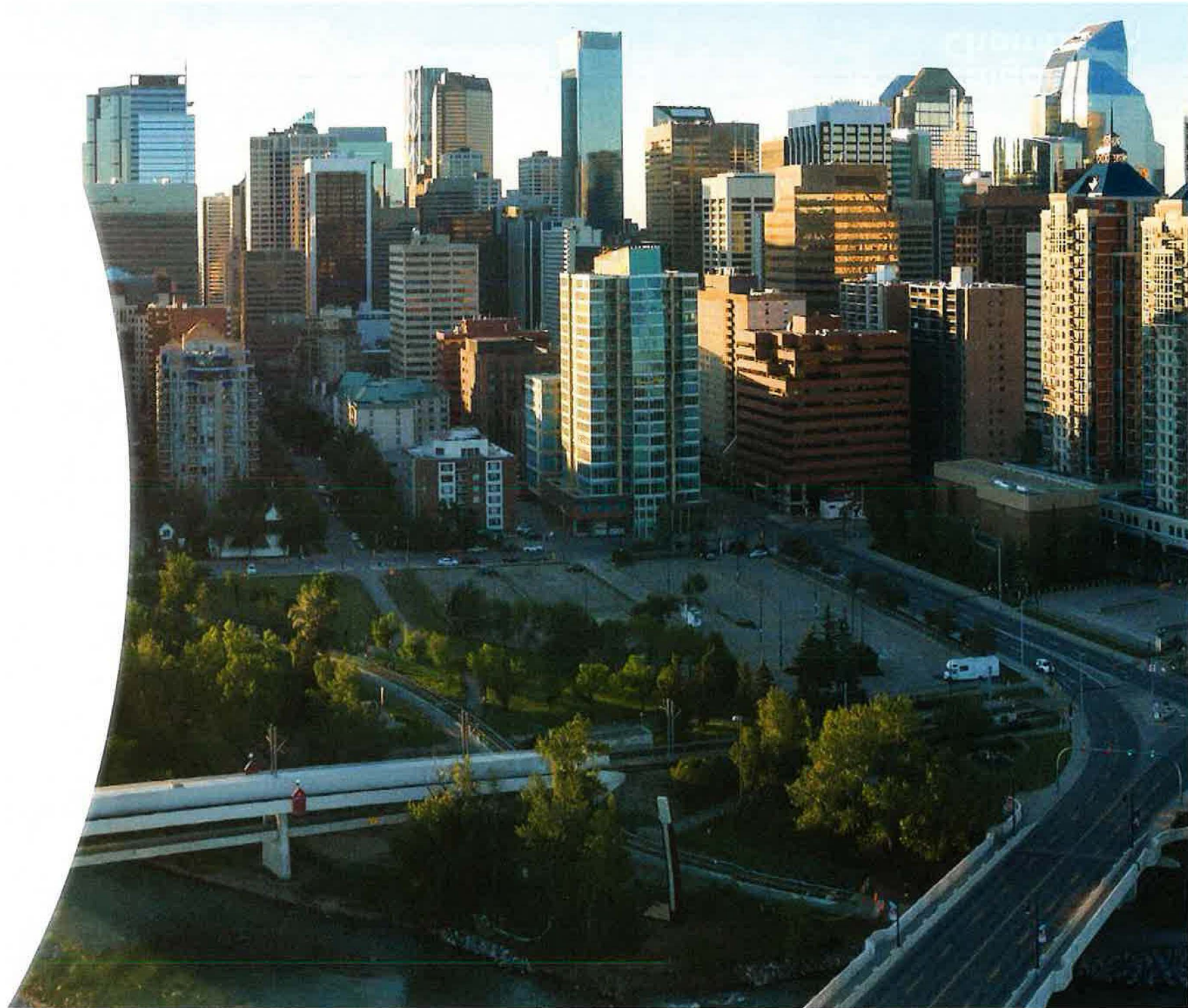


Rebalancing Property Tax

Calgary Chamber of Commerce

An immediate shift to
54 : 46
is required to ensure
Calgary remains a
viable and
competitive place to
grow and operate a
business

CITY OF CALGARY
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FEB 14 2023
ITEM: #9.2.1 (2023-0109)
Public Distributions
CITY CLERK'S DEPARTMENT



Businesses face significant cost pressures

27.4% of businesses are concerned about increasing property taxes

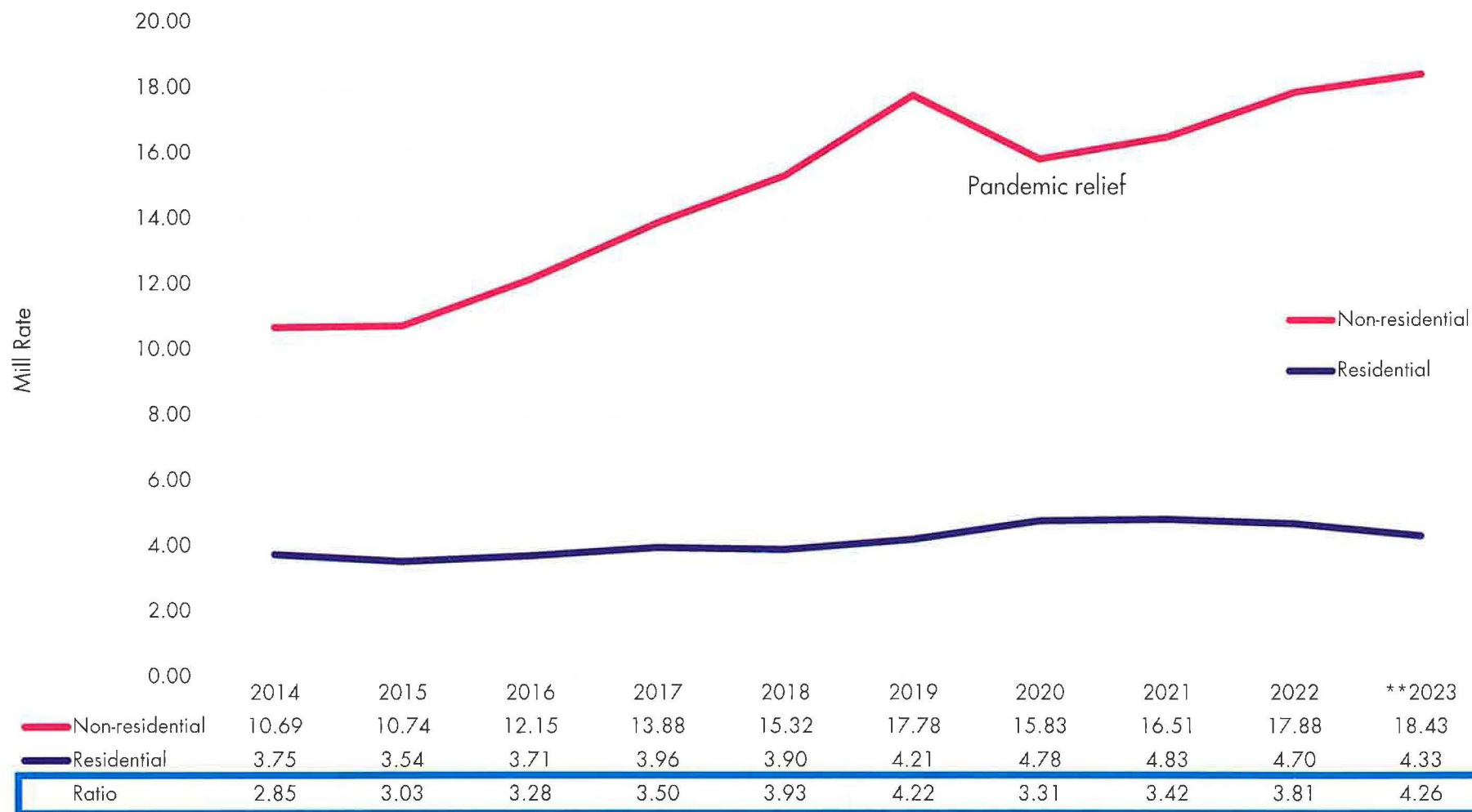
This is particularly acute for:

- Businesses with less than 20 staff (39.9%)
- Businesses in operation for less than 10 years (40.5%)
- Businesses owned by visible minorities (42.3%)

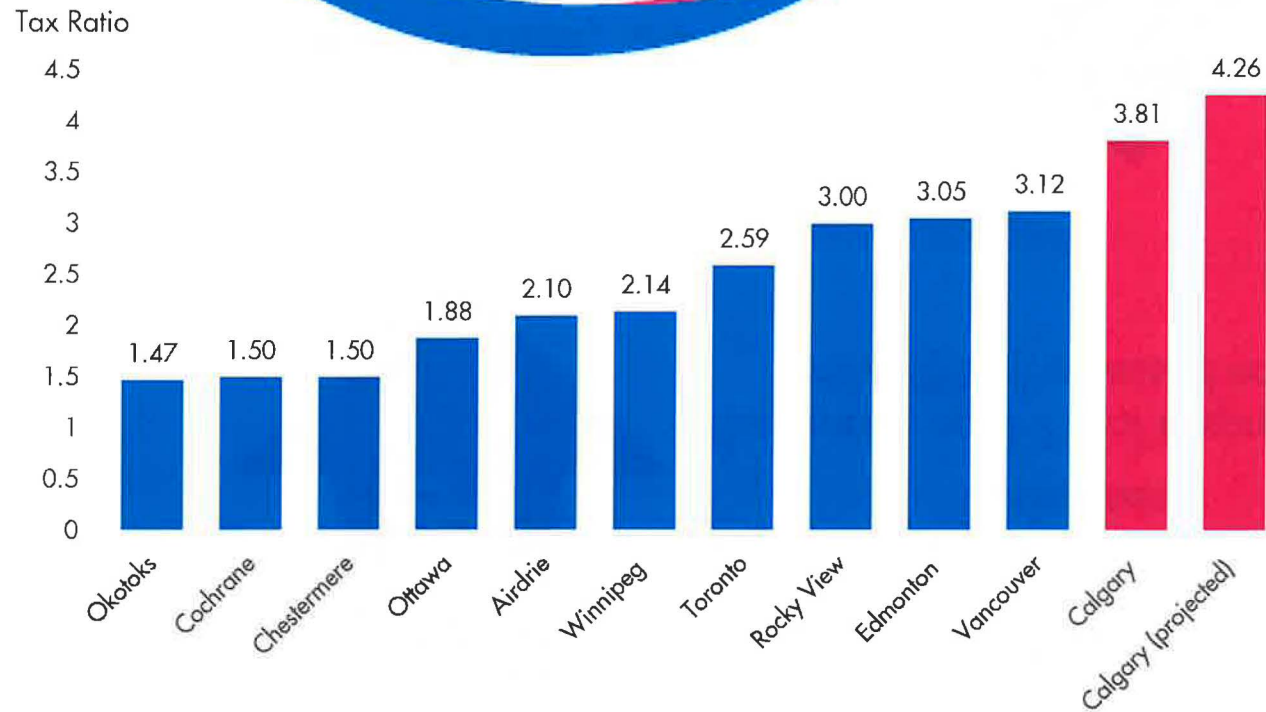
Only 12.5% anticipate growing in 2023, largely due to cost pressures related to rising taxes, inflation, interest rates, the cost of labour, and paying down debt

Calgary needs to reverse a long-term problematic trend of increasing the non-residential tax burden

Change in Mill Rate - Residential vs Non-Residential



Calgary has the highest non-residential-to-residential tax ratio among comparable and proximal communities





Currently, 48%

of the tax base is paid for by 14,639 businesses.

They make up 2.7% of taxpayers and only 26% of assessed value.



Meanwhile, 52%

of the tax base is paid for by 531,062 residences.

They make up 97.3% of taxpayers and own 74% of Calgary's assessed value.



Calgary must rebalance property taxes between residential and non-residential, acknowledging businesses pay a disproportionate amount both per capita and based on the value of the land owned

Recommendation

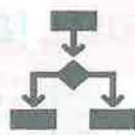


Ratio

Ratio of 2.8:1 by 2026

Amend ratio over time:

- 3.93 in 2023
- 3.30 in 2024
- 3.05 in 2025
- 2.80 in 2026



Share

Shift to 60/40 by 2026

Amend ratio over time:

- 54/46 in 2023
- 56/44 in 2024
- 58/42 in 2025
- 60/40 in 2026

Objectives



Re-align tax rates to be more equitable



Commit to a transparent, sustainable, and equitable approach



Provide businesses predictability on future tax bills



Ensure Calgary is a competitive place to start and scale a business



Questions?

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REDISTRIBUTING MUNICIPAL PROPERTY TAXES: Keep Calgary Businesses Thriving



2023 Tax Year Numbers



The ratio for non-residential is up
11.7%
over the last year



540,000
Residential Properties



14,500
Non-residential Properties



The Municipal tax burden on non-residential is **4.26 times** higher than residential.

For every \$1,000 of assessed value,

Residential pays \$6.55

Non-residential pays \$22.45

The Consequences

- ▶ **Increased difficulty** attracting and retaining business
- ▶ **Increased likelihood** of business failures
- ▶ **Less competitive** than other jurisdictions
- ▶ **Reserves are unsustainably used** to mitigate the burden

Our Proposed Solution

Phased in reduction to the municipal non-residential tax share from

48% to 40% ↓

or reduce the tax ratio from

4.26 to 2.8 ↓

times higher than the residential rate

This more fair approach to taxation

- ▶ Helps businesses of all types **grow, create jobs, and facilitate vibrancy** for Calgarians
- ▶ **Creates a more stable tax base** with programs and supports for those Calgarians who need it most.
- ▶ Allows Council to **establish a fair and equitable tax rate**
- ▶ **Supports complete communities** by ensuring Calgarians have access to businesses and services near where they live

How can we diminish the impact of the tax change?

- ☑ Study and implement alternative municipal revenue generators
- ☑ Reassess the municipal budget
- ☑ Invest in attracting new businesses and investments