

2021 Property Tax Related Bylaws

RECOMMENDATION(S):

Administration recommends that Council:

1. Give three readings to:
 - a) The proposed Property Tax Bylaw 11M2021 (Attachment 2);
 - b) The proposed Machinery and Equipment Property Tax Exemption Bylaw 12M2021 (Attachment 3); and
 - c) The proposed Rivers District Community Revitalization Levy Rate Bylaw 13M2021 (Attachment 4).
2. Approve the charge equal to 2 per cent of the total amount of missed instalments under section 7(5) of Bylaw Number 9M2002, be waived for taxpayers who join the Tax Installment Payment Plan after 2021 January 1, up to and including 2021 December 31.
3. Approve the requirement to pay the total of missed instalments beginning from 2021 January 1 under section 7(5) of Bylaw Number 9M2002, be waived for taxpayers who join the Tax Instalment Payment Plan after 2021 January 1, up to and including 2021 December 31.

HIGHLIGHTS

- Council approval is required for the 2021 property tax related bylaws and the Rivers District Community Revitalization Levy Rate Bylaw in order to levy and collect the property taxes used to fund the range of services across The City that Council approved and adopted in the 2021 Mid-Cycle Adjustments to the One Calgary 2019-2022 Service Plans and Budgets as well as raise revenue to be used toward the payment of infrastructure and other costs associated with redevelopment of property in the Rivers District.
- The City's response to COVID-19 increases the importance of proceeding with collection of property taxes to maintain essential services and cashflow. Decreases in other revenue streams are occurring but demand for most City services remains stable or has increased – including essential services and those that will support the most vulnerable members of our community.
- Measures to facilitate taxpayers' enrolling in the Tax Instalment Payment Plan are included in the above #2 and #3 recommendations.
- The City is also legally required to collect property tax on behalf of the Provincial Government and is required to pay the provincial requisition quarterly.
- Average impacts by property class and illustrative examples of impacts to select taxpayers with different property types are included as Attachment 7.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

- Proposed bylaw 11M2021 reflects Council's approval of the 2021 Mid-Cycle Adjustments on 2020 November 9 to the One Calgary 2019-2022 Service Plans and Budgets and the 2021 provincial requisition for Calgary.

**Chief Financial Officer's Report to
Combined Meeting of Council**

**ISC: UNRESTRICTED
C2021-0329
Page 2 of 4**

2021 Property Tax Related Bylaws

- In the Mid-Cycle Adjustments (C2020-1215), Council approved an overall municipal tax rate decrease of 1.77 per cent.
- In conjunction with the Financial Reserves Optimization SAVE business case included in the Mid-Cycle Adjustments, Administration identified that \$6.3 million from unused 2020 tax loss provision could be applied to the 2021 provision in order to reduce the revenue levied through the 2021 Property Tax Bylaw, resulting in an effective tax decrease of 2.14 per cent. As a result, the impact to residential taxpayers would be a decrease of 1.64 per cent while non-residential tax rate would decrease by 2.84 per cent before the business tax consolidation (or 2.16 per cent after business tax consolidation).
- The impact of the Council-approved rebate would bring the typical single residential home to a 0 per cent increase in net municipal property tax payable in 2021, the total property tax rate decrease for the residential class would be 1.75 per cent.
- On 2021 March 1, Council also approved a Phased Tax Program which will cap the municipal property tax increase for individual non-residential properties at 10 per cent (PFC2021-0060, Attachment 2, not including the effects of prior year's rebate and prior year's Phased Tax Programs).
- Proposed bylaw 12M2021 would continue to exempt machinery and equipment from property taxation.
- Proposed bylaw 13M2021 would establish tax rates on the incremental assessed values of property in the Rivers District that will generate the Community Revitalization Levy.
- Approval of these bylaws would allow The City to fund services approved in the 2021 Mid-Cycle Adjustments and meet the legislative requirement set by the Province, and raise revenue to be used toward the payment of infrastructure and other costs associated with redevelopment of property in the Rivers District.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

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

Public engagement as well as stakeholder dialogue were undertaken as part of the Mid-Cycle Adjustment process to determine the overall tax rate for 2021. Moreover, all property owners in Calgary have received their 2021 Property Assessment Notices which gave them their 2021 property assessed values and notification that tax billing will occur in May.

IMPLICATIONS

Social

These bylaws allow The City to raise the tax revenue that supports the funding of services and social programs for citizens.

Environmental

These bylaws allow The City to raise the tax revenue that supports the funding of environmental programs in The City.

**Chief Financial Officer's Report to
Combined Meeting of Council****ISC: UNRESTRICTED
C2021-0329
Page 3 of 4****2021 Property Tax Related Bylaws**

Economic

Approving these bylaws contributes to The City's long-term economic prospects as it facilitates the funding of service delivery to citizens. Providing quality services helps attract and retain a talented workforce, thus advancing The City's goal to make Calgary a great place to both live and work. Additionally, the decrease in overall tax rate will further support Calgary's economic recovery from the combined impact of the pandemic and the conditions in global energy markets.

Service and Financial Implications

Decrease in rates or fees

The proposed decrease in rates reflects Council's approval of the 2021 Adjustments to the One Calgary 2019-2022 Service Plans and Budgets.

There are direct service and financial implications as a result of approving these bylaws as it ensures that The City can continue providing essential services to Calgarians. The estimated funding of \$1.95 billion generated through the Property Tax Bylaw will meet the 2021 operating budget requirements that align with the approved 2021 Adjustments to the One Calgary 2019-2022 Service Plans and Budgets (C2020-1215), as amended. Property tax revenues are also part of the source of capital funding.

RISK

Any delay in passing the 2021 Property Tax Bylaw may affect the mailing date of property tax bills, which in turn would change the customary property tax payment cycle the public and business communities have become accustomed to. Until the 2021 Property Tax Bylaw is passed, The City of Calgary cannot meet its 2021 municipal financing obligations.

The pandemic and economic downturn have increased the risk of non-payment of property taxes. The mitigation strategies contained within this report are designed to assist taxpayers with cash flow management through the Tax Instalment Payment Plan, while balancing the ability to manage The City's cash flow required to provide services.

The tax reduction due to the application of \$6.3 million from unused 2020 tax loss provision may create a bow wave if a similar reduction is not available in subsequent years.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Proposed 2021 Property Tax Bylaw 11M2021
3. Proposed 2021 Machinery and Equipment Property Tax Exemption Bylaw 12M2021
4. Proposed 2021 Rivers District Community Revitalization Levy Rate Bylaw 13M2021
5. 2021 Municipal Property Tax Summary
6. 2021 Provincial Property Tax Summary
7. Analysis and Illustrative Examples

**Chief Financial Officer's Report to
Combined Meeting of Council****ISC: UNRESTRICTED
C2021-0329
Page 4 of 4****2021 Property Tax Related Bylaws**

Department Circulation

| General Manager | Department | Approve/Consult/Inform |
|-----------------|------------|------------------------|
| Carla Male | CFOD | Approve |
| David Duckworth | CMO | Inform |
| | | |
| | | |
| | | |