taxpayers who own the properties and businesses listed in Attachment 1 and 2 will receive tax cancellations or refunds.

Financial Capacity
Current and Future Operating Budget:
The total taxes recommended for cancellation are $252,109.35; Finance has confirmed that there are sufficient funds to accommodate the tax cancellations for the accounts proposed in Attachment 1 and 2. The total budget for the prior years’ property and business tax cancellations in 2017 is $1,000,000. The total budget for municipal tax cancellations proposed in Attachment 2 under the Non-Profit Tax Mitigation Policy is an additional $1,000,000. At this time, no adjustments to future budget allocations are required to meet the tax cancellation requests set out in this report.

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>2017 Tax Cancellations (This Report)</th>
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<tbody>
<tr>
<td>Property Tax - Non-NPTM Related</td>
<td>$81,847.09</td>
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<tr>
<td>Business Tax</td>
<td>$40,332.05</td>
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<tr>
<td>Property Tax - NPTM Related</td>
<td>$129,930.21</td>
</tr>
<tr>
<td>Total</td>
<td>$252,109.35</td>
</tr>
</tbody>
</table>

Current and Future Capital Budget:
There are no implications to the capital budget.

Risk Assessment
No implications were identified.

REASON(S) FOR RECOMMENDATION(S):
Administration is prevented by legislative constraints from making corrections to tax accounts relating to prior years’ assessment/tax rolls. The accounts brought forward to Council were identified using the criteria within this report. The tax liabilities and amounts owed will remain as originally billed without Council approval.

ATTACHMENT(S)
1. List of Proposed Property and Business Tax Cancellations
2. Non-Profit Tax Mitigation Policy Tax Cancellations