

Tax Relief Options

Eligible Property Owners

Proposed criteria for these tax relief options were detailed in the Notice of Motion on “Tax Relief Measures for Properties Annexed Under Municipal Government Board Order 079/07 and Order in Council 333/2007” (EC2022-0367). For the purpose of considering tax policy options, Administration recommends using the following criteria derived from the Notice of Motion to define and identify eligible properties:

1. The property did not trigger clause 7(1) of the Annexation Order and continued to be taxed using the municipal tax rate established by Rocky View County up to and including the 2021 taxation year;
2. Contain a dwelling unit and are assessed as residential properties in accordance with MGA s. 297;
3. The property has not been connected to City of Calgary water or sanitary sewer services; and
4. The property is designated as S-FUD under the Land Use Bylaw.

For 2022, the residential portion of 201 properties (listed in Attachment 4) may be eligible for tax relief based on the recommended criteria above if Council decides to proceed with either of the options detailed below. Eligible properties were identified based on readily available information in City systems. In the event that Council decides to proceed with tax relief for the identified properties, additional eligible properties may be identified and presented to Council at a later date as part of the bi-annual Assessment & Tax Circumstance Report.

Option #1: Tax Deferrals

In accordance with MGA s. 347(1)(c), Council may defer the collection of a tax for particular taxable properties where it considers it equitable to do so.

Council could allow property owners whose previous year’s property taxes had been paid in full to defer payment of 2022 municipal and provincial property taxes on the residential portion of eligible properties, without penalties to 2022 December 31. Note however that The City will still be required to remit the provincial portion of property taxes quarterly. A deferral will require Administration to report back to Council with a list of roll numbers for approval.

Benefits:

- Recognizes the significant cost increase for residential property owners who are impacted by the expiry of the tax provisions in Annexation Order 333/2007 and provides additional time to adjust.
- Provides an option to defer payment for those who need it – not all eligible property owners are anticipated to use the deferral.
- No significant cost in terms of municipal tax revenue.

Costs:

- Deferral requires significant operational resources to administer and communicate to property owners.
- The City may forgo a small amount of penalty revenue that would have been charged to these accounts if the property tax had remained outstanding to 2022 December 31 and investment income on deferred tax revenue.

Option #2: Partial Tax Cancellations

In accordance with MGA s. 347(1)(b), Council may cancel or refund all or part of a tax for particular taxable properties where it considers it equitable to do so.

Council could provide direction to cancel all or a portion of the municipal tax increase experienced by property owners for the residential portion of eligible properties. Two options include using:

- a. A one-time cancellation of 50% of the municipal tax differential for 2022; or
- b. A multi-year approach to support transition – e.g.:
 - 2022 – cancel 75% of the municipal tax differential
 - 2023 – cancel 50% of the municipal tax differential
 - 2024 – cancel 25% of the municipal tax differential
 - 2025 – Calgary tax rate fully transitioned for impacted property owners

Since Calgary has no control over the Rocky View County tax rate, Calgary's tax rate for future years is also yet to be determined, tax cancellations must be applied annually, and a property's eligibility may change year-to-year, Council's direction regarding option 2b should include a requirement for Administration to report back in Q2 in 2023 and 2024 with recommended tax cancellations for properties that meet the eligibility criteria. This direction would not limit Council's discretion in exercising its section 347 powers under the MGA. Property owners that have filed a complaint with the Assessment Review Board will not see a tax cancellation until after the complaint has been resolved as a finalized assessment is required to determine eligibility and tax cancellation amount.

Benefits:

- Recognizes the cost increase for residential property owners who are impacted by the expiry of the tax provisions in Annexation Order 333/2007 and provides additional time to adjust.
- Would apply automatically to all eligible properties.

Costs:

- A multi-year approach to transition customers to the Calgary rate would require significant operational resources to compile the list of eligible properties and prepare the Council report in each year. The majority of this work can be accomplished within existing operating budgets with some reprioritization of existing work.

Summary of Costs for Tax Relief Options			
Options (Based on Calgary 2022 tax rates compared to 2021 RVC tax rates with a 4% increase)	Total Value of Estimated Municipal Tax Differential	Total Cost/Opportunity Cost to City	Total Estimated Cost to City
1: Tax deferrals	N/A	\$25,000	\$25,000
2a: One-time cancellation of 50% of the municipal tax differential	\$200,000	\$25,000	\$225,000
2b: Multi-year approach to support transition	\$600,000	\$50,000	\$650,000