

Corporate Planning & Financial Services Report to
Executive Committee
2023 November 01

ISC: UNRESTRICTED
EC2023-1127

Non-Profit Tax Mitigation Policy Review

PURPOSE

Administration has reviewed the Non-Profit Tax Mitigation Policy in accordance with the Council Policy Program. The purpose of this report is to recommend policy updates arising from that review.

PREVIOUS COUNCIL DIRECTION

The Non-Profit Tax Mitigation Policy was established by Council in 2014 and revised in 2016. Historically, Administration has made recommendations for tax cancellations pursuant to the Non-Profit Tax Mitigation Policy via the biannual Assessment and Tax Circumstances Report.

RECOMMENDATION:

That the Executive Committee recommend that Council approve the proposed amended Non-Profit Tax Mitigation Policy as presented in Attachment 2.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Carla Male, Chief Financial Officer and General Manager of Corporate Planning and Financial Services concurs with this report

HIGHLIGHTS

- Amendments to the Non-Profit Tax Mitigation Policy are proposed to align with City policy standards, reflect changes to the regulatory context, and better meet the needs of exempt non-profit organizations.
- 83 non-profits, including affordable housing providers, religious entities, sport and recreation facilities, arts and culture organizations, and other charitable causes, have benefited from tax cancellations provided pursuant to this policy since 2014.
- The amended policy will provide clarity to applicants about their eligibility and support effective implementation.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Properties held by public and non-profit organizations for the benefit of the general public are generally exempt from property tax through the Municipal Government Act (MGA) and Community Organization Property Tax Exemption Regulation (COPTER). Some property tax exemptions require the property or facility be in active use for an exempt purpose to qualify for an exemption and exemptions based on use do not apply while a property is under construction or renovation. The Non-Profit Tax Mitigation Policy addresses this issue by providing the basis for municipal tax cancellations to support organizations that paid municipal taxes during the construction or renovation period of their facility and whose subsequent use of the property meets the criteria for property tax exemption.

Non-Profit Tax Mitigation Policy Review

In accordance with the Council Policy Program, Administration conducted a comprehensive policy review which included analysis of the policy's impacts in implementation, jurisdictional research, and legislative analysis.

Since Council established the Non-Profit Tax Mitigation Policy in 2014, 83 eligible non-profit organizations have benefitted from tax cancellations provided through this policy. Cancellations approved by Council have averaged approximately \$205,000 per year.

Proposed amendments to the policy (see Attachment 2):

- Update content and formatting in accordance with the new Council Policy template;
- Clarify that properties under renovation for an exempt purpose are eligible;
- Clarify the applicants' potential legal relationship to a parcel (i.e. owned or leased);
- Reflect that building permits are now issued under the Safety Codes Permit Bylaw; and
- Provide greater clarity and consistency in eligibility requirements – property uses that are exempt by virtue of the entity that holds the property regardless of actual use do not require cancellations.

EXTERNAL ENGAGEMENT AND COMMUNICATION

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

IMPLICATIONS

Social

This policy provides a basis for Council to provide non-profit organizations with financial support for properties under construction or renovation that supports non-profit capacity to deliver programs and services that benefit the community consistent with provincial property tax exemption criteria.

Environmental

Not applicable.

Economic

As reported by the Calgary Chamber of Voluntary Organizations (CCVO), the non-profit sector employs over 285,000 Albertans, over 78% of whom are women, and contributes over \$5.5 billion to provincial GDP. Subsidies to support non-profit facility development supports job creation, accessible service delivery, and improved outcomes for vulnerable communities.

Service and Financial Implications

No anticipated financial impact

Potential tax cancellations pursuant to this policy are reflected in the current budget. While proposed amendments do result in formalizing an increased scope for inclusion it is not

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expected to significantly impact the number of organizations that apply for tax cancellations or the value of recommended tax cancellations.

RISK

If Council does not update the Non-Profit Tax Mitigation Policy, this would reduce the efficacy of the policy in achieving Council's desired objectives and create risk of unintended consequences for the non-profit sector.

ATTACHMENTS

1. Previous Council Direction, Background
2. Proposed Non-Profit Tax Mitigation Policy, as amended
3. Current Non-Profit Tax Mitigation Policy
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male, GM	Corporate Planning and Financial Services	Approve
Eddie Lee, Director	Corporate Planning and Financial Services	Approve
Katie Black, GM	Community Services	Inform

Author: Policy & Strategy, Assessment & Tax