

Council Policy

Policy Title: Non-Profit Tax Mitigation Policy
Policy Number: PDA002
Report Number: EC2023-1127
Adopted by/Date: 2014 December 15
Effective Date: 2014 December 15
Last Amended: 2023 November 28
Policy Owner: Assessment & Tax

1. POLICY STATEMENT

- 1.1 Council will consider cancelling the municipal taxes where a non-profit organization holds a property, facility, or both, in Calgary that is under construction or renovation for up to four consecutive years, if all the following criteria have been met:
- a. a building permit for the site has been issued;
 - b. the organization has filed the necessary application forms to qualify for the municipal tax cancellation under this policy; and,
 - c. upon completion and occupancy of the facility, the organization has filed an application for property tax exemption under the *MGA* or *COPTER* and the application has been approved.
- 1.2 Per section 1.1, the municipal tax cancellation period may be for up to four years and is defined as follows:
- a. The municipal tax cancellation period begins when a building permit has been issued so long as an application for municipal tax cancellation has been filed within the same calendar year.
 - b. Applications for municipal tax cancellation can be made at any time after a building permit has been issued but if an application is filed in a calendar year following the issuance of a building permit, then the municipal tax cancellation period will begin on January 1 of the year in which an application is submitted.
 - c. The municipal tax cancellation period ends either four years from the date that the municipal tax cancellation period begins or when the subject property becomes exempt from taxation, whichever is earlier.

- 1.3 Where a building is only partially being used for an exempt purpose after construction or renovation, only the portion of the building that is being used for the exempt purpose shall be eligible for the municipal tax cancellation.
- 1.4 A municipal tax cancellation may only be granted if the property received an exemption and a non-profit organization is the property owner or has an active lease with the property owner during the term of construction or renovation.
- 1.5 Any cancellation of penalties imposed under section 344 and 345 of the *MGA* will not be considered for any period while the building is being operated illegally, including situations where a property is being used but final approvals have not been granted.

2. **PURPOSE**

- 2.1 Properties held by public and non-profit organizations for the benefit of the general public are generally exempt from property tax through the *MGA* and *COPTER*. Some property tax exemptions require the property or facility be in active use for an exempt purpose to qualify for an exemption. Exemptions based on use do not apply to properties or facilities while a property is under construction or renovation. This policy addresses this issue by providing the basis for municipal tax cancellations to support non-profit organizations where municipal taxes were paid during the construction or renovation period of their facility and where the subsequent use of the property met the criteria for property tax exemption.
- 2.2 This policy will ensure that municipal tax cancellations for properties or facilities that are under construction or renovation in Calgary are considered in an equitable and consistent manner through an open and transparent process by setting out eligibility criteria and procedures.
- 2.3 The policy does not limit Council's discretion in exercising its section 347 powers under the *MGA*.

3. **DEFINITIONS**

- 3.1 In this Council Policy:
 - a. "Building Permit" means a permit issued under the Safety Codes Permit Bylaw 39M2018;
 - b. "*COPTER*" means the *Community Organization Property Tax Exemption Regulation, AR281/98*; and
 - c. "*MGA*" means the *Municipal Government Act, RSA 2000, c M-26*.

4. **APPLICABILITY**

4.1 This policy applies to properties and facilities after construction or renovation that qualify under the following sections in the *MGA* and *COPTER*, where use does not include the construction or renovation period of the property or facility:

a. *MGA* section 362(1)

- i. (d) post-secondary educational facilities (excluding student dormitories)
- ii. (e) hospital buildings
- iii. (g.1) health regions
- iv. (h) nursing homes
- v. (j) library boards
- vi. (k) religious buildings
- vii. (l) cemeteries
- viii. (m) lodge accommodations
- ix. (n)(ii) sports and recreation
- x. (n)(iii) charities
- xi. (n)(iv) lodge accommodations
- xii. (n)(v) agricultural societies
- xiii. (o) airports

b. *COPTER* section 15

- i. (a) sports and recreation
- ii. (b) fairs and exhibitions
- iii. (c) arts and museums
- iv. (e) linguistic organizations
- v. (f) ethno-cultural
- vi. (g) charitable or benevolent purposes (users reside outside municipality)
- vii. (h) thrift shops

- viii. (i) sheltered workshop
- ix. (j) chamber of commerce
- x. (k) charitable or benevolent purposes (users reside inside municipality)

5. LEGISLATIVE AUTHORITY

- 5.1 Pursuant to section 347(1) of the *MGA* if Council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:
- a. cancel or reduce tax arrears;
 - b. cancel or refund all or part of a tax; or
 - c. defer the collection of a tax.

6. PROCEDURE

- 6.1 Organizations may apply to be considered for a municipal tax cancellation pursuant to this policy by completing the proper form, available directly from Assessment & Tax or from calgary.ca. This must be submitted to Assessment & Tax before the subject property or facility becomes exempt from taxation.
- 6.2 Applications will be reviewed by the Municipal Assessor or designate for completeness and eligibility; and if complete and eligible, municipal tax cancellations will be recommended to Council for approval. Administration shall recommend municipal tax cancellations pursuant to this policy once annually.

7. AMENDMENT(S)

| Date of Council Decision | Report/By-Law | Description |
|--------------------------|---------------|---------------------------------|
| 2014 December 15 | C2014-0919 | Creation of this Council Policy |

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|------------------|-------------|---|
| 2016 October 13 | NA | Minor revision relates to the update of Alberta Building Code 2006 to Alberta Building Code 2014, which defines “Building Permit” for the purposes of this Council policy |
| 2023 November 28 | EC2023-1127 | Revisions to update the policy template, reflect the updated organizational structure, the new basis for building permits, and clarify applicability. |

8. **REVIEW(S)**

| Date of Policy Owner’s Review | Description |
|-------------------------------|---|
| 2023 September | This Policy was reviewed in accordance with the Council Policy Program. |