

## 2021 Assessment and Tax Circumstances Report 1

### RECOMMENDATION(S):

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

1. Cancel property and Business Improvement Area taxes as listed in Attachment 2; and
2. Cancel municipal property taxes for the qualifying non-profit organizations as listed in Attachment 3.

### 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 and also benefits certain non-profit organizations.
- Why does it matter? This report cancels \$409,464.61 in property taxes overall.
- This overall total includes \$248,430.06 in tax cancellations related to prior years' assessment rolls and \$161,034.55 due to the *Non-Profit Tax Mitigation Policy*.
- This report includes the applicable 2018-2020 taxes accrued on property accounts that meet Administration's criteria for prior year tax cancellation.
- In some cases, tax cancellations address properties that were taxed in error due to issues such as timing of information receipt, incorrect data, and technical/human error.
- This report also includes 2019-2020 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 on 2020 November 2.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

### DISCUSSION

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

Administration cannot amend the assessment roll or cancel taxes for previous years. This report brings previous year's taxes to Council that Administration recommends for cancellation. The recommended cancellations 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 until it is recovered next year through the provincial property tax rate calculation. 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)*. Property tax exemptions require the property and/or facility be 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 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.

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### 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

### IMPLICATIONS

#### Social

Non-profit organizations can receive tax cancellations for properties under construction.

#### Environmental

Not Applicable.

#### Economic

The taxpayers and non-profit organizations listed in this report will receive tax cancellations.

#### Service and Financial Implications

#### Existing operating funding - one-time

\$409,464.61

Finance has confirmed, after the first of two reports for 2021, a total of \$248,430.06 out of the \$1,000,000 budget for Attachment 2 and a total of \$161,034.55 out of the \$1,000,000 budget for Attachment 3 is committed. At this time, no adjustments to future budget allocations are required.

### RISK

Property owners face a financial risk if this report is not brought forward as refunds wouldn't get issued for assessment errors and non-profit organizations wouldn't get tax cancellations they are expecting via the *Policy*.

### 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

#### Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer's Department	Approve
Eddie Lee	Chief Financial Officer's Department	Approve
Katie Black	Community Services	Inform