

Assessment and Tax Circumstances Report

RECOMMENDATIONS:

That the Priorities and Finance Committee recommend that Council, under the authority of section 347 of the *Municipal Government Act (MGA)*:

1. Cancel property taxes for the amounts listed in the Attachment 2.
2. Cancel municipal property taxes for the qualifying non-profit organizations for the amounts listed in Attachment 3.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEES, 2020 OCTOBER 13:

That Council adopt the Recommendations contained in Report PFC2020-0982.

HIGHLIGHTS

- Council approval is required to cancel taxes accrued on individual tax accounts.
- What does this mean for Calgarians? It ensures that property taxes are cancelled if they were levied incorrectly.
- Why does it matter? This report cancels \$19,898.07 in property taxes overall.
- This overall total includes \$3,663.45 in tax cancellations related to prior years' assessment rolls and \$16,234.62 due to the *Non-Profit Tax Mitigation Policy*.
- This report includes the applicable 2018-2019 taxes accrued on property accounts that meet Administration's criteria for prior year tax cancellation.
- In some cases, these tax cancellations address properties that were taxed in error due to issues that arose such as the timing of when information was received, incorrect data, and technical/human error.
- This report also includes the applicable 2016-2019 municipal property taxes for non-profit organizations that applied and qualified for tax cancellations under the *Non-Profit Tax Mitigation Policy*.
- This report is presented to Council twice annually, most recently at the 2020 May 25 Combined Meeting of Council.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The Assessment and Tax Circumstances Report is separated into two sections:

Tax Cancellations Related to Prior Years' Assessment Rolls (Attachment 2)

Administration cannot amend the assessment roll or cancel taxes for previous years. The Assessment and Tax Circumstances Report is used to bring previous year's taxes to Council that Administration recommends should be cancelled.

The recommended adjustments to the property tax accounts due to assessment roll 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 as the provincial government does not refund its portion.

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Any tax cancellations in this report supported by Council will be funded through the tax cancellation budget. If Council chooses not to support the recommendation, the tax liabilities and amounts owed will remain as originally billed.

Exempt Organizations and the *Non-Profit Tax Mitigation Policy (Attachment 3)*

Non-profit organizations that provide public facilities are generally exempt from property tax through the *Municipal Government Act (MGA)* and the *Community Organization Property Tax Exemption Regulation (COPTER)*. These property tax exemptions require that the property and/or facility is actually used for an exempt purpose. Exemptions based on use do not apply to properties and/or facilities while under construction. To address this issue Council adopted the *Non-Profit Tax Mitigation Policy (Policy)* to cancel the property taxes of non-profit organizations that paid tax during the construction period of their facility and whose subsequent use of the property met the criteria for property tax exemption. The *Policy* is administered using the Assessment and Tax Circumstances Report for administrative efficiency. The recommended adjustments due to the *Policy* would cancel or reduce only the municipal property taxes in each organization's account. If Council chooses not to support the recommendation, the tax liabilities and amounts paid will remain as originally billed.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

This report is a collaborative effort between Assessment and Finance. Throughout the Assessment and Tax Circumstances Report process, the business units are in communication, ensuring appropriate investigation and analyses are conducted for an accurate reflection of the tax cancellations proposed. To assist non-profit organizations in applying for prior year tax-relief under the *Policy*, Administration provides information about the *Policy*, how to qualify and the application process on Calgary.ca, via email and by phone year-round. After initial customer inquiries are received, taxpayers and non-profits are contacted by City staff if additional information is needed to establish whether individual circumstances meet the tax cancellation criteria.

For tax cancellation requests related to prior years' assessment rolls, Assessment advises property owners listed in Attachment 2 that their requests are included in the report. A second letter advises them of Council's decision. For tax cancellations related to the *Non-Profit Tax Mitigation Policy*, non-profits are advised of eligibility during the application or circumstance report process and those listed in Attachment 3 will be advised of Council's decision. The accounts of approved tax cancellations are then adjusted by Finance and a refund is issued when necessary.

IMPLICATIONS

Social

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The non-profit organizations who own or hold the properties listed in Attachment 3 will receive tax cancellations or refunds if Council approves the recommendations in this report.

Environmental

Not applicable.

Economic

The taxpayers who own or hold the properties listed in Attachment 2 will receive tax cancellations or refunds if Council approves the recommendations in this report.

Service and Financial Implications

The total taxes recommended for cancellation are \$19,898.07. Finance has confirmed that there are sufficient funds to accommodate the tax cancellations for the accounts proposed in Attachment 2 and 3. The total budget for the prior years' property tax cancellations is \$1,000,000. The total budget for municipal tax cancellations proposed 3 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.

Tax Cancellation Breakdown	2020 #2-This Report	2020 #1	2020 Total
Property Tax - <i>Non-NPTM Related</i>	\$3,663.45	\$48,959.77	\$52,623.22
Property Tax - <i>NPTM Related</i>	\$16,234.62	\$567,664.48	\$583,899.10
Total	\$19,898.07	\$616,624.25	\$636,522.32

Existing operating funding - one-time

\$19,898.07

There is no identified opportunity cost of pursuing the recommendation. The timing of cash flows/expenditures is not expected to be an issue.

RISK

There were no risks identified.

ATTACHMENT(S)

1. Previous Council Direction, Background
2. List of Tax Cancellations Related to Prior Years' Assessment Rolls
3. List of Tax Cancellations Related to the *Non-Profit Tax Mitigation Policy*

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 October 13**

**ISC: UNRESTRICTED
PFC2020-0982
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Department Circulation

General Manager (Name)	Department	Approve/Consult/Inform (Pick-one)
Carla Male	Chief Financial Officer's	Approve
Katie Black	Community Services	Inform