

## 2016 PROPERTY TAX RELATED BYLAWS

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### EXECUTIVE SUMMARY

Council approval is required for the 2016 Property Tax Related Bylaws and the Rivers Community Revitalization Levy Rate Bylaw.

### ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Give three readings to the proposed Property Tax Bylaw 20M2016 (Attachment 3) for a combined property tax rate increase of 6.1% for residential (3.5% for municipal purposes and 10.2% for provincial purposes) and 3.8% for non-residential properties (3.5% for municipal purposes before the 2016 transfer of business tax revenues and 4.6% for provincial purposes);
2. Give three readings to the proposed Machinery and Equipment Property Tax Exemption Bylaw 21M2016 (Attachment 4); and
3. Give three readings to the proposed Rivers Community Revitalization Levy Rate Bylaw 22M2016 (Attachment 5).

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2016 Jan 25, Council approved PFC2016-0027 and gave three readings to the 2016 Business Tax Rate Bylaw 9M2016.

On 2015 December 07, Council approved PFC2015-0699 and gave three readings to the 2016 Business Tax Bylaw 1M2016.

On 2015 September 28, Council approved C2015-0696, 2016 Resilience Budget, which reduced the originally approved tax rate increase of 4.7% to 3.5% for 2016.

On 2012 April 09 Council approved PFC2012-35, the consolidation of business tax revenue into the non-residential property tax, based on the following schedule for the incremental transfer of budgeted 2013 business tax revenues, adjusted for physical growth and contingency amounts in future years:

- (a) zero per cent in 2013,
- (b) 10 per cent in each of the years 2014 - 2015, and
- (c) 20 per cent in each of the years 2016 - 2019,

with the business tax, for business tax revenue purposes, eliminated in 2019.

On 2007 April 16, Council passed Bylaw 27M2007 to authorize the creation of a community revitalization levy area in the Rivers District. The Bylaw was approved by the Lieutenant Governor in Council of Alberta on 2007 July 17. Legislation requires Council to pass a community revitalization levy rate bylaw annually.

### BACKGROUND

The property tax bylaw must be prepared in accordance with the Municipal Government Act.

Municipal Government Act (MGA), Chapter M-26, RSA 2000  
Section 353 Property tax bylaw

- (1) Each council must pass a property tax bylaw annually.

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- (2) The property tax bylaw authorizes the council to impose a tax in respect of property in the municipality to raise revenue to be used toward the payment of
- (a) the expenditures and transfers set out in the budget of the municipality, and
  - (b) the requisitions.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### Provincial Property Tax Requisition

The 2016 provincial property tax requisition on The City is \$784.8 million, an increase from 2015 of \$69.6 million or 9.7%. A summary of the requisitions and the resulting levy to be raised from the 2016 Property Tax Bylaw is provided in Attachment 1.

#### Municipal Property Taxes

Attachment 2 summarizes the amount to be generated through the 2016 Property Tax Bylaw. The total municipal property tax requirement is \$1,640.8 million.

The tax rate changes for municipal and provincial purposes produces a combined rate increase of 6.1% for residential properties (representing 3.5% for municipal purposes and 10.2% for provincial purposes). For the 2016 median assessed residential property of \$480,000, the overall effect would be an annual increase of \$170 (\$14.15/month) in total property taxes in 2016 to \$2,963 with 60% of that remaining in Calgary to meet municipal needs, and 40% being remitted to the Province.

The combined rate increase is 3.8% for non-residential properties (3.5% for municipal purposes and 4.6% for provincial purposes) in 2016. Additionally, there is the 2016 transfer of business tax revenues to non-residential property taxes. This is the third year of the incremental transfer of business tax revenues to non-residential property taxes. The incremental increase in non-residential taxes due to business tax consolidation will result in an associated decrease in business tax revenues by an equivalent amount.

Administration is recommending three readings of the proposed Property Tax Bylaw 20M2016 (Attachment 3), so that property tax bills can be prepared and mailed by 2016 May 31. This aligns with Council's direction in the 2016 Resilience Budget.

#### Machinery and Equipment Property Tax

The City of Calgary has elected to exempt the machinery and equipment tax. To exempt machinery and equipment property from the municipal portion of property taxes, The City annually passes an exemption bylaw, which is provided in Attachment 4 as Bylaw 21M2016 and recommended for three readings.

The provincial requisition pertaining to machinery and equipment property is zero.

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### Community Revitalization Levy Rate Bylaw

The City of Calgary Rivers District Community Revitalization Levy Regulation (AR 232/2006) established a community revitalization levy area known as the Rivers District. The Municipal Government Act authorizes a council to pass a bylaw to impose a levy in respect of the incremental assessed value of property in a community revitalization levy area. The levy will raise revenue to be used toward the payment of infrastructure and other costs associated with the redevelopment of property in the community revitalization levy area. The estimated revenues required for the payment of infrastructure, and other costs associated with the redevelopment of property in the Rivers District, for the year 2016 will be \$42.7 million.

Administration is recommending three readings of the proposed Rivers Community Revitalization Levy Rate Bylaw 22M2016 (Attachment 5).

### **Stakeholder Engagement, Research and Communication**

All property owners in Calgary have received their 2016 Property Assessment Notices which gave them their 2016 property assessed values and notification that tax billing would occur in May.

### **Strategic Alignment**

The recommendations are in alignment with the direction in Council's approval of 2016 Resilience Budget, as amended.

### **Social, Environmental, Economic (External)**

The Property Tax Bylaw allows the municipality to generate the tax funds necessary for its operation, and to pay the 2016 provincial property tax requisition. This allows The City to deliver the full range of municipal services approved in 2016 Resilience Budget, as amended.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

The estimated funding of \$1,640.8 million generated through the Property Tax Bylaw will meet the 2016 operating budget requirements that align with the 2016 Resilience Budget approved by Council, as amended.

#### **Current and Future Capital Budget:**

Property tax revenues are part of the source of capital funding.

### **Risk Assessment**

Any major delay in passing the 2016 Property Tax Bylaw may affect the mailing date of property tax bills, which in turn would change the customary property tax payment cycle with which the public and business communities have become accustomed.

Until the 2016 Property Tax Bylaw is passed, The City of Calgary cannot meet its 2016 municipal financing obligations, and would be unable to make full payment on its provincial property tax requisition.

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**REASON(S) FOR RECOMMENDATION(S):**

The 2016 Property Tax and Related Bylaws are needed for The City to collect property taxes in 2016. The Property Tax and Related Bylaws are in alignment with the 2016 Resilience Budget as approved by Council, as amended. The 2016 Resilience Budget relies on the property tax as a municipal revenue source. The City is also legally required to collect Provincial Property Tax on behalf of the Provincial Government.

**ATTACHMENT(S)**

1. 2016 Provincial Property Tax Summary
2. 2016 Municipal Property Tax Summary
3. Proposed 2016 Property Tax Bylaw 20M2016
4. Proposed Machinery and Equipment Property Tax Exemption Bylaw 21M2016
5. Proposed Rivers Community Revitalization Levy Rate Bylaw 22M2016