

## Response to Motion Arising – How redevelopment impacts property tax revenue and revenue neutral calculation

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### RECOMMENDATION(S):

That Executive Committee recommends that Council receive this report for the Corporate Record.

### HIGHLIGHTS

- This report responds to Councillor Chabot's approved motion with respect to C2021-1436 2022 Adjustments to the 2019 - 2022 Service Plans and Budgets.
- The incremental property tax revenue from changes in assessment through development and redevelopment is already captured in Council's approved Service Plans and Budgets as physical changes and supplementary assessments.
- **What does this mean to Calgarians?** The projected incremental property tax revenue from development and redevelopment is forecasted and included in the Service Plans and Budgets. This helps meet the City's operating and capital financial commitment to fund services that benefit all Calgarians.
- **Why does this matter?** Capturing incremental property tax revenue from development and redevelopment helps maintain the integrity of the revenue neutral process by excluding all physical changes from the calculation, while providing a funding source for The City's operating budget.
- Strategic Alignment to Council's Citizen Priorities: A well-run city

### DISCUSSION

- Through the annual reassessment process, property assessments capture changes in assessed value from development and redevelopment. The process is described in attachment 1.
- Incremental property tax revenues from development and redevelopment are factored into Service Plans and Budgets. As noted to Council on 2022 July 5 ([C2022-0798](#)), the current projection for 2023-2026 is an increase in property tax revenue of between 1.2 per cent and 1.5 per cent, or \$28 million to \$30 million per year. This revenue is budgeted to be used to offset part of the increased costs of providing City services to a growing population. This reduces the tax impact to the vast majority of property owners, whose properties do not change from one year to the next, of changes to the costs of services.
- The revenue neutral calculation ensures that property tax revenue will stay the same regardless of changes in property values due to market conditions but does not include changes in assessed value due to physical changes. Development and redevelopment is one form of physical changes that is excluded from the revenue neutral calculation on an annual basis, resulting in additional tax revenue. The projected incremental property tax revenues from development and redevelopment is captured as part of the overall physical changes assumptions underlying Council's approved Service Plans and Budgets.
- On an annual basis, any incremental changes in assessment value due to development and redevelopment is captured through the annual reassessment process and removed from the revenue neutral rate calculation.

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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**

Incremental property tax revenue from development and redevelopment allows The City to raise property tax revenue which funds services and social programs for citizens.

**Environmental**

Incremental property tax revenue from development and redevelopment allows The City to raise property tax revenue which funds environmental programs in the City.

**Economic**

Incremental property tax revenue from development and redevelopment helps fund The City's service delivery to citizens. Providing quality services helps The City achieve its goal of making life better every day.

**Service and Financial Implications**

None

**RISK**

Understanding the assessment and taxation processes is important for decision making and reduces the risks of miscommunication.

**ATTACHMENT(S)**

1. How development and redevelopment impacts property tax revenue and revenue neutral calculation
2. Presentation: How redevelopment impacts property tax revenue and revenue neutral calculation

Department Circulation

|                          |                         |                        |
|--------------------------|-------------------------|------------------------|
| General Manager/Director | Department              | Approve/Consult/Inform |
| Carla Male               | Chief Financial Officer | Approve                |