

Corporate Planning & Financial Services Report to
Regular Meeting of Council
2024 March 19

ISC: UNRESTRICTED
C2024-0264

2024 Property Tax Related Bylaws

PURPOSE

The purpose of this report is to seek council's approval of the 2024 property tax related bylaws and the 2024 Rivers District Community Revitalization Levy Rate bylaw so The City of Calgary can meet its 2024 municipal financial obligations.

PREVIOUS COUNCIL DIRECTION

In 2023 November, Council approved the 2024 Adjustment to the 2023-2026 Service Plans and Budgets, accounting for growth differential between residential and non-residential and 1 per cent tax share shift from non-residential to residential for the next 3 years. Also in 2023 November, council was presented with the 2024 Preliminary Assessment roll and related items which showed an overall increase in residential assessment of 10 percent and non-residential of 3.3 per cent. Further details of previous Council direction are included as Attachment 1.

RECOMMENDATION:

Administration recommends that Council:

1. Give three readings to:
 - a) The Proposed 2024 Property Tax Bylaw 14M2024 (Attachment 2).
 - b) The Proposed 2024 Machinery and Equipment Exemption Bylaw 15M2024 (Attachment 3); and
 - c) The Proposed 2024 Rivers District Community Revitalization Levy Rate Bylaw 16M2024 (Attachment 4).

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager, Carla Male, concurs with this report.

HIGHLIGHTS

- There are two parts to a property tax payer's tax bill: The City's municipal portion and the Provincial portion.
- City Council approved the municipal portion as the 2024 Adjustments to the 2023-2026 Service Plans and Budgets on 2023 November 7.
- The Provincial Property Tax decisions were made by the Province and communicated to The City on 2024 February 29.
- With both parts of the tax to be billed and collected for 2024 finalized, the bylaws attached enable the decisions that have been made by The City and by the Province.
- For residential properties, the municipal portion increases by 7.2 per cent and the provincial portion increases by 11.5 per cent. The municipal portion is a reduction from the previously communicated estimate of 7.8 per cent because growth was higher than anticipated. Combined, the overall increase is 8.6 per cent.
- For non-residential properties, the municipal portion increases by 3.0 per cent and the provincial portion increases by 3.8 per cent. The municipal portion is a reduction from the previously communicated estimate of 3.6 per cent because growth was higher than anticipated. Combined, the overall increase is 3.1 per cent.

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- Council approval is required for the 2024 property tax related bylaws and the 2024 Rivers District Community Revitalization Levy Rate Bylaw to collect the property taxes used to fund the range of services across The City as well as to raise revenue to be used toward the payment of infrastructure and other costs associated with redevelopment of property in the Rivers District.
- Council approval will allow for the timely production of tax bills anticipated to be mailed the week of 2024 May 24.
- The City is legally required to collect property tax on behalf of the Provincial Government and is required to pay the provincial requisition quarterly.
- Average impacts by property class and illustrative examples of impacts to select taxpayers with different property types are included as Attachment 7.

DISCUSSION

- Proposed bylaw 14M2024 reflects the approved 2024 Adjustments to the 2023-2026 Service Plans and Budgets and the 2024 provincial requisition for Calgary.
- The 2024 Adjustments to the 2023-2026 Service Plans and Budgets (C2023-1148) provided for a municipal property tax budget of \$2,306.2 million and after bylaw adjustments, the revenue to be collected through the bylaw is \$2,319.0 million per Attachment 5.
- As per the 2023 November (C2023-1148) decision, the differential in physical growth is accounted for which resulted to more growth allocated to residential than non-residential. In addition, council approved a 1 per cent tax share shift from non-residential to residential for 2024 to 2026. 53.2 per cent (52 per cent in 2023) or \$1,226.5 million is to be collected from residential/farmland and 46.8 per cent (48 per cent in 2023) or \$1,079.6 million from non-residential taxpayers.
- The City's share of the 2024 provincial property tax requisition is \$881.7 million (an increase of \$95.5 million from \$786.2 million in 2023) and after bylaw adjustments, the revenue to be collected through the bylaw is \$875.7 million as shown in Attachment 6, of which \$662.9 million is to be collected from residential/farmland and \$212.8 million from non-residential taxpayers.
- The total municipal and provincial amount to be raised by the 2024 Property Tax Bylaw is \$3,194.8 million (\$2,319.0 million municipal + \$875.7 million provincial).
- Proposed bylaw 16M2024 is needed to establish tax rates on the incremental assessed values of property in the Rivers District that will generate the Community Revitalization Levy.
- Proposed bylaw 15M2024 is needed to continue to exempt machinery and equipment from property taxation.
- Approval of these bylaws allows The City to fund services approved in the 2024 Service Plans and Budgets (C2023-1148), collect property tax on behalf of the Province, and raise revenue to be used toward the payment of infrastructure and other costs associated with redevelopment of property in the Rivers District.
- The final tax rates are: 0.0042036 Residential and 0.0183629 Non-Residential
- The final tax ratio is: 4.37 (Non-Residential to Residential)
- The final tax share is: 53.2 per cent Residential and 46.8 per cent Non-Residential

2024 Property Tax Related Bylaws

EXTERNAL ENGAGEMENT AND COMMUNICATION

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

Public engagement as well as interested parties dialogue were undertaken as part of the 2024 Adjustment to the 2023-2026 Service Plans and Budgets process to determine the overall tax rate for 2024. Moreover, all property owners in Calgary have received their 2024 Property Assessment Notices which gave them their 2024 property assessed values and notification that tax billing will occur in May.

IMPLICATIONS

Social

These bylaws allow The City to raise the tax revenue that supports the funding of services and social programs for citizens. Residential property tax increases are partially mitigated by the Government of Alberta's Seniors Property Tax Deferral Program and The City's Property Tax Assistance Program.

Environmental

These bylaws allow The City to raise tax revenue that supports the funding of environmental programs in The City.

Economic

Approving these bylaws contributes to The City's long-term economic prospects as it facilitates the funding of service delivery to citizens. Providing quality services helps attract and retain a talented workforce, thus advancing The City's goal to make Calgary a great place to both live and work.

Service and Financial Implications

Tax-supported funding

There are direct service and financial implications from approving these bylaws as it ensures that The City can continue providing essential services to Calgarians. The estimated funding of \$2,319.0 million generated through the Property Tax Bylaw will meet the 2024 operating budget requirements contained in the approved 2024 Adjustment to the 2023-2026 Service Plans and Budgets (C2023-1148). Property tax revenues are also part of the source of capital funding.

RISK

Any delay in passing the 2024 Property Tax Bylaw may affect the mailing date of property tax bills, which in turn would change the customary property tax payment cycle the public and business communities have become accustomed to. If the 2024 Property Tax Bylaw is not passed, The City of Calgary cannot meet its 2024 municipal financial obligations.

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ATTACHMENTS

1. Background and Previous Council Direction
2. Proposed 2024 Property Tax Bylaw 14M2024
3. Proposed 2024 Machinery and Equipment Exemption Bylaw 15M2024
4. Proposed 2024 Rivers District Community Revitalization Levy Rate Bylaw 16M2024
5. 2024 Municipal Property Tax Summary
6. 2024 Provincial Property Tax Summary
7. Analysis and Illustrative Examples
8. Presentation 2024 Property Tax Related Bylaws C2024-0264

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
David Duckworth, Chief Administrative Officer	City Manager's Office	Inform
Carla Male, Chief Financial Officer and GM	Corporate Planning & Financial Services	Approve
Les Tochor, Deputy CFO & City Treasurer	Corporate Planning & Financial Services	Approve
Eddie Lee, Director and City Assessor	Corporate Planning & Financial Services	Inform

Author: Corporate Budget Office, Finance