

2015 BUSINESS TAX RATE BYLAW

EXECUTIVE SUMMARY

Council approval is required for the 2015 Business Tax Rate Bylaw.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends that Council:

1. Give three readings to the proposed 2015 Business Tax Rate Bylaw 3M2015 setting the 2015 Business Tax Rate at 0.0571.

PREVIOUS COUNCIL DIRECTION / POLICY

Council approved PFC2014-0910, 2015 Business Tax Bylaw, on 2014 December 15 and gave three readings to the 2015 Business Tax Bylaw. With respect to business tax, the 2015-2018 Action Plan (includes the 2015 operating and capital budgets), which was adopted by Council on 2014 December 01 called for "0% tax rate increase" for the twenty second year in a row.

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

- (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.

BACKGROUND

The *Municipal Government Act* (MGA) requires the following for any municipalities to levy business tax:

- Section 247 – adopt the annual operating and capital budgets before adopting the annual business tax rate bylaw.
- Section 371 – pass a business tax bylaw
- Section 377 – pass a business tax rate bylaw; and

Council has adopted the 2015-2018 Action Plan (includes the 2015 operating and capital budgets) and passed the 2015 Business Tax Bylaw.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

2015 business assessment notices were mailed on 2015 January 5. The 2015 business tax bill will reflect the phase out of 20% (10 per cent in each of the years 2014- 2015) of the business tax revenue into non-residential property tax due to consolidation. The 2015 business tax bills are to be mailed on or before 2015 February 02 with taxes being due on 2015 March 31. Current year penalty dates are 2015 April 01 and July 01.

Attachment 1 (Supporting Data - 2015 Business Tax Rate Bylaw) contains a summary of the business tax rates and revenue since 1999. This attachment also describes a number of factors in calculating the 2015 Business Tax Rate.

Stakeholder Engagement, Research and Communication

2015 BUSINESS TAX RATE BYLAW

All business owners in Calgary have received their 2015 Business Assessment Notices. The City has continued to keep taxpayers informed throughout the business tax consolidation process through letters and inserts included with property and business assessment notices. In addition, Assessment offers a year-round Customer Inquiry Service to answer assessment and business tax consolidation related questions.

Strategic Alignment

The recommendation is in alignment with the direction in Council's Action Plan 2015-2018 for Calgary.

Social, Environmental, Economic (External)

The Business Tax Rate Bylaw will set the rate at which business premises will be taxed.

Financial Capacity

Current and Future Operating Budget:

The net 2015 business tax revenue is estimated at \$174.7 million and this has been incorporated in the 2015-2018 Action Plan and approved by Council on 2014 December 01.

Current and Future Capital Budget:

Business tax revenues along with the property tax revenues are part of the source of capital funding in Corporate Program (Capital Financing Costs).

Risk Assessment

Appropriate allowances and provisions have been established for reductions in assessment.

2015 business tax bills are to be mailed on or before 2015 February 02. From the Council meeting on 2015 January 12 to the scheduled mailing date, limited time is available to complete required activities. A delay in third reading of the bylaw could delay the mailing of business tax bills.

REASON(S) FOR RECOMMENDATION(S):

The 2015 Business Tax Rate Bylaw is needed for The City to collect business taxes in 2015. Council's Action Plan 2015-2018 for Calgary included and relied on the business tax as a municipal revenue source.

ATTACHMENT(S)

1. Supporting Data – 2015 Business Tax Rate Bylaw
2. Proposed Bylaw 3M2015