

Background

Phased Tax Programs have been used in previous years to “cap” increases to the municipal portion of non-residential property tax to provide relief to property owners impacted by large year over year tax shifts. Administration explored options to provide tax relief to properties facing the largest municipal tax increases, and to minimize further exacerbation of the “bow wave” effect.

The program was first implemented in 2017 and was adopted again in 2018, 2019 and 2020, with a total of \$247 million in approved funding. In addition, 2020 tax relief was supplemented by shifting 3 per cent of the tax responsibility from non-residential to residential properties. As Table 1 shows, Council placed various caps on property taxes in each year a Phased Tax Program was implemented. In 2020, Council also considered implementing a Phased Tax Program for multi-residential properties, but ultimately decided against it.¹

Table 1.1 Previous Years' Phased Tax Programs

Year	Council Approved Amount	Number of Accounts Credited by the Phased Tax Program	Phased Tax Program Credits Processed*	Non-Residential Municipal Tax Cap
2017	\$ 45,000,000	5,082	\$ 27,361,840	5%
2018	\$ 41,000,000	7,051	\$ 30,755,890	5%
2019	\$ 130,900,000	11,748	\$ 120,414,398	-10%
2020	\$ 30,000,000	4,550	\$ 21,711,416	10%
			\$ 200,243,544	

*As at January 27, 2021

Context

Previous year's Phased Tax Programs were intended to address the tax shifts resulting from the disproportional market value changes experienced by the different sectors of the non-residential inventory by limiting increases to the municipal portion of the non-residential property tax. Specifically, at the onset of the economic downturn in Alberta there was a very sharp and rapid decline in the market value of downtown office properties while the values for other non-residential property types remained relatively stable. As a result, a large share of the tax burden previously carried by the downtown office inventory was transferred to other sectors of the non-residential inventory located outside the downtown.

Of the \$247 million in Phased Tax Program funding approved by Council since 2017, approximately \$200 million in credits have been issued as at 2021 January 27 to provide tax relief to non-residential property owners over the last 4 years.

Council's decision on 2019 November 29 to shift a portion of the 2020 tax share from residential to non-residential has also served to ease the property tax burden for non-residential property owners. Another benefit was the reduction in the impact of the “bow wave” effect created due to the substantial credits issued in 2019. Furthermore, Council's recent deliberations on the Mid-Cycle Adjustments, as well as the approved adjustments based on the SAVE business cases, have also reduced the burden for taxpayers.

¹ See Combined Meeting of Council on 2020 April 27, report number C2020-0486, item 12.2.1.

For example, Council approved an overall tax rate decrease of 1.77 per cent for 2021 and identified \$26 million in net base budget savings.²

For 2021, most non-residential property types will see an overall decrease in their assessments, with the notable exceptions of industrial (particularly large format warehouses). As a result, these properties are expected to see increases in property taxes in 2021. During the 2020 November Special Meeting of Council Re: Adjustments to One Calgary Service Plans and Budgets, Administration put forward its preliminary findings of the 2021 assessment roll and options for a non-residential Phased Tax Program for 2021.

Previous Council Direction

The most recent previous Council direction is as follows:

During the 2019 November 12 Strategic Meeting of Council, Council directed Administration to return with options for a transitional non-residential Phased Tax Program for 2021. At the 2020 November 9 Special Meeting of Council, Council:

1. Directed Administration to implement a non-residential Phased Tax Program, with an estimated cost of \$21 million and estimated 10 per cent non-residential municipal property tax cap for 2021;
2. Approved \$3 million from unused funds previously allocated for prior years' PTP and \$18 million left over from the originally approved \$24 million property tax rebate for a total of up to \$21 million for the 2021 PTP; and
3. Directed Administration to report back to the Priorities and Finance Committee in Q1 2021 for finalization of the program after the 2021 property assessment roll is mailed.

Timeline

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2017 January 23	C2017-0057	Municipal Non-Residential Phased Tax Program (PTP) Report – 2017 PTP
2018 March 19	PFC2018-0045	2018 Tax Relief Option Report – 2018 PTP
2019 June 10	C2019-0782	Amended Notice of Motion re: Immediate Tax Relief for Calgary Businesses – 2019 PTP
2020 January 21	PFC2020-0015	2020 Non-Residential Property Tax Relief Options Report – 2020 PTP
2020 April 27	C2020-0486	Information on Phased Tax Program for Multi-Residential Taxpayers

² Council took additional steps as well, see Adjustments to One Calgary Service Plans and Budgets during Special Meeting of Council on 9 November 2020 and 23 – 26 November 2020, the details of which can be found here: Council and Committee Agendas, Minutes and Video (calgary.ca) <<https://www.calgary.ca/ca/city-clerks/legislative-services/agenda-minutes.html>>; See also: Mid-Cycle Adjustments (calgary.ca) <<https://www.calgary.ca/cfod/finance/plans-budgets-and-financial-reports/plans-and-budget-2019-2022/mid-cycle-adjustments.html>>.

Bylaws, Regulations, Council Policies

The following legislation informs PTP:

Municipal Government Act, RSA 2000 c M-26, s. 347(2).