

Background

At the 2014 December 15 Regular Meeting of Council, through C2014-0919, Council adopted the *Non-Profit Tax Mitigation Policy* to cancel the municipal taxes of non-profit organizations that paid municipal tax during the construction or renovation period of their facility and whose subsequent use of the property met the criteria for property tax exemption. Since then, the *Policy* has been administered using the Assessment and Tax Circumstances Report for administrative efficiency.

Property tax exemptions are governed by the *Municipal Government Act (MGA)* and the *Community Organization Property Tax Exemption Regulation (COPTER)*. Provisions in the legislation differ based on the use of the property and the nature of the organization which holds it. One of the differences is the tax treatment of non-profit-held property that is not in use because of construction or renovation. Properties held by some specified entities are exempt from property tax when they are under construction or renovation. Properties that are held by other non-profit organizations and societies are required to be used for an approved activity to be exempt from property tax (e.g., places of worship, chambers of commerce, food banks, and under certain conditions, arts and cultural activities), so they are not exempt until they are actually in use for these purposes. To be considered for municipal tax cancellation under the *Policy*, organizations must attain property tax exemption for the property under the provincial legislation. Until the property is completed and occupied, and being used for the exempt purpose, applicants pay municipal and provincial property taxes.

The *Policy* can be used to retroactively cancel up to four years of the municipal taxes paid over the construction or renovation period. The value of the cancellation amount is based on only the municipal portion of the tax levied during the eligible period the property was under construction or renovation and is retroactive to the organization attaining property tax exemption under provincial legislation. The eligible period begins the year that the required application is submitted to Assessment & Tax. If the application is submitted the same year the building permit is issued, the period begins as of the date the permit is issued. If the application is submitted at any point thereafter, the eligible period begins January 01 of the year in which the application is received by Assessment & Tax. The period ends either four years from the date that the eligible period begins or when the property becomes exempt from taxation, whichever is earlier.

It is important that the *Policy* is up to date to ensure that municipal tax cancellations for properties and/or facilities that are under construction or renovation are conducted in an equitable and consistent manner through an open and transparent process. This Council Report is being presented to update the *Policy* and bring it in line with current Council Policy standards and formatting.

Previous Council Direction

This is a routine report that is presented to Council twice per year.

Non-Profit Tax Mitigation Policy Related Council Reports Timeline

Date	Direction	Description
2023/07/04	Motion Carried	2023 Assessment and Tax Circumstances Report 1, EC2023-0591 Combined Meeting of Council
2023/06/01	Motion Carried	2023 Assessment and Tax Circumstances Report 1, EC2023-0591 Executive Committee
2023/05/09	Motion Carried	Notice of Motion – Compassionate Property Tax Penalty Relief Policy Updates, EC2023-0457 Combined Meeting of Council
Numerous	NA	Multiple Assessment and Tax Circumstances Reports Throughout the years, many Assessment and Tax Circumstances Reports have gone to Council and Committee.
2014/12/15	Motion Carried	Non-Profit Tax Mitigation Policy, C2014-0919 At the 2014 December 15 Regular Meeting of Council, Council adopted the Non-Profit Tax Mitigation Policy to cancel the municipal taxes of non-profit organizations that paid tax during the construction or renovation period of their facility and whose subsequent use of the property met the criteria for property tax exemption.

Bylaws, Regulations, Council Policies

The following are sections of the relevant Bylaws, Regulations, and Council Policies

- Community Organization Property Tax Exemption Regulation (COPTER) Section 15
 - Municipal Government Act (MGA) Section 203 (modified by City of Calgary Charter, 2018 Regulation)
 - Municipal Government Act (MGA) Section 344
 - Municipal Government Act (MGA) Section 345
 - Municipal Government Act (MGA) Section 347
 - Municipal Government Act (MGA) Section 362
 - Municipal Government Act (MGA) Section 670
 - Council Policy Number PDA002
- 