

Calgary



BOW VALLEY COLLEGE

11.3.1 - Bill 7 Property Tax Incentives Update

Combined Meeting of Council

February 8, 2021

C2021-0197

RECEIVED
IN COUNCIL CHAMBER

FEB 08 2021

ITEM 11.3.1 C2021-0197

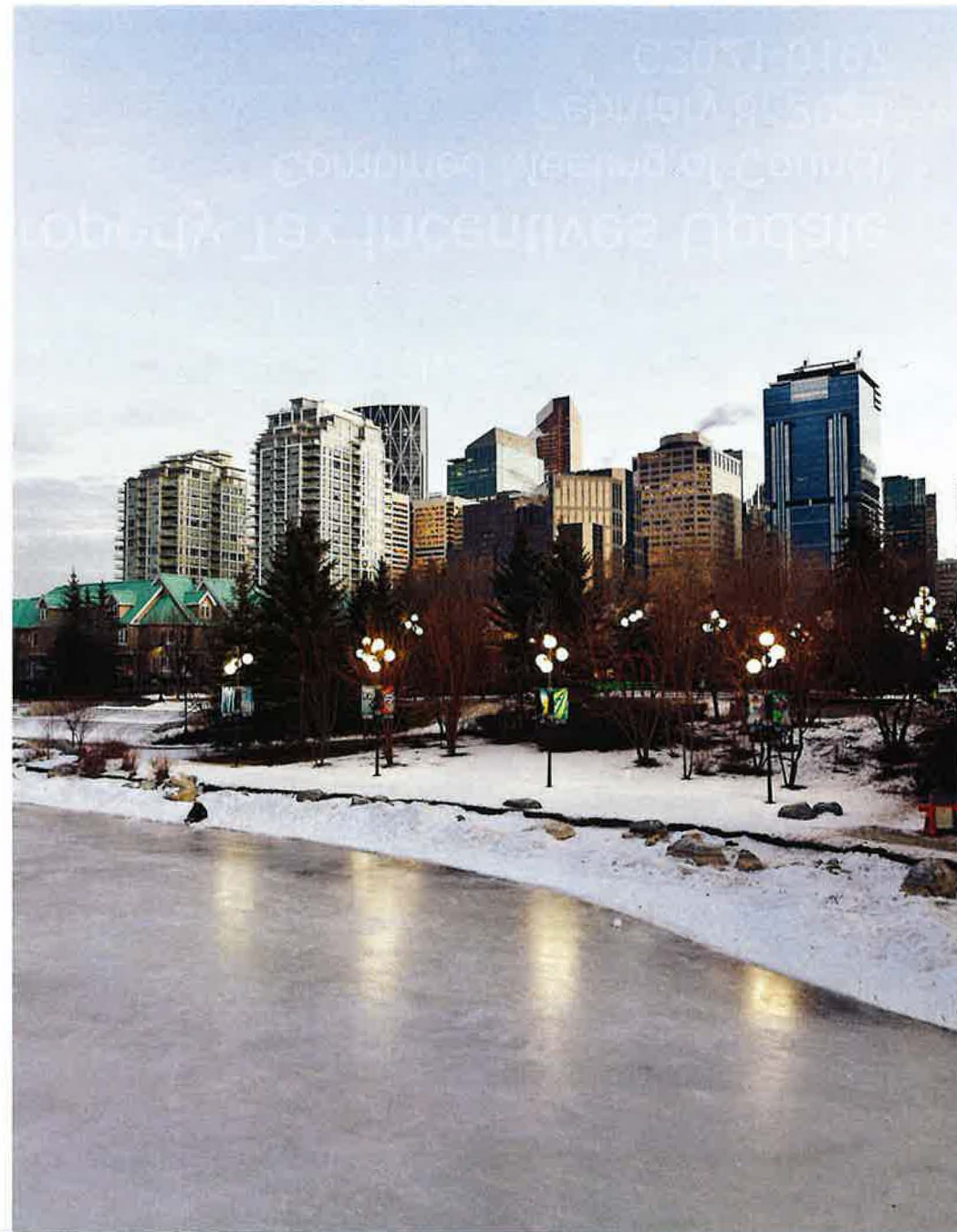
Abbie

CITY CLERK'S DEPARTMENT

IC2021-0197

Intergovernmental Affairs Committee
directed Administration to provide a
public presentation on Bill 7 at Council

- Challenge and Previous Direction
- Early understanding of Bill 7 application
- Considerations, regional and otherwise
- Timeline of Activities underway



Challenge

- I. November 2020 Mid-Cycle Adjustments discussions suggested industrial properties were to be particularly hard-hit by the ongoing tax shift
- II. Loss of investment to other jurisdictions

Previous direction

At November 2 Combined Meeting of Council, the newly forming Real Estate Working Group was directed to:

- Explore the use of revised provisions under Bill 7 to identify how ideas like a time-limited assessment cap or modified mill rate could attract [industrial] investment to Calgary



At November IGA, questions were raised about capacity of Bill 7 to:

- Offset the tax-shift in the short and/or long term
- Send a signal about The City's support for the industrial sectors

Direction to return with more detail on Bill 7's potential, and considerations for its use

Early Understanding of Bill 7

What it can do: Send a signal about City priorities

- Allows municipalities to offer non-residential property tax incentives “encouraging the development or revitalization of non-residential properties for the general benefit of the municipality”
 - Incentives include full or partial tax exemptions or deferrals
- Streamlines existing authorities with a bylaw creating parameters and criteria for the exemption (e.g. property types or size, industry)
- Aimed at economic benefit, but there is some scope to explore other priorities

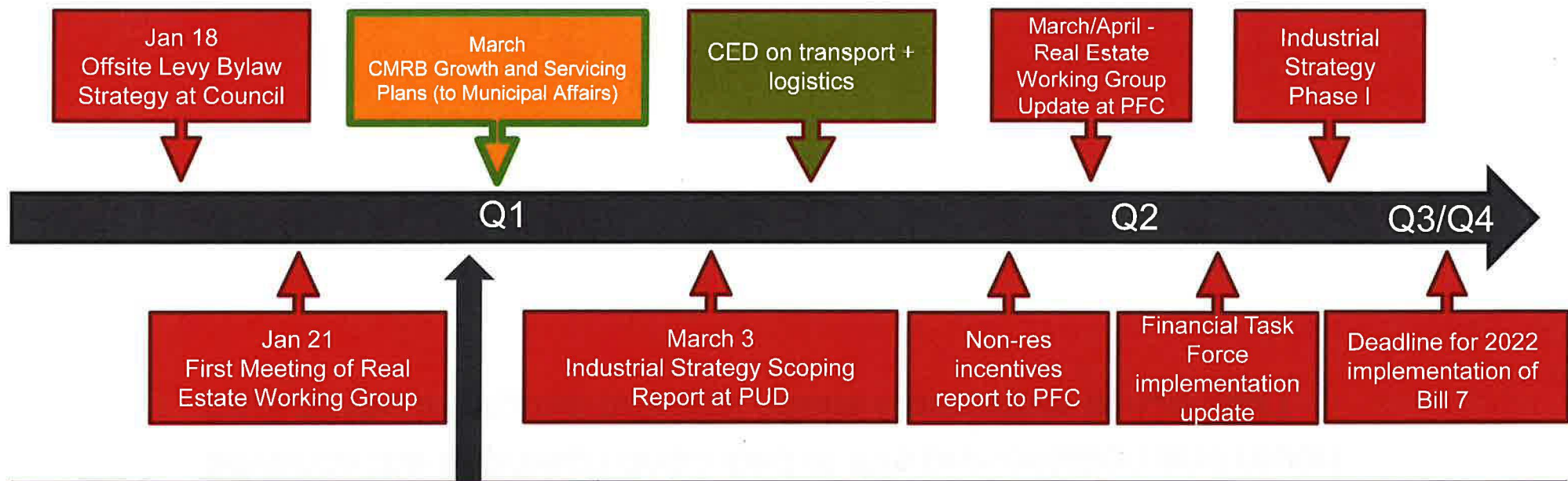
What it cannot do: Address the tax shift

- While there is some latitude, Bill 7 does not support a program that would offer direct tax relief to, for instance, existing small business or properties located outside the downtown
- Bill 7 also doesn't cover the provincial portion of the property tax, which The City would still be responsible for paying
- The City continues to advocate for changes that would provide the necessary tools

Strategic Work Underway

Program / Strategy	Place of Bill 7	Timeline
Downtown Strategy	Looking at scope and potential use of Bill 7 for downtown office to residential conversion or other uses.	Report to the Priorities and Finance Committee with its findings no later than the end of April 2021.
Industrial Area Growth Strategy	Identifying and evaluating solutions to the challenges of Calgary's competitiveness including non-residential tax rates.	Scoping Report is scheduled for March 3, 2021 PUD, and March 22, 2021 Council.
Real Estate Working Group	Exploring the use of revised provisions under Bill 7 to identify how ideas like a time-limited assessment cap or modified mill rate could attract investment to Calgary.	Report back to PFC on specifics from the Motion Arising early Q2 2021.
Financial Task Force Implementation	Further develop and sustain Calgary's superior livability outcomes while having competitive residential and non-residential property taxes.	Semi-Annual Implementation Update Report to the Priorities and Finance Committee Q2-2021
Calgary in the regional context	Regional relationships a key piece of context for any use of property tax incentives.	CMRB Growth Plan finalization and report to Council expected by Q2 2020.

Decisions about Bill 7 will be informed by these other strategic discussions



Proposed Approach:

Develop a corporate approach to the use of Bill 7. Immediately convene representatives from the Real Estate Working Group, City Wide Growth Strategy: Industrial Strategy, Downtown Strategy, Financial Task Force, Non Residential Tax Incentives, Real Estate Sector Advisory Committee of Calgary Economic Development, and subject matter experts (e.g. Finance, Assessment, Law, Tax, Industry) to identify how property tax incentives can be used to advance respective work. These various approaches will provide updates on guidance and recommendations to Council, through committees, with implementation no later than Q3.

Recommendation

That Council direct Intergovernmental and Corporate Strategy to advance the approach described in this presentation and report back to the Intergovernmental Affairs Committee by Q3 2021