

### **List of Potential Questions on the Fiscal Framework and Associated Risks**

The following offers a range of possible questions on The City's fiscal relationship with the province, arranged from the most narrow or specific to the most general or broad. They are meant only as examples, and there are of course other possible questions that could be considered. As a supplement to the more generalized risks identified in Council Report C2021-0175, this assessment also identifies the specific risks associated with each possible approach.

Given the nature of any question on The City's fiscal framework and relationship with the province, should Council wish to proceed with one of the approaches to a question on the fiscal framework despite these risks, more detailed would need to be done in conjunction with experts in question-design, particularly to:

- **Ensure clarity** – It is critical to ensure the meaning of the question is well-understood and does not rely on vague terms or undefined descriptions. These issues do not necessarily lend themselves to plain-language, concise wording.
- **Provide adequate context** – These are complex matters, and while there is a need to be as succinct as possible, electors will need information to be able to answer it to the best of their ability. Without any context The City may be leaving itself open to criticism and confusing constituents.
- **Avoid predisposition** – The City of Calgary has a long-standing position that reform of the fiscal framework is required (see "Strategic Context" in the attached Report). The way The City is given to thinking about these issues may generate questions that suggest a correct or preferred answer.

As noted in the cover report it is difficult to design a question on tax policies issues that is free from legal risk, let alone strategic, financial and reputational risks. All the questions below attempt to mitigate risk however none of them completely eliminate the risk of a successful legal challenge

#### **Approach 1: Yes / No question on a specific change to the fiscal framework**

Example:

- **"Should Council advocate for the provincial government to eliminate its property tax requisition, leaving all property tax dollars with The City of Calgary? Yes or No?"**

Risks:

- A yes vote on such a question could effectively limit the advocacy options available to The City. Although not legally binding, such a vote could generate an expectation that limited resources be focused on the one position, marginalizing the importance of proposals for reform, including the range of options put forward by the Financial Task Force.
- The legitimacy granted by a yes vote on the pursuit of change at the provincial level (on a narrow or broad question) could limit the ability to engage the Government of Canada, where advocacy resources may be better spent in the current context.
- A specific question like the one above is likely to engage other interests that might be affected by a change that is perceived to benefit The City at their expense. In the above example, local

school boards, who are the current beneficiaries of the provincial property tax requisition would likely be opposed, generating reputational damage with key local stakeholders.

- Although arguably clearer than a broadly worded question on “fiscal fairness,” even this question introduces complex issues that are unlikely to boil-down to a “yes/no” decision for electors.

Approach 2: Yes / No question mirroring the provincial referendum on equalization

Example:

- **“Should the City advocate to the province to stop collecting provincial property tax dollars from Calgarians in a way that moves that money outside of Calgary? Yes or No?”**

Risks:

- While this has the benefit of a clear link to the expected provincial question, there is in fact no local analogy to the federal equalization program. Any redistribution that does take place between Alberta municipalities does so through a multitude of different programs and spending. It would therefore be unclear what Calgarians were being asked to vote on and could be open to legal challenge.
- Although over time, Calgarians have provided more into provincial revenues than they have received, because of the complexity of any provincial redistribution, it is difficult to paint a precise picture of that amount and therefore what exactly Calgarians would be asked to vote on.
- Relatedly, The City has tended toward a position of intermunicipal cooperation rather than competition. And while The City has advocated for improved financial support, it has not suggested that this come at the expense of other municipalities. A question asking Council to advocate to keep tax dollars in Calgary at the expense of regional and provincial partners could cause reputational damage for The City.

Approach 3: Yes / No question on the recommendations of the Financial Task Force

Example:

- **“Should The City advocate to the province to implement the recommendations of the Financial Task Force that require provincial cooperation? Yes or No?”**

Risks:

- While this would have the advantage of encompassing several advocacy items, thus not tying The City’s hands as in Approach 1, the Financial Task Force’s recommendations do not cover the full range of City interests in fiscal reform. In addition to this potential limitation on provincial engagement, a yes vote would also put pressure on The City to divert resources from other engagement with the Government of Canada. A no vote, by contrast, could effectively undo the months’ worth of work that the external expert participants on the Financial Task Force put into developing recommendations for change.

- Relatedly, while the question refers to a specific set of proposals, it would be difficult to consider those proposals outside of the context of the full report and associated materials. It is not clear that sufficient information could be provided concisely to voters, opening the question to challenges.
- As the recommendations of the Task Force have already been endorsed by Council, it would be difficult for this question to be perceived as neutral, but rather suggesting a preferable outcome.

Approach 4: Yes / No question on the “fairness” of the fiscal framework

Example:

- **“Should The City advocate for a fair deal for cities?”**

Risks:

- A “yes” vote on such a broad question would preserve The City’s ability to continue long-standing advocacy in pursuit of a “fair” or “new” deal, both independently and in partnership with other cities and organizations. Yet because of this breadth, a “no” vote could have the effect of foreclosing on any such advocacy going forward.
- The use of terms like “fair” or “new” deal also suggests that the current system is “unfair” or “outdated.” A question that suggests a correct or preferred answer would be open to legal challenge and associated costs.
- Furthermore, it might be a lot to ask voters to reach a simple yes or no response to such a broadly stated question. What is meant by a “fair” deal? What are the trade-offs? There are simply too many other considerations.