

Corporate Planning & Financial Services Report to
Executive Committee
2024 September 04

ISC: UNRESTRICTED
EC2024-0956

2024 Non-Profit Tax Mitigation Report

RECOMMENDATION:

That the Executive Committee recommend that Council, under the authority of section 347 of the Municipal Government Act (MGA), cancel municipal property taxes for qualifying non-profit organizations (Attachment 2).

HIGHLIGHTS

- **Reason for recommendations:** Once a year, Council approval is requested to cancel prior year taxes for eligible non-profit facilities under construction, in accordance with the *Non-Profit Tax Mitigation Policy*.
- **What does this mean for Calgarians?** The tax cancellation provides financial support to eligible exempt non-profit organizations pursuant to Council direction.
- **Why does it matter?** This report recommends that Council cancels \$28,980.23 in property taxes overall to support accuracy, fairness, and transparency.
- The \$28,980.23 detailed in Attachment 2 is for the applicable 2022 - 2023 taxes accrued on non-profit organizations identified as qualifying for municipal property tax cancellation under the *Non-Profit Tax Mitigation Policy* (NPTM).
- The NPTM is now a stand-alone report following from Charter *Bylaw 3H2024* and the *Tax Relief Delegated to Administration Council Policy* where corrections to assessment and tax errors in prior assessment years are no-longer included in this report.
- Background and Previous Council Direction is included in Attachment 1.

DISCUSSION

Exempt Organizations and the Non-Profit Tax Mitigation Policy (Attachment 2)

Non-profit organizations that provide public facilities are generally exempt from property tax through the MGA and the Community Organization Property Tax Exemption Regulation (COPTER). Some property tax exemptions require the property and/or facility be used for an exempt purpose. Exemptions based on use do not apply to properties and/or facilities while under construction. To address this issue Council adopted the Non-Profit Tax Mitigation Policy (Policy) to cancel the municipal property taxes of non-profit organizations that paid tax during the construction period of their facility and whose subsequent use of the property met the criteria for property tax exemption. If Council chooses not to support the recommendation, the tax liabilities and amounts paid will remain as originally billed.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|---|---|
| <input 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 |

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IMPLICATIONS

Social

Eligible non-profit organizations can receive financial support through tax cancellations for properties under construction.

Environmental

Not Applicable.

Economic

Non-profit organizations listed in this report will receive tax cancellations.

Service and Financial Implications

Existing operating funding - one-time

Description	2024 Report	2024 Budget
Non-Profit Tax Mitigation Policy	\$28,980.23	\$500,000.00

RISK

Non-Profit organizations face a financial risk if applicable tax cancellations are not approved according to policy. This would also result in a reputational risk to The City.

ATTACHMENTS

1. Previous Council Direction, Background
2. List of Tax Cancellations related to the *Non-Profit Tax Mitigation Policy*
3. Presentation
4. Non-Profit Tax Mitigation Policy

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male, CFO & GM, CPFS	Corporate Planning and Financial Services	Approve
Eddie Lee, Director	Corporate Planning and Financial Services	Approve