

2023 Assessment and Tax Circumstance Report 1

RECOMMENDATIONS:

That the Executive Committee recommend that Council, under the authority of Section 347 of the Municipal Government Act (MGA):

1. Cancel property taxes and Business Improvement Area taxes (Attachment 2); and
2. Cancel municipal property taxes for qualifying non-profit organizations (Attachment 3).

RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2023 JUNE 1:

That Council, under the authority of Section 347 of the *Municipal Government Act* (MGA):

1. Cancel property taxes and Business Improvement Area taxes (Attachment 2); and
2. Cancel municipal property taxes for qualifying non-profit organizations (Attachment 3).

HIGHLIGHTS

- **Reason for recommendations:** Twice a year, Council approval is requested to cancel prior year taxes incorrectly accrued on individual tax accounts and for eligible non-profit facilities under construction, in accordance with the *Non-Profit Tax Mitigation Policy*.
- **What does this mean for Calgarians?** It ensures that property owners do not incur property tax or penalties applied in error and supports non-profit organizations pursuant to Council direction.
- **Why does it matter?** This report recommends that Council cancels \$177,388.40 in property taxes overall to support accuracy, fairness, and transparency.
- The \$34,523.31 detailed in attachment 2 of this report is for the applicable 2021 – 2022 taxes accrued on property accounts that meet Administration's criteria for prior year tax cancellation including properties that were taxed in error due to issues such as timing of information receipt, incorrect data, and technical/human error.
- The \$142,865.09 detailed in attachment 3 of this report is for the applicable 2020 – 2022 municipal property taxes for non-profit organizations that applied and qualified for tax cancellations under the *Non-Profit Tax Mitigation Policy*.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Tax Cancellations Related to Prior Years' Assessment Rolls (Attachment 2)

Administration cannot amend the assessment roll or cancel taxes for previous years. This report brings previous year's taxes to Council that Administration recommends for cancellation. The recommended cancellations would cancel or reduce both the municipal and provincial property taxes. Upon cancellation, the provincial portion of the property tax is a cost to The City until it is recovered next year through the provincial property tax rate calculation. If Council chooses not to support the recommendation, the tax liabilities and amounts owed will remain as originally billed.

Exempt Organizations and the Non-Profit Tax Mitigation Policy (Attachment 3)

Non-profit organizations that provide public facilities are generally exempt from property tax through the MGA and the *Community Organization Property Tax Exemption Regulation*

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(COPTER). Some property tax exemptions require the property and/or facility be used for an exempt purpose. Exemptions based on use do not apply to properties and/or facilities while under construction. To address this issue Council adopted the *Non-Profit Tax Mitigation Policy (Policy)* to cancel the municipal property taxes of non-profit organizations that paid tax during the construction period of their facility and whose subsequent use of the property met the criteria for property tax exemption. If Council chooses not to support the recommendation, the tax liabilities and amounts paid will remain as originally billed.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | | | |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | Public engagement was undertaken | <input checked="" type="checkbox"/> | Dialogue with interested parties was undertaken |
| <input type="checkbox"/> | Public/interested parties were informed | <input type="checkbox"/> | Public communication or engagement was not required |

IMPLICATIONS

Social

Non-profit organizations can receive tax cancellations for properties under construction.

Environmental

Not applicable.

Economic

The taxpayers and non-profit organizations listed in this report will receive tax cancellations.

Service and Financial Implications

Existing operating funding - one-time

\$177,388.40

Description	2023 Report 1	2023 Report 2	2023 Total	2023 Budget
Attachment 2-Prior Years' Assessment Rolls	\$34,523.31	TBD	\$34,523.31	\$1,000,000.00
Attachment 3-Non-Profit Tax Mitigation Policy	\$142.865.08	TBD	\$142.865.09	\$1,000,000.00

RISK

Property owners face a financial risk if this report is not brought forward as refunds would not get issued for assessment errors and non-profit organizations would not get tax cancellations they are expecting via the *Policy*.

**Corporate Planning and Financial Services Report to
Executive Committee
2023 June 01**

**ISC: UNRESTRICTED
EC2023-0591
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ATTACHMENTS

1. Previous Council Direction, Background
2. List of Tax Cancellations related to Prior Years' Assessment Rolls
3. List of Tax Cancellations related to the Non-Profit Tax Mitigation Policy
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor, Acting GM	Corporate Planning and Financial Services	Approve
Eddie Lee, Director	Corporate Planning and Financial Services	Approve