

Background and Previous Council Direction

Background

In 2016-2017, there were several compounding factors leading to tax fairness concerns and financial hardship for businesses and non-residential property owners in Calgary. This included the business tax consolidation (occurring from 2013-2019) and a broad economic downturn and the collapse of the price of oil around 2015, which caused the valuations of downtown office properties to rapidly decline.

To address this financial hardship, one measure The City implemented was a “Phased Tax Program (PTP)” for non-residential properties, which effectively capped the year-over-year property tax increases for eligible properties, using The City’s reserve funds to backfill the resulting property tax revenue loss.

Originally intended as a one-time program in 2017, ongoing economic factors and the program itself caused or highlighted further financial constraints both for taxpayers and The City, and the PTP was renewed for five total years, ending in 2021.

As The City continued to utilize these “one-time” PTPs, Council directed Administration to convene a Financial Task Force in 2018 to develop a strategy on short-term mitigation, long-term solutions, and revenue options to improve The City’s financial resiliency. The FTF delivered [a final report and recommendations](#), received by Council in [June 2020](#), with recommendations implemented in the years following.

During the [2022 October 04 Combined Meeting](#), Council approved the “[FTF - Property Tax Policy Framework](#)” report that included the direction for Administration to develop additional tools and resources that reflect best practice, current Council direction, and provide further recommendations on how Council may exercise tax policy options in the future in fulfillment of FTF Recommendations 20 and 34.

FTF Recommendations 20 and 34 (see Attachment 6 for full text) speak to developing policy tools and best practices to better support tax stability over volatility and to consider tax reform where one-time measures might otherwise be employed.

Recommendation 20 advocates for ensuring both residential and non-residential taxpayers in Calgary experience stable and predictable tax bills. This recommendation reduces the risk of tax volatility to individuals by first determining the maximum revenue growth and then adjusting service levels in response, rather than determining services first. Currently, the tax rate decision occurs before finalizing the assessment roll. When the service level is determined first and property tax rates are adjusted to meet service costs, there is a risk of significant year-over-year fluctuations in tax bills.

Recommendation 34 seeks to improve tax policy predictability and credibility by limiting the use of ad-hoc, one-time tax mitigation measures to limited, exceptional circumstances. Consistent, predictable property tax policy that focuses on long-term targeting is a better practice when looking to build resiliency to market fluctuations. Recognized systemic issues should be addressed through long-term tax policy and potential legislative reform rather than one-time mitigation programs.

As a complement to measured and consistent tax policy, Recommendation 34 further advocates for improved educational supports to residents and businesses to deliver clear, plain-language messages on the long-lasting impacts of one-time mitigation programs.

This report includes a program evaluation of the PTPs (Attachment 4), as well as an evaluation of another recent example of a one-time tax relief measure: the Hotel/Motel Tax Deferral programs of 2021 and 2022.

This report recommends a Council Policy that consolidates the tax policy framework outlined by the FTF with previously approved past Council direction. It also provides other information and resources to explain the property tax system and policy options. Together, these will support informed future decision-making.

Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2024 June 18	C2024-0756	<p>Deferral Request – Tax Policy Tools and Resources in response to EC2022-0649, from Q2 2024 to Q2 2025</p> <p>Administration will report to Executive Committee in Q2 2025.</p> <p><i>Note: The report back was deferred due to staff turnover and emerging priorities that delayed this work.</i></p>
2022 October 04	EC2022-0649	<p>Financial Task Force – Property Tax Policy Framework</p> <p>That Council:</p> <ol style="list-style-type: none"> 1. Adopt this report and attachments as resources to support future decision-making on budget and property tax matters. 2. Continue to use the budget-based approach to setting budgets and property tax rates. 3. Continue to use the tax share approach in making tax distribution decisions. 4. If Council wishes to change the distribution of tax responsibility between residential and non-residential for the 2023–2026 Service Plans and Budget, the distribution must be revisited each year as part of the adjustments and mid-cycle adjustment process if conditions warrant. 5. Direct Administration to include information regarding changing the distribution of tax responsibility between residential and non-residential taxpayers to the 2022 October 18 Executive Committee, in addition to information on preliminary assessment values. 6. In continuing to use the tax share approach to make tax distribution decisions, abandon the 2012 direction to continue applying a zero per cent increase to consolidated business tax revenue, effectively drawing business tax consolidation to a close. 7. Direct Administration to prepare an annual briefing for Council on the context of property tax exemptions and tax relief expenditures in Calgary. 8. Direct Administration to develop additional tools and resources that reflect best practice, current Council direction, and provide further recommendations on how Council may exercise tax policy options in the future, in fulfillment of Financial Task Force Recommendations 20 and 34 and to report back to Council by Q2 2024.

2020 July 27	C2020-0815	<p>Financial Task Force Recommendations - Implementation Approach and Resources</p> <p>That Council:</p> <ol style="list-style-type: none"> 1. Direct Administration to implement the 17 Financial Task Force recommendations that only require existing resources (expanded work programs or re-directed to prioritize the action items). 2. Direct Administration to implement the 18 Financial Task Force recommendations identified in Attachment 4 that require new one-time resources using the 2020 investment income attributable to the Fiscal Stability Reserve as the funding source for one-time funding components. 3. Approve up to \$4 million in one-time funding across City departments for 2020 and 2021 to be funded from the Fiscal Stability Reserve. 4. Direct Administration includes a request for the base funding required for implementation in 2021 and beyond in the Mid-Cycle Adjustment report to Council in November 2020.
2020 June 29	C2020-0742	<p>Report and Recommendations of the Financial Task Force</p> <p>That Council:</p> <ol style="list-style-type: none"> 1. Accept the reports and recommendations of the Financial Task Force in Attachments 2 and 3; 2. Direct Administration to scope the costs of implementation based on Administration's responses and timelines in Attachment 5 and report to Council with a request for approval of resources, where appropriate by 2020 July 29; 3. Direct the City Manager to assign a lead to monitor and report back with a semi-annual schedule for reporting on the implementation of the Financial Task Force's recommendations; and 4. Receive a presentation and this report as part of the Council orientation in 2021.

Bylaws, Regulations, Council Policies

Below is a summary of the key legislation, regulations, bylaws and Council Policies that are relevant to the property tax policy context.

The below list is not exhaustive, as additional governance documents may apply to specific policy tools, property types, and other issue areas that interact with the property taxation or municipal finance context.

Legislation and Regulations

- [Municipal Government Act, RSA 2000, c M-26](#)

- [City of Calgary Charter, 2018 Regulation, AR 40/2018](#)
- [Business Improvement Area Regulation, AR 93/2016](#)
- [City of Calgary Rivers District Community Revitalization Levy Regulation, AR 232/2006](#)
- [Community Organization Property Tax Exemption Regulation, AR 281/1998](#)
- [Matters Relating to Assessment Complaints Regulation, 2018, AR 201/2017](#)
- [Matters Relating to Assessment and Taxation Regulation, 2018, AR 203/2017](#)
- [Social and Affordable Housing Accommodation Exemption Regulation, AR 12/2022](#)
- [Education Act, SA 2023, c E-0.3](#)

Bylaws

• Annual Assessment and Taxation Bylaws

These bylaws are approved on an annual basis for each taxation year.

- Special Tax Bylaw (e.g., [1M2025](#))
- Business Improvement Area Tax Bylaw (e.g., [6M2025](#))
- Business Improvement Area Tax Rates Bylaw (e.g., [7M2025](#))
- Property Tax Bylaw (e.g., [13M2025](#))
- Machinery and Equipment Exemption Bylaw (e.g., [14M2025](#))
- Rivers District Community Revitalization Levy Rate Bylaw (e.g., [15M2025](#))

• Charter Bylaws

These bylaws are enabled by the City of Calgary Charter, 2018 Regulation, providing certain abilities by modifying the Municipal Government Act in ways that apply specifically to The City of Calgary.

- [Electronic Transmission of Assessment, Taxation and Assessment Review Board Notices Charter Bylaw 2H2018](#)
- [Online Advertising of Public Works Notices and Tax Recovery Sales Charter Bylaw 1H2021](#)
- [Tax Relief Delegation Charter Bylaw 1H2018](#)

• Other Bylaws

These are “regular” bylaws approved by Council in accordance with the Municipal Government Act.

- [Annexed Property Tax Payments Bylaw 18M91](#)
- [Calgary Assessment Review Board Bylaw 15M2018](#)
- [Clean Energy Improvement Program Bylaw 53M2021](#)
- [Non-Market Housing Property Tax Exemption Bylaw 9M2025](#)
- [Renewable Energy Non-Residential Tax Incentive Bylaw 23M2024](#)
- [Residents Association Property Tax Exemption Bylaw 5M2013](#)
- [Student Dormitories Property Tax Bylaw 77M95](#)
- [Supplementary Property Assessment Bylaw 9M2021](#)
- [Supplementary Property Tax Bylaw 10M2021](#)
- [Tax Incentive Appeal Board Bylaw 24M2024](#)
- [Tax Instalment Payment Plan Bylaw 9M2002](#)
- [Tax Penalty Bylaw 8M2002](#)
- Local Improvement Tax Bylaws are approved as needed to facilitate local improvements (e.g., [Bylaw 1R2025](#))

Council Policies

- [Designated Historical Resource Property Tax Cancellation Council Policy](#)
- [Multi-Year Business Planning and Budgeting Policy for the City of Calgary Council Policy](#)
- [Non-Profit Tax Mitigation Council Policy](#)

- [Tax Relief Delegated to Administration Council Policy](#)
- [User Fee Council Policy](#)