

2024 Service Plans and Budget Adjustments

Calgary Chamber of Commerce



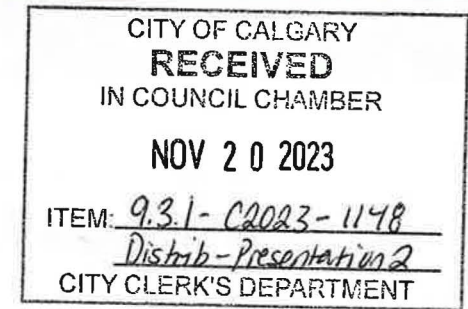
Land Acknowledgement

We acknowledge our privilege to live, work, and serve our business community on Treaty 7 territory.

We give thanks to the generations of people who have stewarded this land and recognize our shared responsibility to honour and care for it, in the spirit of reconciliation.



Commendable work to date



Efforts to address Calgary's housing crisis



Initiatives that focus on public safety and security



Improving communication and access to information for Calgary businesses



Infrastructure investments that foster civic vibrancy



Prioritize fiscal responsibility, revenue diversification, and red tape reduction

- Immediately implement a **two per cent tax shift from non-residential to residential property owners** to alleviate the cost burden on businesses.
- Prioritize closing municipal revenue gaps through the implementation of **alternative revenue generation mechanisms**.
- Support the continued role of civic partners in Calgary's economic development by ensuring their **access to predictable and sustainable funding**.
- Engage local businesses and other stakeholders to **identify existing gaps in communication channels** used for connecting with City Administration.



Springboard Calgary's early-stage businesses

- Engage local early-stage companies in a review of the City's Social Procurement Program to streamline processes and ensure the program remains simple and accessible for early-stage companies.
- Develop clear and measurable targets for the percentage of procurement contracts awarded to local businesses for goods, services, and construction.
- Create a specialized procurement unit within City Administration dedicated to supporting early-stage companies with navigating the procurement process.
- Provide financial support to local start-ups and scale-ups to facilitate affordable or no-cost access to vacant B and C class office space downtown.



Remain focused on building a safe a secure city

- Advocate to the federal government for urgent **bail reform**.
- Develop a **police report tracking application** that can provide businesses and Calgarians with relevant, up-to-date information on the status of police reports they've filed.
- Conduct a cost-benefit analysis on whether to re-establish a full-service or limited-service **police station in the downtown core**.
- Promote **positive engagement and interactive experiences in public spaces**, including transit stations.



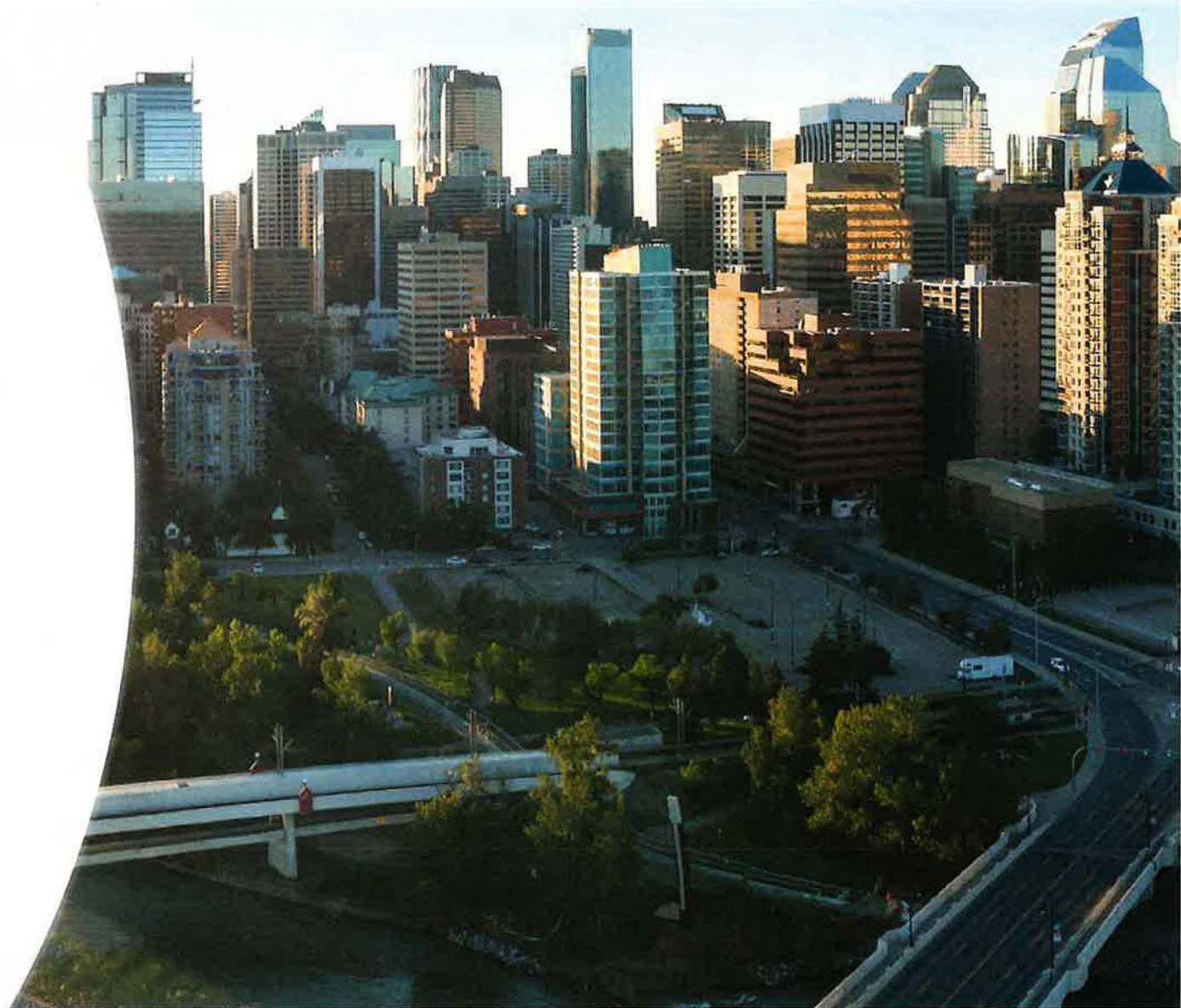
Position Calgary as a magnet for talent

- Develop a [City-run municipal student work experience program](#).
- Immediately begin development of the [Foothills Multisport Fieldhouse](#) project approved by Council on July 4th, 2023.
- Action the recommendations outlined by the [Housing and Affordability Task Force](#).
- Continue [to advance strategic infrastructure projects](#) including the Green Line LRT and the Event Centre and Culture + Entertainment District.

Property Tax Distribution

An immediate **two per cent tax shift** is required for Calgary to remain a viable and competitive place to grow and operate a business.

We also urge the City to commit to a 60/40 split by 2027 through incremental shifts.





In 2023, 48%

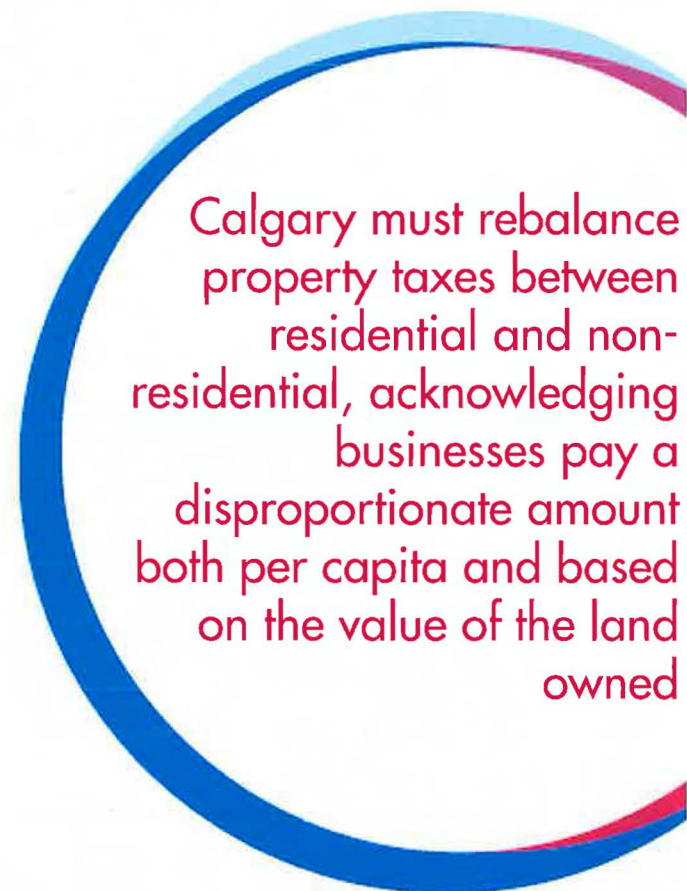
of the tax base is paid for by 14,639 businesses.

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

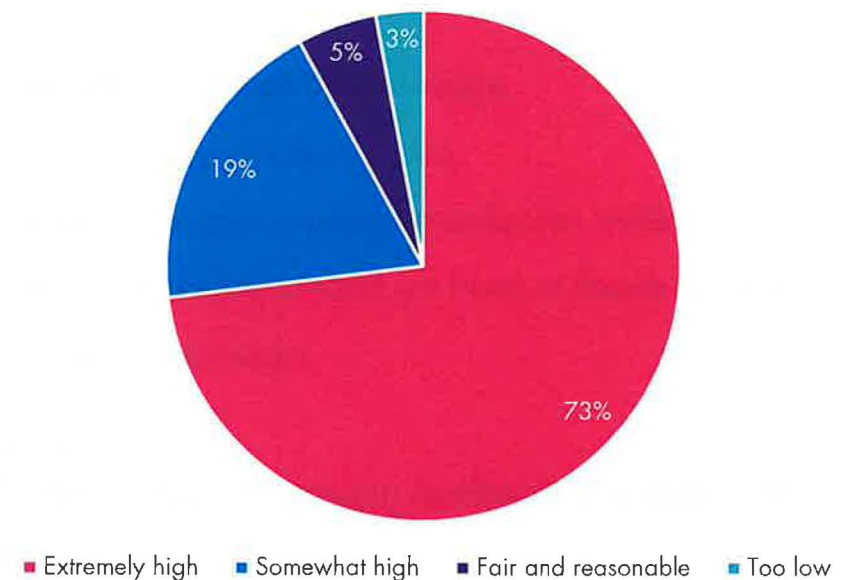
Businesses of all sizes are negatively impacted by rising non-residential property taxes.

Over 90 per cent of respondents cited being negatively impacted by rising non-residential property taxes, impacting small, medium and large businesses:

- 75 per cent of businesses with 1-4 employees
- 58 per cent of business with 5-19 employees
- 89 per cent of businesses with 20-99 employees
- 71 per cent of businesses with 100 or more employees

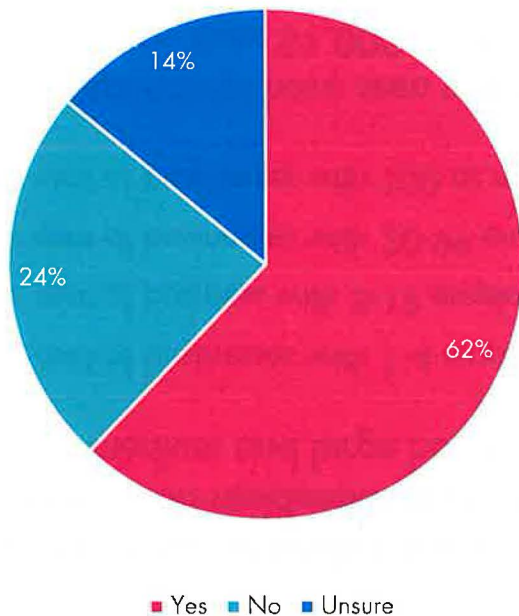
53 per cent of respondents have seen monthly property tax bills **increase by more than \$1,000** over the last 5 years, with 44 per cent citing a monthly increase of over \$1,000 in just the last year alone.

The current business property tax rate is:



Over 62 per cent of business stated property taxes will jeopardize the near or long-term viability of their business.

Have rising property taxes jeopardized the viability of your business?

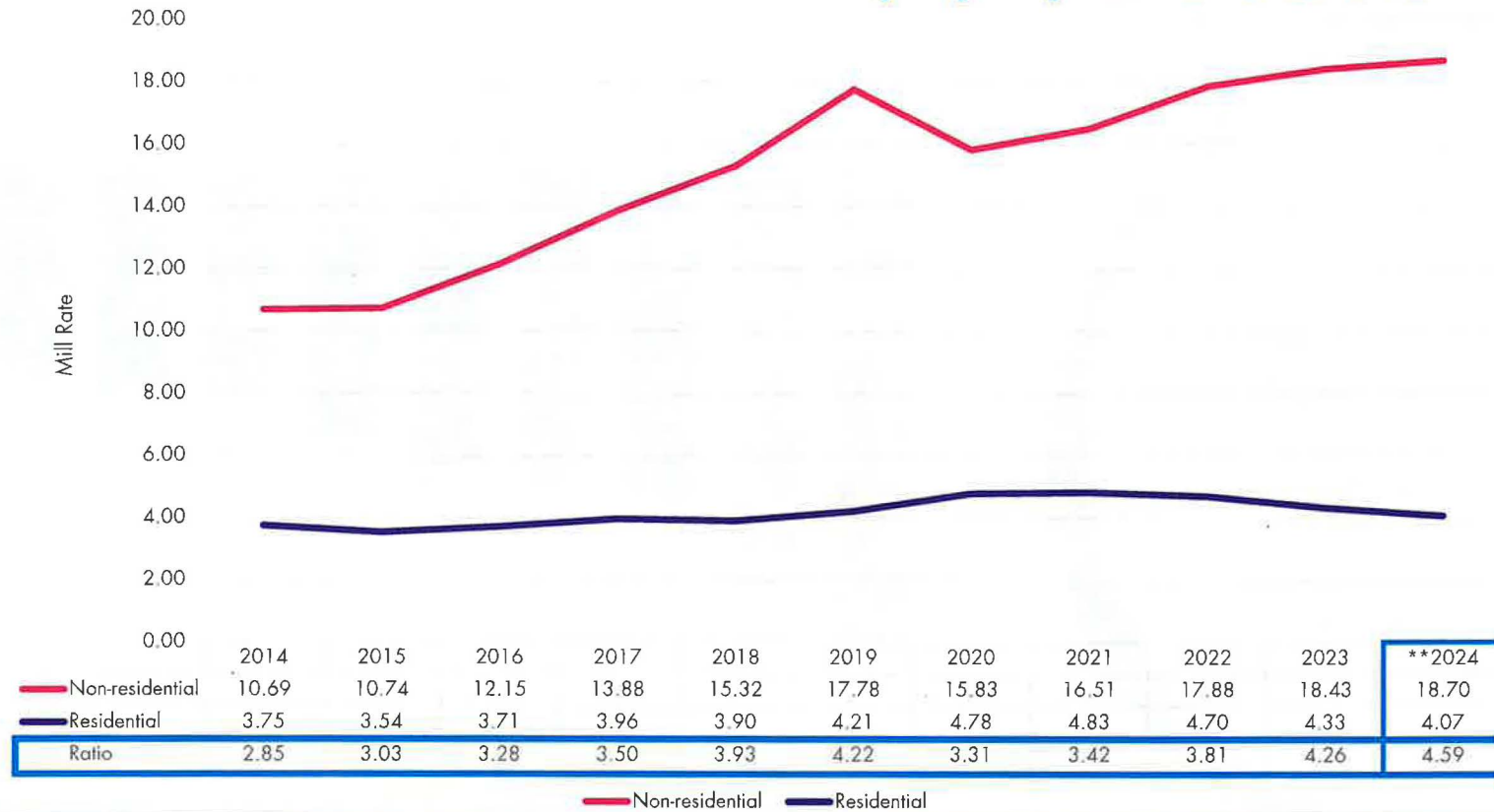


Top 5 impacts of non-residential property tax increases on businesses:

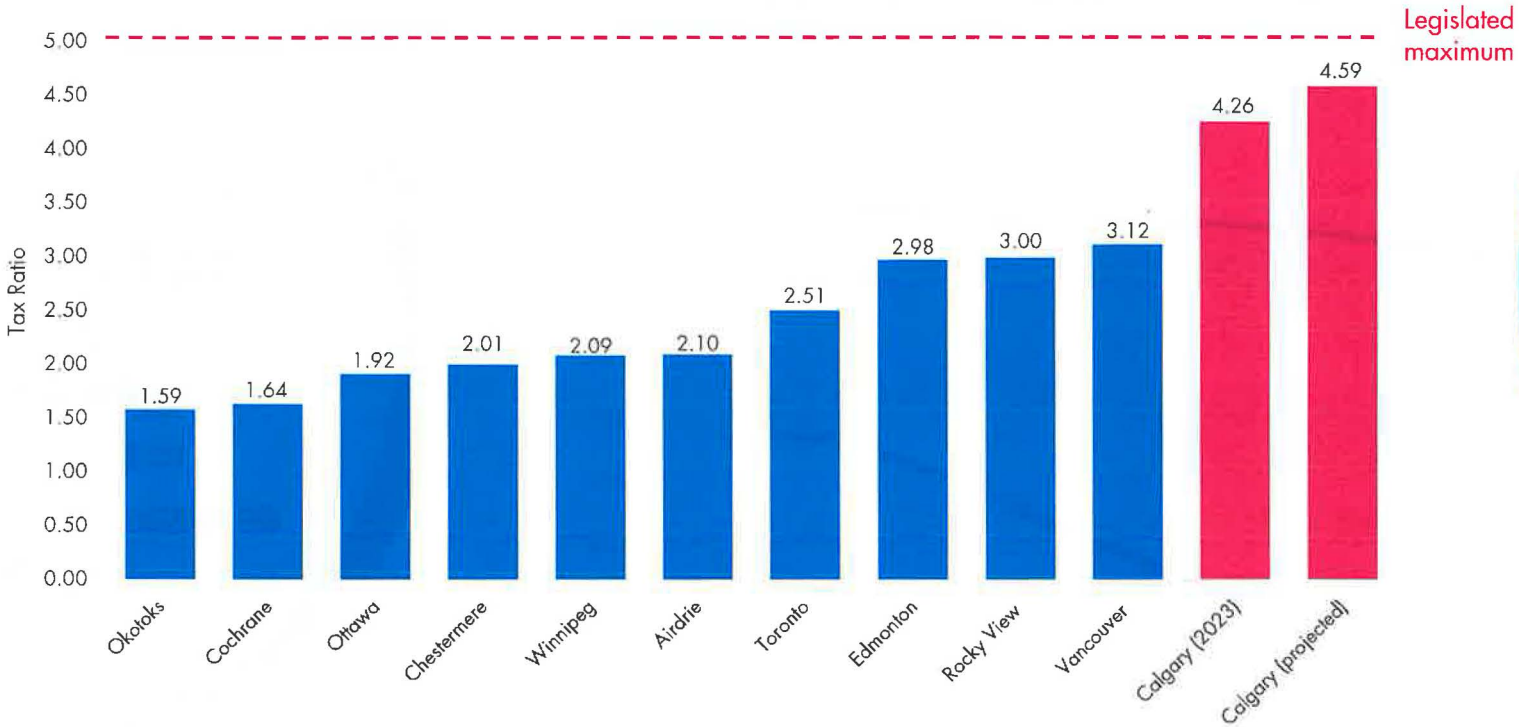
- 74 per cent have lost profits
- 60 per cent have needed to raise the price of goods or services
- 53 per cent were unable to increase employee wages
- 30 per cent couldn't hire new workers
- 28 per cent needed to take on more debt

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

Non-residential vs. residential property tax distribution



Calgary relative to comparable and proximal communities



Calgary has the highest non-residential-to-residential tax across comparable cities – including other large cities in Canada and neighbouring centers

*“Our business saw **property taxes increase by 9% from 2021 to 2022, and a further 8% from 2022 to 2023** – which is double the rate you hear about on the news, because during that time our assessment went up. I’m not sure how Council can have informed discussions on the tax increases a business can afford when the theoretical rates are so different from reality.” – **Big Rock (Ward 9)***

*“**From 2019 to 2023, business taxes for Crave Kensington in Ward 6 have in fact risen by 14%**, while the collective group of companies with establishments in various parts of the city, has experienced a 10.5% increase in their tax burden.” – **Crave Cupcakes (Ward 6)***

*“Since last year, the **tax has gone up by approximately 15%**. Certainly, tax increases can have several impacts on businesses, which partially contribute to the businesses’ operational cost, which may lead to higher prices for customers.” – **XIN CHAO COFFEE LTD. (Ward 10)***

*“**My 1075 sq ft store in Oakridge pays \$8500 a year just in property taxes. Which is equivalent to what a house valued at \$1.3mil pays.** I assure you I am nowhere near as well off as someone living in a \$1.3mil home.” – **Pawticular Pet Supply (Ward 11)***

The benefits to business and residents



Supporting small businesses: Small businesses are the backbone of our economy, offering high-quality local jobs and contributing to civic vibrancy. When business taxes are reduced, small businesses are more likely to succeed.



Attracting investment: Lower business taxes make Calgary a more attractive city to operate a business, with the corresponding investments creating jobs and growing the local economy.



Boosting tax revenue: Lower business taxes increase tax revenue over the long term by reducing business' operating costs. This keeps existing businesses open and incentivizes new ones to establish a presence, increasing the overall number of businesses and growing the City's tax base.



Economic stimulus: Lower taxes stimulate economic activity and growth by enabling businesses to expand and hire more employees. Employees, in turn, spend their disposable income locally, creating a self-sustaining cycle of growth.



Community development: Businesses are community members as well, funding community projects or supporting their local non-profits. Lower taxes mean more resources are available to businesses who want to see their communities develop at the same rate they do.

Recommendation

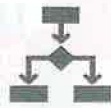


Ratio

Ratio of 2.8:1 by 2027

Amend ratio over time:

- 3.93 in 2024
- 3.30 in 2025
- 3.05 in 2026
- 2.80 in 2027



Share

Shift to 60/40 by 2027

Amend ratio over time:

- 54/46 in 2024
- 56/44 in 2025
- 58/42 in 2026
- 60/40 in 2027