

## 2015 BUSINESS TAX BYLAW

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### EXECUTIVE SUMMARY

Council approval is required to establish the 2015 Business Tax Bylaw. Business tax is a significant source of municipal revenue in Calgary.

### ADMINISTRATION RECOMMENDATION(S)

1. That the Priorities and Finance Committee recommends that Council give three readings to the proposed 2015 Business Tax Bylaw.
2. That Report PFC2014-0910 be forwarded as an item of Urgent Business to the 2014 December 15 Regular Meeting of Council.

### PREVIOUS COUNCIL DIRECTION / POLICY

The City of Calgary annually generates municipal revenue through business taxes, most recently through the 2014 Business Tax Bylaw (1M2014). Council adopted Administration's recommendation to consolidate business tax revenues with the non-residential property tax over seven years starting in 2013; another 10 per cent will be transferred in 2015, with an accumulated total of 20 per cent transferred to date.

The Business Tax Bylaw will be presented annually to Council for approval until the planned elimination of the business tax in 2019. Business Tax Consolidation has no impact on the Business Tax Bylaw. However, the impact of consolidation will be reflected in the Business Tax Rate Bylaw and report from 2014 onward in the form of a declining business tax rate.

### BACKGROUND

The *Municipal Government Act* (MGA) gives municipalities the option to levy a business tax. If Council chooses to levy a business tax, it must pass the Business Tax Bylaw giving Administration the permission to assess and tax businesses.

The 2015 Business Tax Bylaw is being presented in 2014 December to provide sufficient preparation time for the planned 2015 January 05 mailing of the 2014 Business Assessment Notices.

The proposed 2015 Business Tax Bylaw is very similar to the 2014 Business Tax Bylaw with minor changes to reflect 2015 dates and slight wording clarification.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Business Tax Bylaw provides the ability for business taxes to be collected from businesses operating in premises within Calgary. It specifies the business assessment method; the basis for business taxes to be imposed and provides for exemptions from business tax.

The decision lies with Council as to whether or not business taxes are levied within a municipality. Council's 2015-2018 Action Plan includes the business tax as a municipal revenue source.

If the 2015 Business Tax Bylaw is approved, the 2015 Business Tax Rate Bylaw will be presented to the Priorities and Finance Committee, and subsequently to Council, in January 2015. The 2015 Business Tax Rate Bylaw will include the 2015 business tax rate, to be

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prepared after the 2015 business assessment roll is established.

Business tax revenue requirements are established annually and form part of the 2015 business planning and budget adjustment process. The 2015 Business Tax Notices are scheduled to be mailed in late January or early February 2015.

### **Stakeholder Engagement, Research and Communication**

The annual process for preparing the Business Tax Bylaw Report includes staff members from the Finance and Supply, Law and Assessment business units.

### **Strategic Alignment**

The recommendation is in alignment with the direction in Council's Action Plan 2015-2018.

### **Social, Environmental, Economic (External)**

#### **Social**

The proposed 2015 Business Tax Bylaw includes exemption provisions for businesses that meet eligibility provisions established in the bylaw.

#### **Environmental**

No implications were identified.

#### **Economic (External)**

The Business Tax Bylaw authorizes The City to assess and tax businesses. Passing the 2015 Business Tax Bylaw, and levying 2015 business taxes, is consistent with The City of Calgary's municipal tax policies in 2014 and prior years. It is also consistent with Council's Action Plan 2015-2018.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

As reflected in the 2014 Business Tax Rate Bylaw report PFC2014-0062, the net 2014 business tax revenue was estimated at \$190.5 million. Business tax revenues are a source of funding for current and future operating fiscal plans, with the business tax being fully consolidated into the non-residential property tax by 2019.

#### **Current and Future Capital Budget:**

Business tax revenues are a source of funding for current and future capital fiscal plans, with the business tax being fully consolidated in to the non-residential property tax by 2019.

### **Risk Assessment**

If Council does not pass the 2015 Business Tax Bylaw, The City will not be able to assess businesses and subsequently levy the business tax. This would significantly reduce the revenue available for City of Calgary operations and, in turn, services to Calgarians.

### **REASON(S) FOR RECOMMENDATION(S):**

The 2015 Business Tax Bylaw provides The City with the authority to mail 2015 business assessments in order to levy 2015 business taxes. Council's Action Plan 2015-2018 includes

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and relies on the business tax as a municipal revenue source. Once a business assessment roll is established and Council establishes the 2015 business tax revenue requirement, the 2015 Business Tax Rate Bylaw will be presented to Council in 2015 January.

**ATTACHMENT(S)**

Proposed Wording for the 2015 Business Tax Bylaw