



Financial Task Force Implementation

Property Tax Distribution, Stakeholder Engagement Summary

June 29, 2022

Project overview

To address the challenges resulting from the Downtown Tax Shift and to support Calgary’s economic recovery and financial resiliency, the Financial Task Force identified the need to distribute property tax responsibility appropriately between residential and non-residential taxpayers.

In Q1 and Q2 2022, the Financial Task Force Implementation team with support from Customer Service & Communications, engaged business leaders to:

- Share information on property tax volatility and highlight the work undertaken to evaluate tax distribution approaches
- Obtain feedback in response to targeted questions regarding tax distribution
- Seek insights from the business community and identify any additional information required
- Continue to build confidence and trust in The City while establishing and maintaining strong relationships with key stakeholders.

Following engagement with the business community, the team also engaged the Citizens View Panel to respond to a survey to gain feedback from those on the panel.

A summary of the findings from stakeholder engagement with business leaders as well as the Citizens View Panel have been included in this report for information.

Engagement with the business community

The following key stakeholder groups were selected for engagement by virtue of the role the groups play in city building:

- Business Improvement Areas (BIA)
- NAIOP
- Building Owners and Managers Association (BOMA)
- Calgary Economic Development – Real Estate Advisory Committee
- Calgary Chamber of Commerce

Who	Organizational Purpose
Business Improvement Areas	Business Improvement Areas are a group of businesses in an area that works together on local improvements – enhancing the economic development of an area through promotion and marketing, improving public spaces in commercial areas, improve and maintain public parking, work collaboratively with The City in delivery of municipal services in their zones, and advocate for policies and practices that support economic vitality in their zones.
NAIOP	NAIOP, commercial real estate development association, is the leading organization for developers, owners and related professionals in office, industrial and mixed-use real estate. NAIOP advances responsible, sustainable development that creates jobs and benefits the communities in which our members work and live.



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Who	Organizational Purpose
Building Owners and Managers Association (BOMA) Calgary	BOMA Calgary is an industry association that promotes the professional standards of commercial building ownership and property management. (The BOMA Government Affairs Committee monitors the municipal, provincial, legislative and regulatory environment. This group informs and receives input from members and recommends industry positions to stakeholders. Committee members also represent the industry at City Council and it's Standing Policy Committees).
Calgary Economic Development Board of Directors – Real Estate Advisory Committee	Calgary Economic Development works with business, government and community partners to position Calgary as the location of choice for the purpose of attracting business investment, fostering trade and growing Calgary's workforce.
Chamber of Commerce	Business has built this city, making it an incredible place to live and work, and the Chamber is here to build business. The Chamber is Calgary's champion, at the heart of Calgary's business community since 1891 (3 years before Calgary became a city). We Nourish, Power, and Inspire to build an environment where business can grow and the city can thrive.

Through one to one and a half hour meetings conducted using Microsoft Teams, members of the Financial Task Force Implementation Team met with board members from the stakeholder groups identified above to discuss:

- sources of property tax volatility,
- tax revenue share borne by each property class,
- principles of taxation,
- options for distributing tax responsibility to different classes
- each of the tax distribution approaches was described and the effects of the different approaches on key elements of the tax system were also discussed along with the trade-offs inherent in each approach.

What we asked

During the meetings with business leaders, participants were asked to provide their insights and feedback in response to the following questions:

- What should the objectives be in determining property tax distribution?
- What is your preferred distribution methodology? Why?
- What is your preferred distribution in the tax share approach? Why?
- What is your preferred distribution using the ratio approach? Why?
- What more information might you want prior to answering the above?

View from the business community

The engagement meetings were received positively by participants. Overall, there was a high level of interest in the tax distribution discussion and a range of input was received from business community stakeholder groups.



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Most of the business community stakeholder groups would like to see The City use the tax rate ratio approach with a 2.8:1 ratio. The rationale for this recommendation cited by business leaders included:

- Closer tie to ability to pay
- Redistribution occurs automatically, depoliticizes process
- Demonstrates commitment to competitiveness
- Lower volatility for non-residential property tax bills during 2017-2022

Some business community stakeholder groups prefer the property tax share approach with a distribution approximating 40% for the non-residential class and 60% for the residential class. The rationale for the tax share approach was that it is easier to communicate and provides more stability at the macro level.

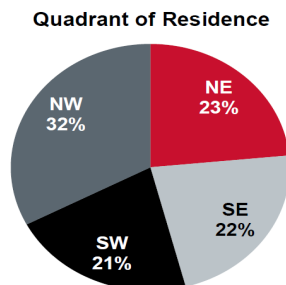
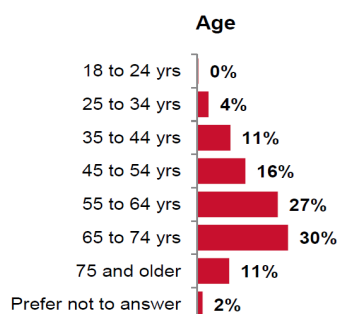
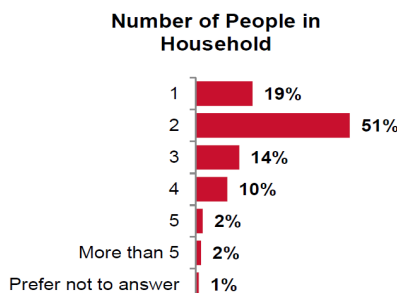
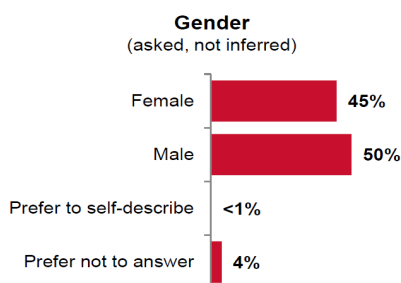
The overall view from the business community indicates a preference for an ongoing and conscious process for tax distribution decisions rather than reactive decision-making.

Engagement with the Citizens View Panel

On April 19, 2022, the survey was sent out to 2,714 panelists. Among the 2,010 who came to the survey site, 647 (24% of the total) dropped out, and 1,363 (50% of the) panelists completed the survey by April 26, 2022.

The following findings from the Citizens View Panel survey are not considered statistically representative of all Calgarians. The work is exploratory as a result of the make up of panelists currently on the Citizens' View panel. The results should be regarded as directional and should not be projected to the larger population without research with a representative sample of citizens. Compared to the overall population of Calgary, respondents to this survey are older and more likely to live in the NW.

Survey Demographics – 1,363 respondents, skewing older





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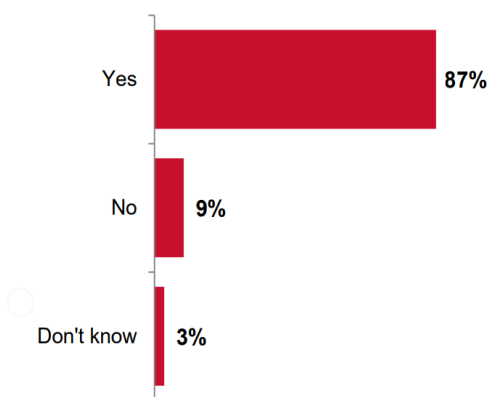
Summary of survey questions & responses

Through the Citizens View Panel Survey we asked a number of questions to solicit insights about property tax:

Awareness of Decrease in Downtown Property Values and Resulting Tax Shift

Q: Thinking about everything you have recently read, seen, or heard, are you aware of the decrease in property values of downtown office space in Calgary and resulting tax shift? Base: All respondents (n=1,363)

Aware of the Decrease in Property Values of Downtown Office Space in Calgary and Resulting Tax Shift

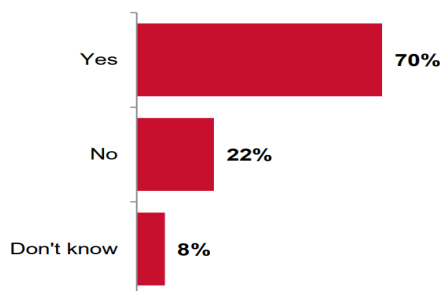


- A majority (87%) of respondents say they are aware of the decrease in property values of downtown office space in Calgary and resulting tax shift. One-in-ten (9%) say they are not aware of the decrease.

Recall of Council Setting 2022 Property Tax Rates

Q: Thinking about everything you have recently read, seen, or heard, do you recall anything about Council setting the 2022 property tax rates? Base: All respondents (n=1,363)

Recall of Council Setting Property Tax Rates



- Seven-in-ten (70%) respondents recall reading, seeing, or hearing something about Council setting the 2022 property tax rates, while about one-fifth (22%) say they do not recall something about Council setting the 2022 tax rates.

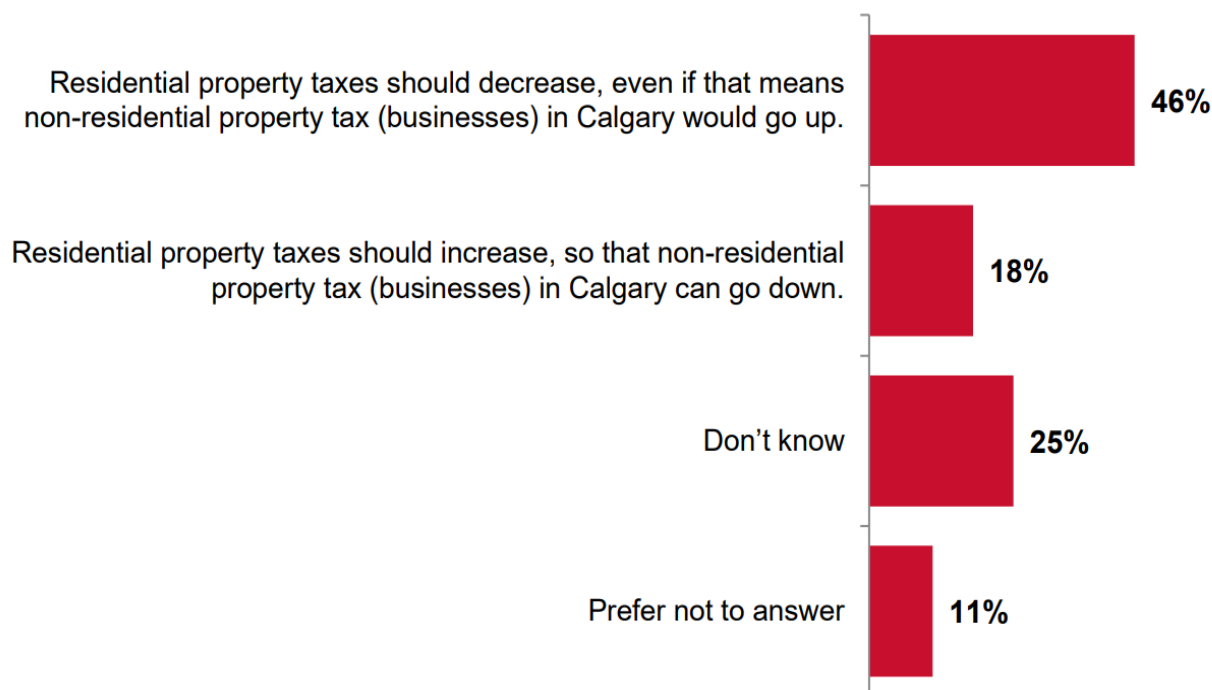


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Preference for Tax Distribution

Q: Property taxes are the primary source of funding for programs and services provided by The City. The total amount of property taxes The City collects must be divided between residential property taxes and non-residential business property taxes. With this in mind, and assuming the total amount of property tax collected by The City stays the same, which of the two following statements do you agree with more? Base: All respondents (n=1,363)

Preference for Residential and Non-residential Tax Distribution



- One-fifth (18%) agree with the statement, “residential property taxes should increase, so that non-residential property tax (businesses) in Calgary can go down.”
- In contrast, almost one-half (46%) of respondents agree with the statement, “residential property taxes should decrease, even if that means non-residential property tax (businesses) in Calgary would go up.”
- One-quarter (25%) of respondents say they “don’t know” which statement they agree with more, while one-in-ten (11%) say they prefer not to answer.

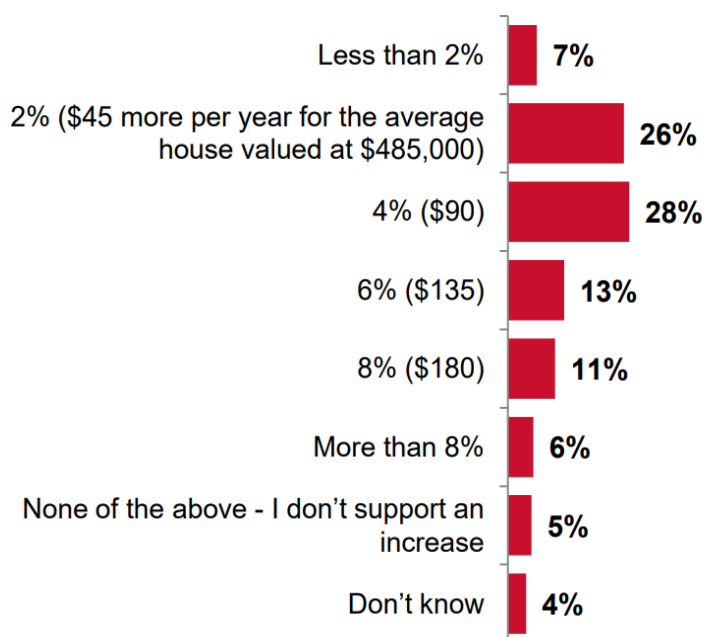


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Tolerance for Residential Property Tax Increase

Q: As a reminder, the following questions are about future tax years and not this year. How much more would you be willing to pay for your annual residential property taxes in order to support a decrease in non-residential property tax (businesses)? Base: those who replied, “residential taxes should increase” (n=242)

Increase Willing to Pay for Residential Property Taxes to Support a Decrease in Non-residential Property Tax



- Of those who say they would support a residential property tax increase, slightly less than three-in-ten (28%) say they would be willing to pay a 4 per cent (\$90) increase, while one-quarter (26%) say they would be willing to pay a 2 per cent (\$45) increase.

Next Steps

City Administration has prepared this information to supplement the Property Tax Policy Framework and insights regarding sources of tax volatility, principles of taxation, tax rate setting, tax distribution approaches, tax distribution targets and information on how Calgary compares to other jurisdictions to provide insights to Council in decision-making regarding changes in the property tax share between non-residential and residential taxpayers.