EC2025-0587
Attachment 3

# Property Tax Policy Handbook

# Contents

# Introduction

Property taxes make up just under half of The City of Calgary's revenue, contributing to essential City services including Fire, Police, Transit and more. Property taxes are also collected by The City on behalf of the Province of Alberta to fund public education, making them important not just to Calgarians, but also to City Council, Administration, and to Albertans more broadly.

This handbook aims to provide a plain-language, common understanding of the municipal property tax system that is representative of the analysis provided by The City's Financial Task Force and previous Council decisions.

The property tax system relies on three separate but related processes:

## Property assessment

The process of assigning a value to each **property** (e.g., parcels of land and buildings) in The City to determine that property's share of the total taxes required to fund the budget.

## Budget

The process of determining the amount of revenue required to fund The City's services and infrastructure, including the amount of property taxes that need to be collected.

## Taxation

The process of calculating **tax rates** and billing and receiving payments for property taxes.

Additionally, the property tax system is supported by five core principles: Fairness; Neutrality; Stability & Predictability; Accountability, Simplicity & Transparency; and Efficiency & Ease of Administration. Explored in more detail in Part Two of the handbook, these principles form the basis of evaluating property tax-related decisions and policy options.

In **Part One: The property tax system**, this handbook provides an overview and timeline of the property tax system. In practice, these processes operate continuously and simultaneously to meet The City's revenue requirements and to sustain the services Calgarians rely on. To keep things simple and to help visualize how each process feeds into each other, the handbook explores these as if they occurred in a series of individual steps.

In **Part Two: Property tax policy**, the handbook covers the tools available to Council within the property tax system to support different objectives, such as setting tax rates or providing tax relief and incentives. Part Two also explores the underlying principles and approaches in the property tax system to explain not just how it works, but why it works the way that it does.

The handbook also includes resources such as an overview of the legislation and policies that shape the property tax system, other types of taxes available to municipalities in Alberta, and information about prior year tax rates and background on Calgary's taxes.

While this handbook is designed to help make the system more understandable, please note that the handbook should not be used as legal interpretation or advice, and decisions about property tax policy should be made in proper consultation with legal and subject matter experts and other interested parties.

# Part One: The property tax system

## Overview

Part one of the handbook will focus on providing an understanding of the overall property tax system with attention given to each component process and the general timeline to complete a single cycle.

The property tax system involves three different but interconnected processes: **property assessment**, **budget setting** and **taxation**. Collectively, these processes take a minimum of two years to complete but can take up to five years in consideration of The City's full four-year **service plans and budgets** cycle and the process of recovering unpaid taxes. The entire process repeats annually for each year's taxes, so the tax cycle of past, current, and future years overlap at any given point.

For a single year's taxes, the property tax system spans "Year One" and "Year Two" as follows.

### Tax rate estimates

**December – February**

The City uses the tax revenue requirement, tax share, and assessment base to calculate estimated tax rates until more information is available and the final tax rate is approved in the spring in the Tax Rate Bylaw.

### Property information collection and valuation

**Ongoing**

The City determines an **assessed value** for each property in the city, using physical and market information collected on an ongoing basis.

**YEAR ONE**

Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec.

### Preliminary assessment roll

**Fall**

Early estimates of key assessment information are shared with Council to prepare for Budget Deliberations.

### Budget deliberations

**November**

Drawing on extensive information and results of consultations, Council makes decisions for The City's four-year Service Plans and Budgets, including the total tax revenue requirement and tax share, explained further below.

### Assessment roll finalization and notice mailings

**December – January**

The City finalizes its property assessment roll near the end of Year One and mails out assessment notices to property owners in early January of Year Two.

In cases where a structure is newly built, renovated, or relocated into the city (e.g., mobile or manufactured homes), they may be assessed and receive their assessment notice during Year Two, called a "***supplementary assessment***".

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## Assessment notice mailing

**January**

Assessment notices are mailed annually to property owners for each assessed property in The City. These are not the tax bills but do notify property owners of key information that will be used in determining how much they will pay through their tax bill, including their property's assessed value and whether their property is taxable.

In cases where a structure is newly built, moved into the city, or renovated but was not previously assessed, it may be assessed during "Year Two" and a supplementary assessment notice is issued at that time.

## Customer review period

**January – March**

If a property owner has questions about their property's assessed value or other details on their assessment notice, they can contact Assessment & Tax directly during the **Customer Review Period** to learn more about how The City made its determination.

If a property owner feels their assessed value or other property details are incorrect, they may be able to reach consensus after speaking with an assessor.

## Tax rate bylaw approval

**March – April**

The Tax Rate Bylaw uses the finalized assessment roll, Council's budget decisions, the tax share, and other information to determine the final tax rate in March or April. At this point, **Grants in Place of Taxes**, taxes from annexed properties, and **Supplementary Assessments** are factored into the overall tax rate calculation. Once the Bylaw is presented to and approved by Council, the tax rate is applied to the assessed value for each taxable property in the city.

**YEAR TWO** **YEARS THREE – FIVE**

Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec.

## Assessment complaint deadline

**March**

If a property owner was not able to resolve their concerns during the Customer Review Period, they may file a complaint with the **Assessment Review Board** (ARB) prior to this date.

The ARB will review the complaint and schedule a hearing within the year to determine whether to uphold or vary the original property assessment. An ARB decision altering a property's assessed amount, tax status, or any attribute affecting its assessed value will influence a property's tax levy.

## Tax bill mailing

**May**

The City sends a bill (also called a "tax notice") to each owner of a taxable property with their annual property tax levy, which is calculated by applying the approved annual tax rate to the assessed value of their property for the year.

## Tax payment deadline

**End of June**

Unless they are enrolled in the Tax Instalment Payment Plan (TIPP), property owners must pay their annual property tax by the deadline. If taxes are not paid by the deadline, penalties shall be incurred.

## Tax adjustments

**Ongoing**

Adjustments may be made throughout the year to individual properties' tax levies as needed, such as due to a change in assessed value from an ARB decision. For example, if an **ARB** decision lowers the assessed value, The City will credit the property owner for the difference between the taxes paid on the original assessed value and the lowered assessed value.

# Property assessment

Property assessment is the highly regulated process through which an individual property owner's share of the total taxes needed to fund The City's budget is determined. The *Municipal Government Act* (MGA) and various other provincial legislation, regulations, and guidelines provide the structure for how properties are assessed. Every municipality in Alberta is required to prepare an annual assessment for each property within its boundaries, with some exceptions outlined in the MGA, including properties that are assessed by the province instead, or certain property types that are not assessed at all.

Properties are assessed using **mass appraisal** to reflect **market value**. The application of mass appraisal is a legislated standard, which includes specific consideration of the property's estimated market value as of July 1 of Year One and the property's physical condition as of December 31 of Year One.

While market value is the legislated property assessment standard, it has numerous advantages. Assessments based on market value help to keep a simple and transparent approach that is easy to understand and communicate. Because market values can be based on actual market data, the approach also supports fairness with an independent source of data to base assessments on.

To support assessment decisions, The City uses a variety of data including real estate listings and transactions, market reports, property details from physical inspections and building permits, property and market information submitted by property owners, and more.

## Market value

**Market value** is the legislated property assessment standard, which means property assessments must reflect the amount that a property might be expected to realize if it was sold on the open market by a willing seller to a willing buyer.

By using real market data, assessments based on market value can be based on independently verifiable data, and they can be easily compared to similar properties. Comparisons to actual market data is essential in property assessment, and supports property owners in ensuring their assessment is fair and equitable.

Market value is also commonly understood in relation to property, making it easy to explain and communicate as an assessment standard.

There are three approaches to determining market value: The **sales comparison approach**, the **income approach**, and the **cost approach**. The sales comparison approach is the most used and compares sales of similar properties, such as when assessing residential properties.

The income approach is a method to determine value based on the expected income generated by the property and is commonly used to assess office properties, for example. The cost approach determines value based on the market value of the land and the depreciated replacement cost of the building or improvements, and as an example may be used to assess stadiums.

Some property types, such as farm land, are subject to standards other than market value.

Key details assessed for each property in the city for the purposes of taxation include:

## Property class

### What assessment class is the property?

Properties can be assigned one or more of the **residential**, **non-residential**, **farm land**, or **machinery and equipment** classes, based on the type and use of the property, in accordance with the MGA.

**More information about assessment classes, including the use of "sub-classes," is in Part Two.**

## Assessed value

### What is the assessed value of the property?

Using the valuation approaches as described above, an estimated value, expressed in dollars, is assigned to each property. The sum of assessed values for properties (such as for all property in the city or within a specific assessment class) is referred to as the assessment base.

## Taxable status

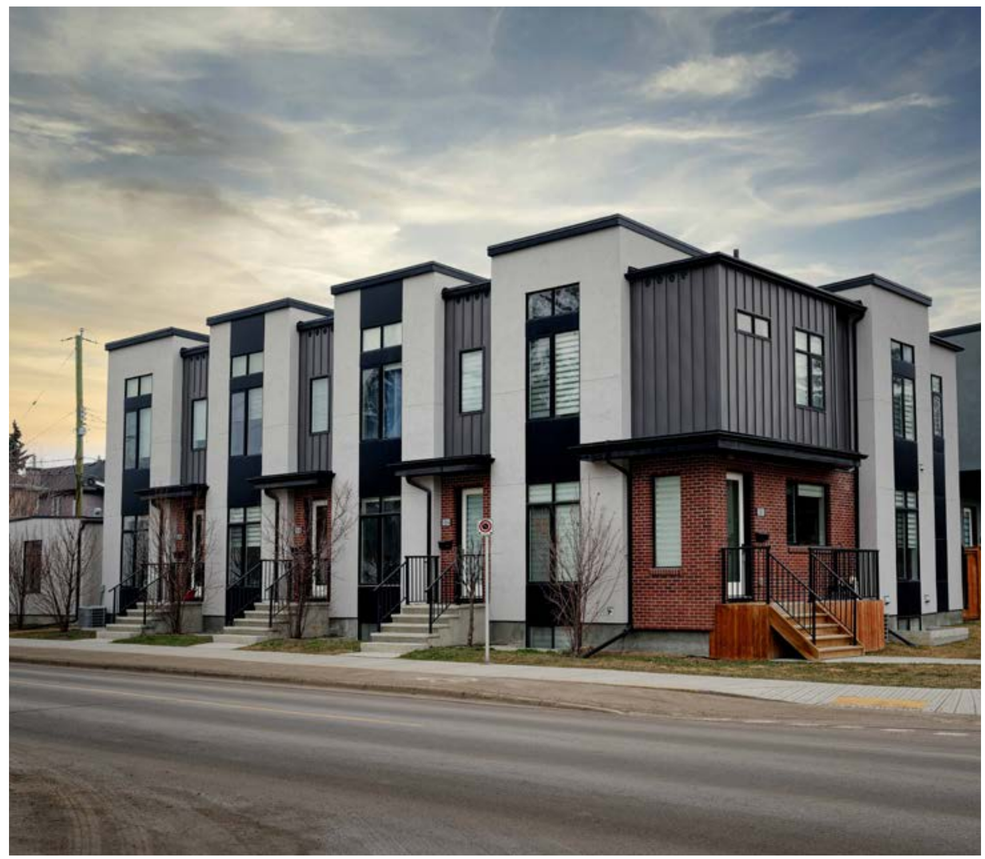
### Is the property taxable or is it exempt from taxation?

In accordance with the MGA and accompanying regulations, some properties are exempt from taxation, such as most property owned by the government or certain eligible non-profit or community organizations.

**More information about exemptions from taxation is included in Part Two.**

Once these details and others are finalized by the end of Year One, an assessment notice is mailed out to the property owner(s) to inform them of The City's assessment of their property.

Owners are encouraged to review the details of their assessment and contact Assessment & Tax during the 67 day Customer Review Period should they have questions. The property owner may file a complaint with the Assessment Review Board (ARB) if they disagree about their assessment and cannot come to a resolution with an assessor during the Customer Review Period. This may lead to an ARB hearing at some point during **Year Two**, and the outcome of that hearing may alter the assessed value, taxable status, or other details about the property, ultimately impacting the tax levy for that particular property.



# Budget setting

The City of Calgary approves its Service Plans and Budgets on four-year cycles. On an annual basis, Council considers public input in making any adjustments to the Service Plans and Budgets to best reflect Calgarians' priorities and the financial sustainability of The City. Approval of a new four-year budget (or adjustments to the current four-year budget) are approved by Council annually, normally in November.

In Part Two, the handbook will explore the decisions that Council can make during budget deliberations that can impact the property tax system. There are two key high-level decisions that come out of the budget that are important for determining property taxes:

## Tax revenue requirement

The City's finances are based primarily on taxes and user fees. A major component of budget approvals is the determination of how much revenue will come from each of these sources. The tax revenue requirement is the total amount The City needs to raise from property tax to fulfill the approved Service Plans and Budgets after subtracting all other sources of revenues such as user fees and grants and excluding the amount remitted to the provincial government for provincial education taxes.

## Tax share

As noted in the Property Assessment section, there are four property assessment classes: residential, non-residential, farm land, and machinery and equipment (M&E) (e.g., telecommunications systems equipment). Residential and non-residential properties are by far the largest contributors to the tax revenue requirement, with machinery & equipment being exempt, and revenues from farm land being negligible in comparison with the other classes.

The tax share refers to how much of the tax revenue requirement will be collected from these two classes. In other words: what percentage of the tax revenue requirement is coming from residential versus non-residential properties?

Both factors above are essential in calculating the tax rates and property tax bills.

# Taxation

This handbook focuses on **municipal property taxes**. There are also provincial education property taxes. Both types of property taxes are explained in more detail in the following section.

There are also other types of taxes available to municipalities in Alberta, such as business improvement area taxes, special taxes, or local improvement taxes. These taxes generally fund specific things, rather than being allocated to general revenue like property tax. For information about other types of taxes, see the Other municipal taxes resource.

## Municipal property taxes

During Year One, The City finalizes property assessments and Council approves the budget (or budget adjustments), which both take effect for the purposes of taxation in Year Two. These two components are used in calculating the property tax rates that are applied to the assessed value for each taxable property in The City.

The municipal property tax rates are calculated using a formula that uses the different factors highlighted in the Property assessment and Budget setting sections above:

$$\textbf{Property tax rate} = \frac{\textbf{Tax revenue requirement} \text{ from an } \textbf{assessment class}}{\text{Total } \textbf{taxable assessment base} \text{ of that } \textbf{assessment class}}$$

Note that there are different tax rates for each property assessment class. For a more detailed formula and information on each variable, see Part Two of the handbook. Once the tax rates have been determined, the appropriate rate is applied to individual properties to calculate each property's tax bill:

**Tax bill = Tax rate × Assessed property value**

Once these calculations are complete for every property in the city, tax bills are mailed out in May of Year Two. Property owners who pay their taxes in a lump sum each year have until the end of June to pay their taxes.

Property owners who are enrolled in the Tax Instalment Payment Plan (TIPP) to pay their property taxes in monthly instalments may have their monthly instalment amount recalculated after Council approves the budget and again after the Tax Rate Bylaw is approved, to ensure their full annual tax amount is paid by the end of Year Two.

If taxes aren't paid by the deadline, the property owner incurs penalties for non-payment. If after the end of Year Two there are still unpaid taxes, the individual(s) account enters arrears and The City follows a legislated tax recovery process which may take up to three years to complete.

# Provincial education property taxes

In addition to the property taxes collected to fund The City's budgetary needs, The City also collects a property tax to raise the revenue required by the Government of Alberta to support the public and separate school systems across the province. This tax is set by the provincial government, but the municipality is responsible for collecting it, as regulated by the MGA and the *Education Act*.

The provincial portion of property taxes are based on the budgetary requirement for the education system determined by the Government of Alberta, and an "equalized assessment." The Government of Alberta prepares the equalized assessment annually, using lagging assessment data that is audited and adjusted as needed to create a level playing field between municipalities across the province.

A legislatively recognized aspect of mass appraisal is that values may not result in an assessment equal to 100 percent of actual market value. The legislation allows for assessments to fall within a range of quality of 95 to 105 percent of market value.

The equalized assessment is used to adjust the assessments within each municipality to 100 percent of market value by removing variations in assessment bases to be more comparable among municipalities.

Like the calculation of the municipal tax rates, the Government of Alberta uses the education property tax revenue requirement (also called a "**requisition**") and the equalized assessment base to determine provincial tax rates, which are then applied to the assessed values of properties in Calgary to determine their provincial tax levy.

A property owner's annual tax bill accounts for both the municipal and provincial property taxes. The full amount is paid to The City of Calgary and The City transfers the provincial portion to the Government of Alberta to fund the education system. Usually, over one third of the total residential property taxes paid by a property owner are sent to the province for this purpose.

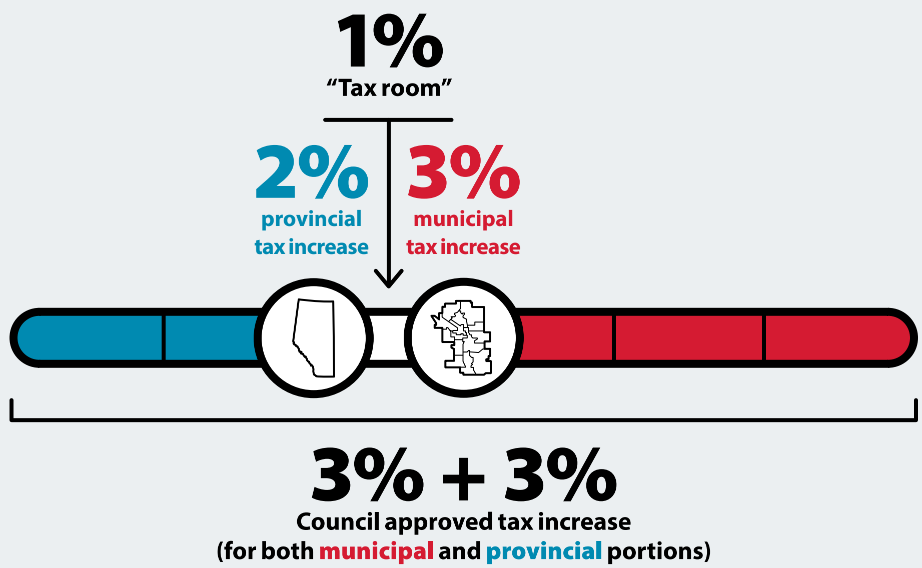
## Tax room

Education property "**tax room**" refers to a Council-approved municipal tax increase that assumes the provincial property tax will increase by the same amount. Council approves the municipal tax increase before the province sets the provincial property tax requisition.

If the province approves a provincial education property tax increase that is less than the increase approved by Council, the difference is called "vacated tax room". Council may then choose to "absorb" the tax room to fund municipal priorities.

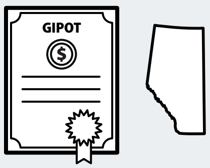
If the province approves a provincial tax increase that is more than Council's increase, the province's share of tax revenue grows, and The City's share decreases.

Recent practice in Calgary has been to differentiate the municipal and provincial property taxes and to keep tax rates as low as possible. Tax room absorption has not been a consideration by Council in recent years, though it is not relevant in cases where the provincial government's property tax increase surpasses Council's budget.



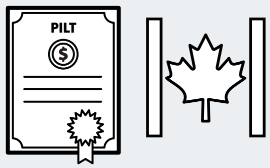
# Grants in place and payments in lieu of taxes

Properties that are owned by the Government of Alberta or the Government of Canada are generally exempt from property taxation. However, these properties use municipal services and infrastructure, and so both orders of government have programs to compensate municipalities for the taxes they would pay if they were not exempt.




**Alberta:**
**Grants in Place of Taxes (GIPOT)**

- Discretionary grant program, governed by the MGA and the *Alberta Housing Act*.
- Historically paid an equivalent of 100% of the municipal property taxes that would be levied in respect of eligible provincial properties.
- Alberta Social Housing Corporation properties no longer pay GIPOT since 2015.
- After being reduced to 75% in 2019-20 and 50% in 2020-21 until 2024, GIPOT payments were restored to 75% in 2025-26 and 100% in 2026-27.




**Canada:**
**Payments in Lieu of Taxes (PILT)**

- Discretionary grant program, governed by the *Payments in Lieu of Taxes Act* and its regulations.
- Historically pays an equivalent of 100% of the municipal and provincial property taxes that would be levied in respect of eligible federal properties.

# Part Two: Property tax policy

Property taxation is a critical revenue tool for municipalities to finance the services and infrastructure that people use and enjoy every day. Other sources of revenue for municipalities include things like user fees charged when accessing a service or program, franchise fees paid by utilities, off-site levies charged to property developers, and grants from other levels of government. These other sources of revenue are often associated with specific purposes. For example, a user fee to access a specific program must be used to fund that specific program.

Property taxation is a source of general revenue for The City, meaning taxes can be allocated toward the budgetary needs approved by Council more freely than most other sources of revenue.

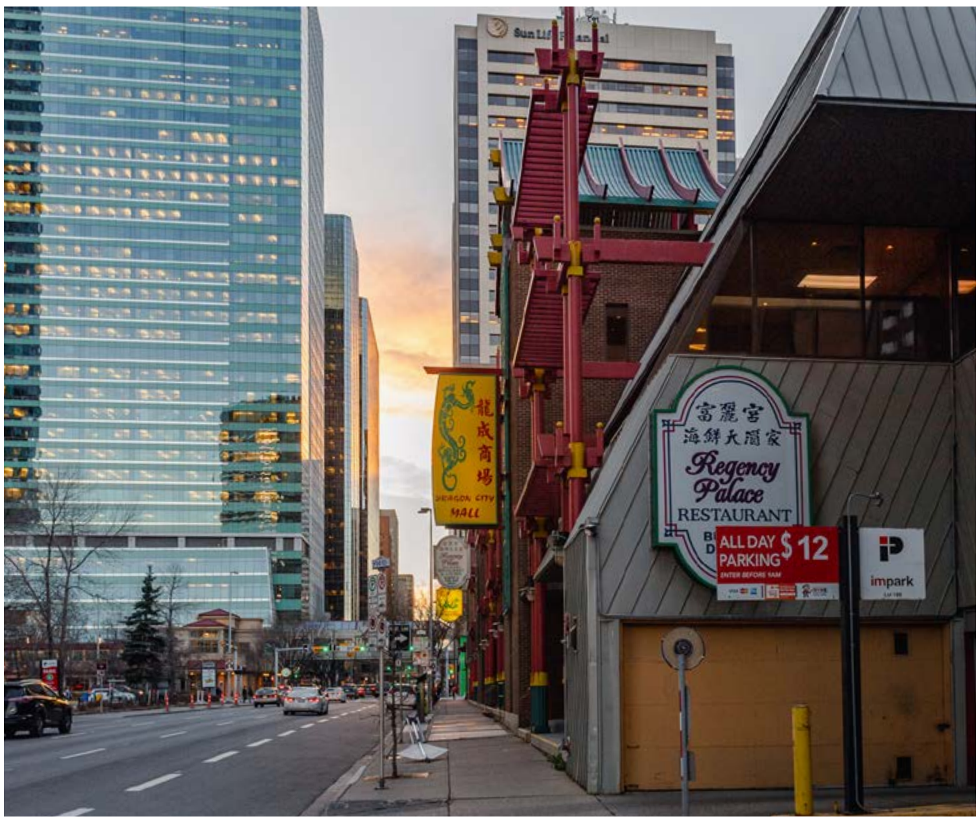
This part of the handbook will outline The City of Calgary's approach to property taxation, including the decisions and tools that are available to Council to shape the property tax landscape and how property taxation can be used to support The City's policy objectives.

# Principles and approaches

Before discussing the ways that the property tax system can be shaped, it is important to understand why the system works the way that it does. There are several key principles and theoretical approaches that create the foundation of property tax policy that provide important context.

## Property tax system principles

There are **five core principles** that form the basis of an effective framework for evaluating the property tax system and policy decisions. These principles were outlined in The City's Financial Task Force Property Tax Policy Framework Report (EC2022-0649), and are an essential first consideration.




### Fairness

#### Ability to pay

Fairness in the property tax system is based on the ability to pay, and the ability to pay is based on the concepts of horizontal and vertical equity. Horizontal equity means that people in similar circumstances pay a similar amount of tax. Vertical equity means that people in differing circumstances with different ability to pay, pay a different amount of tax.

#### Benefits

Fairness is also related to the benefits principle, that people should pay taxes according to the benefits they receive from services (where the beneficiaries can be identified and where the service is not primarily redistributive in nature).

### Neutrality

Taxes should impact economic and locational decisions as little as possible. This principle covers both The City of Calgary and the broader regional context. This means that, to the extent it is possible given the different service levels offered by different municipalities, The City should offer a competitive tax/service offering.

### Stability and predictability

The tax should provide a stable and predictable revenue source for The City. Taxpayers should be able to understand, and The City should telegraph as much as possible, the impacts that arise from reassessment.

### Accountability, simplicity and transparency

The tax system should be designed in such a way that is clear to all stakeholders which taxpayers pay the tax. Tax systems designed in such a way encourage more accountability from City Council and City Administration in their determination of the balance between service levels and taxation levels. Tax rules should be as clear and simple to understand as the complexity of the subject of taxation allows, so that taxpayers can anticipate in advance the tax consequences of a transaction including knowing when, where and how the tax is to be accounted.

### Efficiency and ease of administration

The tax system should be easy to administer, resulting in minimized compliance costs for the taxpayer and minimized administrative costs for The City.

# Approach to setting the tax rates

There are two main approaches to how a municipality may set its property tax rates.

## Tax rate vs. mill rate

The tax rate may sometimes be referred to as a ***mill rate***. The tax rate is the amount of taxes payable per dollar of assessed value, while the mill rate is the amount of taxes payable per $1000 of assessed value. This means the mill rate is the tax rate multiplied by 1000.

While mill rates may be easier to communicate as they use fewer decimal points, The City of Calgary uses tax rates because it aligns with the terminology used by the MGA. For example, using the 2025 tax year:

| 2025 municipal residential tax rate | 2025 municipal residential mill rate |
| --- | --- |
| **0.0038706** | **3.8706** |

## Calgary's approach: Budget-based

Following from Council's approval of the Financial Task Force's recommendations in the Property Tax Policy Framework Report, The City of Calgary uses the **budget-based approach**, sometimes also called a revenue-neutral approach.

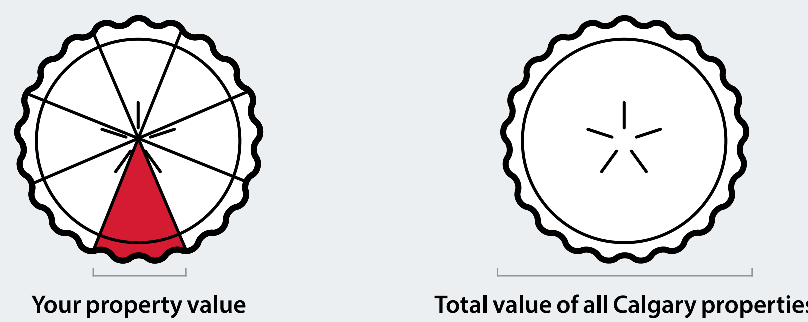
In the budget-based approach, Council approves The City's budget to state the amount of revenue required to be raised through property taxes (the tax revenue requirement). The tax revenue requirement is then portioned to each assessment class based on the Council-approved tax share percentage, and then is divided by the assessed values of all taxable properties in the respective assessment class (the taxable assessment base), including calculations for newly constructed or redeveloped properties, to determine the tax rate for that assessment class.

In summary, in the budget-based approach the tax rate for **each assessment class** is calculated as follows:

**Calgary's approach to setting tax rates per assessment class**

$$\text{Tax rate} = \frac{\overbrace{\text{Tax revenue requirement}}^{\text{Council sets this}}}{\text{Taxable assessment base}}$$

In the budget-based approach, Council determines the amount of money needed to fund The City's budget: this is the size of "the pie." The property assessment system then allocates the tax levies for each property in The City: this is the size of your "slice." When your slice grows or shrinks with changes to your property assessment, the overall size of the pie remains the same.



The budget-based approach adheres to the principles of a good taxation system by providing greater stability to individuals' tax bills and ensuring stable and predictable revenues for The City. This approach also establishes clear lines of accountability to Council: a change in the amount of money allocated by The City's budgets directly correlates to a change in the tax rate. This approach also means that The City only collects the amount of taxes required by the budget, without resulting in ***tax uplift*** from increased property assessments.

However, this approach can be more complicated and difficult to communicate to taxpayers in comparison to the alternative rate-based approach, which is common in provincial/federal income taxation.

## Tax uplift

**Tax uplift** is the idea that, when the value of a property increases, more tax revenue will be generated from that property. In Calgary's revenue-neutral system, tax uplift doesn't typically occur: the total revenue raised from taxes remains fixed, as determined by the approved budget and the tax revenue requirement. Instead, a change in assessed value of a property might be offset by the tax rate, or simply redistributes the same amount of taxes differently amongst taxpayers.

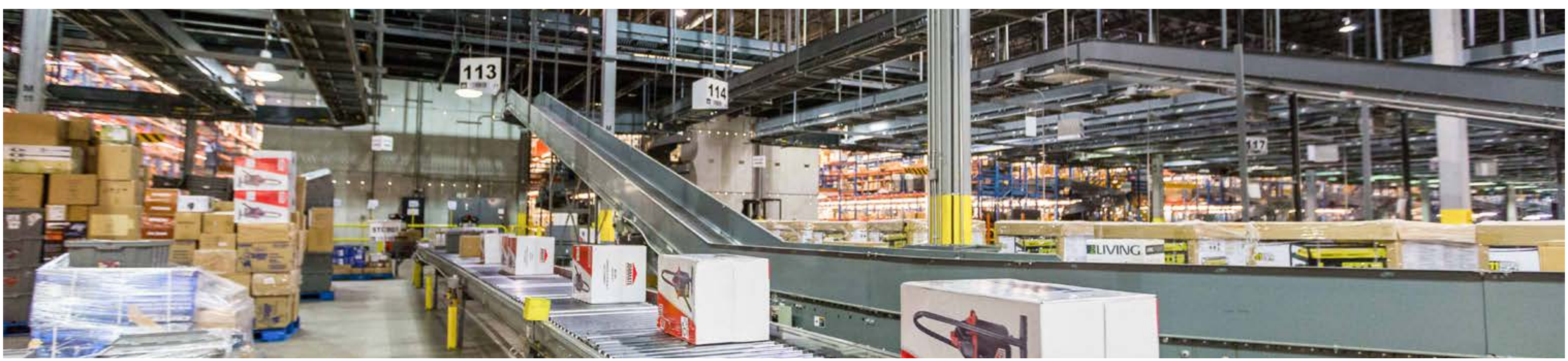
## Other approach: Rate-based

The alternative approach is called the **rate-based approach**. In the rate-based approach, Council would approve a fixed tax rate rather than a tax revenue requirement. The City's revenues would then fluctuate relative to changes in the property assessment base, such as due to changes in the real estate market.

### Other approach

$$\text{Tax revenue} = \overbrace{\text{Tax rate}}^{\text{Council sets this}} \times \text{Taxable assessment base}$$

This approach provides more predictable tax rates but leads to greater fluctuations in property tax bills and City revenues. The rate-based approach also risks politicizing the property assessment process and detaches tax revenue from The City's budgetary requirement. As a result, The City could risk not collecting enough taxes to fund the City's needs or could collect excess taxes, increasing financial uncertainty compared to the Budget-Based Approach that is currently used. Additionally, the rate-based approach is less transparent, as the amount of money The City would collect—and the amount of taxes property owners would pay—would fluctuate based on relatively obscure market factors, rather than based on the decisions of Council.



# Tax share approach

There are also multiple approaches to how municipalities can determine the share of taxes to be collected from different assessment classes, i.e., what portion of the taxes are collected from residential versus non-residential properties.

## Calgary's approach: Tax revenue share

Calgary uses the **tax revenue share approach**, as approved by Council based on recommendations of the Financial Task Force in the Property Tax Policy Framework Report (EC2022-0649), with some modifications approved by Council during Mid-Cycle Budget Adjustments in 2023 (C2023-1148) to ensure the tax shares account for the different levels of physical growth and redevelopment of properties between the residential and non-residential assessment classes.

In the tax revenue share approach, Council approves a target percentage of the tax revenue requirement for each assessment class to be responsible for. For example, in the 2024 taxation year, the tax share targets were 53% residential and 47% non-residential.

The tax share is used in calculating the **tax rate**. The "Tax Revenue Requirement from Assessment Class" is derived by taking the total tax revenue requirement and multiplying by the tax share for that class:

$$\text{Tax rate} = \frac{\overbrace{\textbf{Tax revenue requirement } (\$) \times \textbf{Tax revenue share } (\%)}^{\text{Council sets these}}}{\textbf{Total taxable assessed value of all properties in class } (\$)}$$

The tax revenue share approach enables Council to make direct decisions to shift the tax share. This approach also provides greater stability in individuals' tax bills, compared to other approaches.

One important consideration with this approach is the relative lack of control over the tax rate ratio, which is more vulnerable to being impacted by changes in the real estate market than it would be in other approaches.

## Tax rate ratio

### What is the tax rate ratio?

The Tax Rate Ratio is the ratio of the **highest non-residential tax rate** to the **lowest residential tax rate** in a municipality. For example, with a Tax Rate Ratio of 4:1, for every dollar of assessed value of their property, a non-residential property owner would pay four times the amount of taxes as a residential property owner would.

### Why is the tax rate ratio used?

The MGA sets out that a municipality must have a tax rate ratio at or below **5:1**. This means that a municipality's highest non-residential tax rate cannot be more than five times greater than the municipality's lowest residential rate.

Because setting the tax share is the most impactful decision Council can make to balance the residential and non-residential tax rates, the maximum tax rate ratio is a key consideration when evaluating the tax share split.

The tax rate ratio threshold was introduced in 2018 through changes to the MGA with the intent to find an equitable balance of the tax responsibilities of the residential and non-residential tax bases.

### How is the tax rate ratio used?

The tax rate ratio itself is calculated using the final approved tax rates each year and is audited by the Government of Alberta. A lower tax rate ratio supports economic competitiveness, promotes revenue stability and diversification, and encourages businesses to reinvest in the surrounding community.

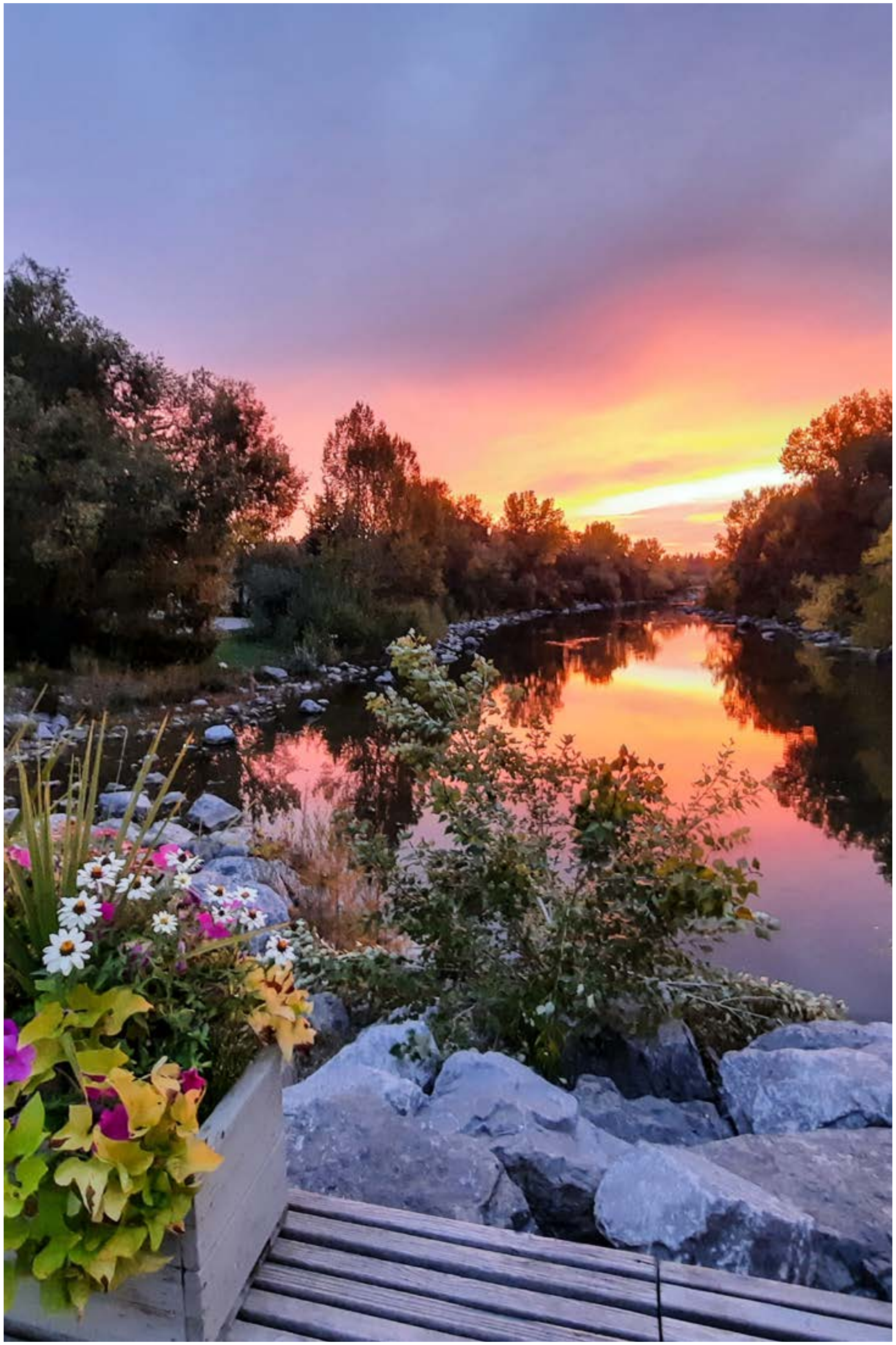
## Other approaches:
## Proportional and tax rate ratio

The other two main approaches used by municipalities in Canada are the **proportional approach**, and the **tax rate ratio approach**.

In the proportional approach, changes in the tax revenue requirement are adjusted for physical growth and redevelopment within each class, and these adjustments are applied proportionately across all property classes. This was Calgary's approach prior to the 2020 fiscal year, when The City switched to the tax revenue share approach.

The **proportional approach** is like the tax revenue share approach in that it results in less stability in the tax rates, but greater stability in individuals' property tax bills. Its key limitation is that Council cannot approve tax share shifts (moving part of the tax revenue requirement from one class to another) as can be done with the tax revenue share approach, which may contribute to exceeding the maximum tax rate ratio of 5:1.

In the **tax rate ratio approach**, Council would set a specific target tax rate ratio which is then used to apportion the tax revenue requirement amongst the property classes in such a way that the ratio is met. This would provide more stable tax rates compared to the other approaches, but risks individuals' tax bills being subject to large increases or decreases year-over-year, as the tax share changes in relation to the real estate market and physical growth of The City. This method provides greater certainty that the maximum tax rate ratio will not be exceeded, but at the cost of increased instability to taxpayers.



# Tax policy tools: Framework and overview

Using the understanding of the tax system overall and an introduction to some of the underlying principles and approaches that support the system from above, this section of the handbook will now cover the various tools available to Council to shape the tax system.

Taking the different formulas for determining the tax rate and tax share as explored above, the different methods of working within the tax system can be represented with the following formula. Please note that the following expression is a simplified representation of several complicated variables but provides a useful conceptual framework to think about the different tax policy tools and which "part" of the tax system they influence.

The tax bill formula below summarizes each variable that contributes to calculating the tax bill of an individual property. Each variable in the formula is explained as follows:

The total amount of money that is needed to be raised from property taxes across The City to fund The City's Service Plans and Budgets as approved by Council, represented as a dollar value.

The share of the tax revenue requirement that is to be collected from the property assessment class (e.g., residential or non-residential) of a given property, represented as a percentage.

$$\text{Tax bill (\$)} = \frac{\text{Tax revenue requirement (\$)} \times \text{Assessment class tax revenue share (\%)}}{\text{Assessment class taxable assessment base (\$)}} \times \text{Assessment value (\$)}$$

The amount of municipal property taxes an individual property owner is required to pay, represented as a dollar value. Sometimes called a property's "tax levy."

The sum total of the taxable assessment values of all properties within the respective property assessment class, represented as a dollar value.

The value of the individual property being considered as assessed by The City, represented as a dollar value. For taxation purposes, only the assessed value of taxable properties are included in the calculation of tax rates and the property's tax bill.

To determine how much in **municipal** property taxes is owed by a homeowner for example, their property's assessed value is multiplied by the applicable tax rate for the year. In 2025, the median assessed value of a single residential home was $697,000. The total tax revenue requirement for The City was $2.44 billion, and the residential class tax revenue share was 54%. Finally, the taxable residential assessment base was $342.1 billion. By multiplying the tax revenue requirement by the tax revenue share, dividing by the taxable assessment base, and then multiplying by the property's assessed value, we can identify the municipal property tax levy for 2025 for that property of approximately $2,698.

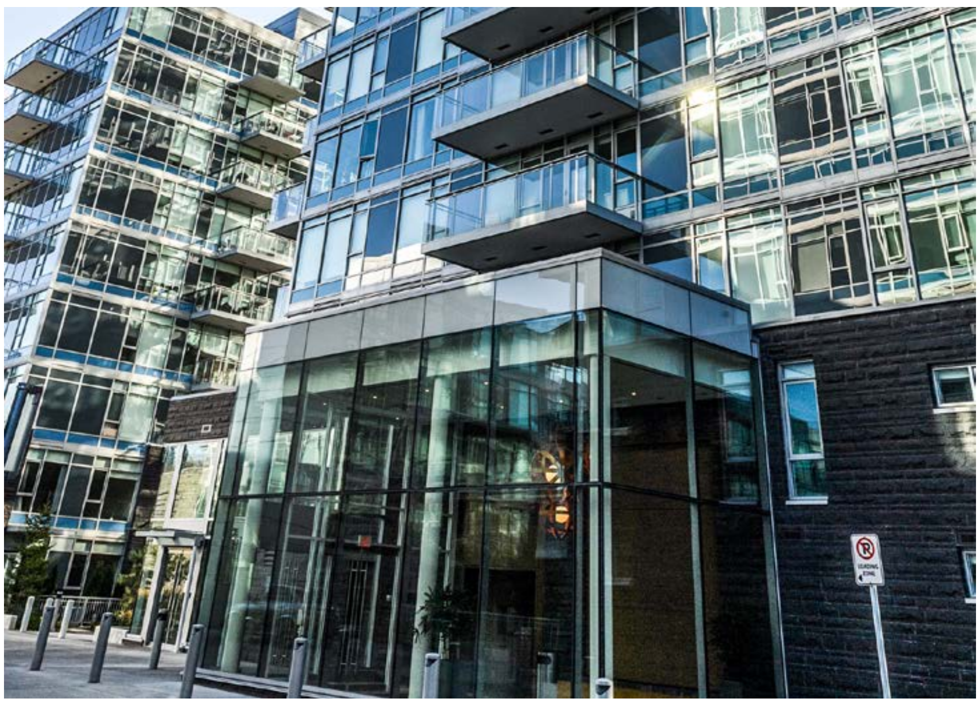
$$\$2{,}698 = \frac{\$2.44 \text{ billion} \times 54\%}{\$342.1 \text{ billion}} \times \$697{,}000$$

There are **eight** major property tax policy tools available to The City that influence different variables within the formula on p. 16.

Some tools apply to only one variable directly, while others may influence multiple variables directly or indirectly; however, it is important to consider the impacts of any tax policy tool on the rest of the tax system in accordance with the Tax system principles.

Additionally, tax policy tools are regulated by various sections of the MGA and other legislation, regulations, bylaws, and policies. When considering the use of a tax policy tool to influence the tax system, it is important to analyze impacts and consult with legal and subject matter experts to ensure the tool is used properly and will provide the right solution without unintended consequences. More information on the different legislation, bylaws and policies applicable to the property tax system is available in the Overview of legislation, bylaws and policies resource.

Below is a brief overview of each of these tools, followed by detailed descriptions of each tool, how the tool may best be applied, and other important considerations including how the tool may impact other parts of the system.



## Tax share shift ("tax shift")

Shifts the portion of the tax revenue requirement levied from each assessment class, effectively lowering the revenue required from taxes for one class and raising them for another, proportionately.

Tax share shifts are approved by Council, usually at the same time as budget decisions.

## Budget decisions

A decision to fund or not fund a certain investment or budget request may influence the tax revenue requirement for the whole City. Approving a new expense may result in more money needing to be raised by taxes, increasing the tax bills for everyone proportionately. Alternatively, making budget cuts may reduce the amount of taxes needed, lowering everyone's tax bills.

Budget decisions are approved by Council as part of budget deliberations, in accordance with City financial and budgeting policies.

## Grant programs

Sometimes called a "rebate," grant programs provide direct funds to taxpayers from an approved budget or reserve in a way defined by the grant's criteria and policy objectives. Because they require budget allocations, grant programs are approved by Council, typically at the same time as other budget decisions.

## Assessment sub-classes

A sub-class is a new subset of the assessment base, allowing different tax share targets to be assigned to more specific groups of properties. For example, a sub-class could be created to assign a higher portion of the tax revenue requirement to derelict residential properties, effectively raising their taxes to incentivize the redevelopment or rehabilitation of those properties.

Council may create certain types of assessment sub-classes by bylaw, within the confines of the applicable legislation.

## Tax exemptions

Allows for a certain property or type of properties to no longer be required to pay taxes, either partially or in full. This removes the exempt properties from the taxable assessment base of their assessment class, proportionately raising the taxes of other properties in that class to make up for the exempt property's tax responsibility.

While most exemptions are established in provincial legislation or regulations, there are some provisions to create tax exemptions by bylaw, such as for non-profit organizations or as development incentives. Also, through the use of tax agreements, some property types such as utilities can make set payments instead of paying tax.

## Cancellations and refunds

Direct, targeted relief to taxpayers applied as a credit to their tax account, usually after taxes have been levied and/or paid by the taxpayer. Cancellations or refunds can sometimes also be called a "rebate," and may be used in respect of individual properties or a class of properties.

This tool must be approved by Council (in some cases, approvals may be delegated by Council to Administration), so long as Council considers it equitable to do so.

## Deferrals

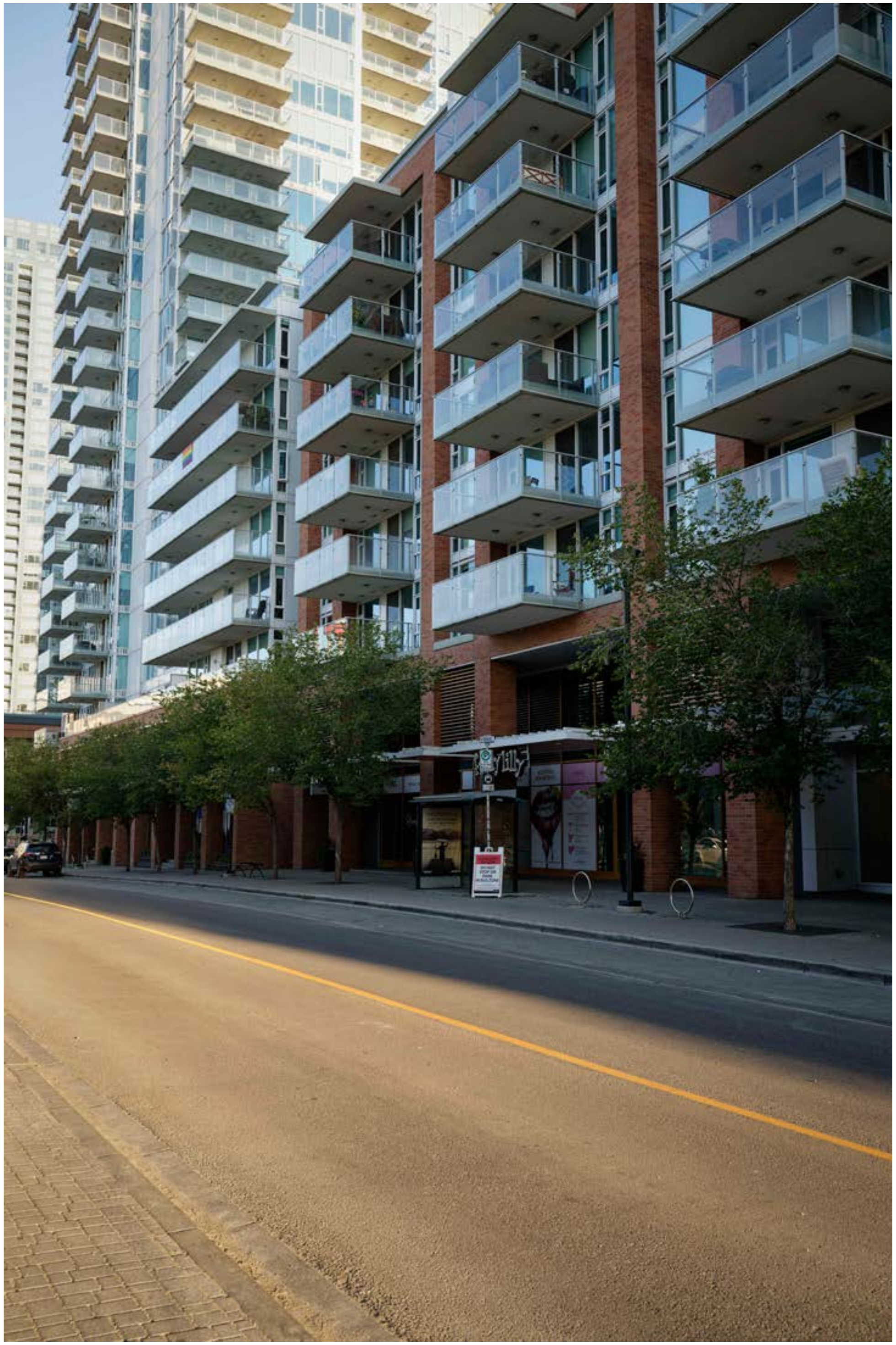
Defers the collection of taxes to a future date, ideal for taxpayers experiencing temporary cash flow challenges but who can be expected to pay the taxes in full later. Can be used in respect of individual properties or a class of properties.

Deferrals can be implemented in one of two ways: Council may approve in-year deferrals they consider equitable, or a deferral program may be established by bylaw, including to be used as a development incentive.

## Phased tax programs

Gradually introduces a change to a property's tax levy over a period of years allowing the taxpayer a longer period to prepare for a change in their taxes. May be applied where a significant change has occurred within a particular class of properties or to individual properties of a similar kind (e.g. downtown offices), such as a rapid change in market conditions.

Phased tax programs must be approved by Council.



# Tax policy tools: Details

Below is more information about each tool, how they work, and important considerations for how they impact taxpayers and the broader property tax system.

It is important to note that these tools vary widely in their scope and scale: some tools can be used to offer tax relief to an individual property owner who accidentally incurred $25 in penalties, while others can result in multi-million dollar shifts in tax responsibility.

## Tax Share Shift

A Tax Share Shift is another decision made by Council during the budget deliberation period. Tax share targeting refers to deciding the portions of the tax revenue requirement that will be paid by each assessment class, as explained in the tax share approach section on p. 14.

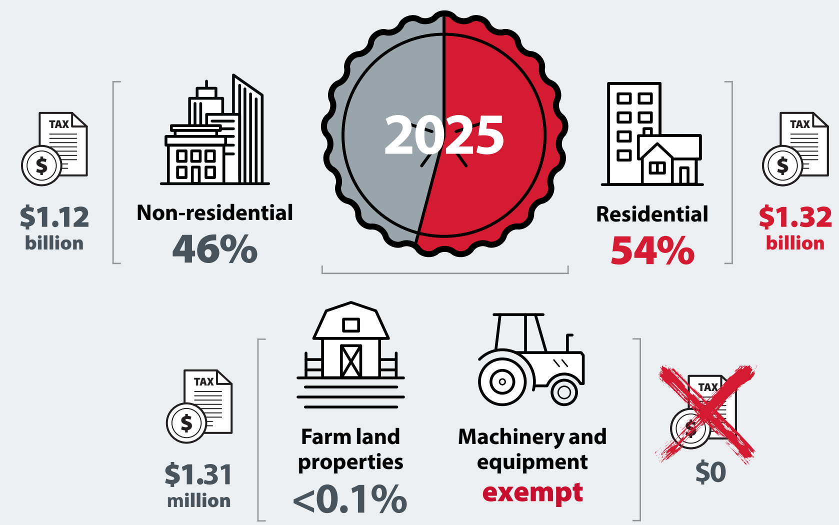
### Tax Share Shift example

As an example, for the 2025 tax year, Council approved a one per cent shift from the non-residential class to residential, assigning **54% of the Tax Revenue Requirement to the Residential class**, and **46% to Non-Residential**, a shift from the previous 53% to 47%. At the same time, Council's approved budget and adjustments represented a municipal Tax Revenue Requirement of approximately $2.4 billion.

Divided out in accordance with the approved Tax Share Target, this meant:

- **Residential properties** were taxed for **$1.3 billion**
- **Non-Residential properties** were taxed for **$1.1 billion**
- **Farm land properties** were taxed for a **$1.3 million**
- **Machinery and equipment properties** were **exempt from taxation**

While a one per cent shift like the one that was approved for the 2025 tax year may sound like a small change, it does carry significant impacts to taxpayers and the financial outlook for The City. Given the number of properties and their typical assessed values ($697,000 for single residential and $5.43 million for non-residential), the one per cent shift represented an approximately $2,054 annual decrease for a typical non-residential property, and a $48 annual increase for a typical single residential property, independent of the tax impacts from budget decisions.




The tax share target is an important decision and must be made with consideration of the assessment base of each class (including influences from the real estate market, physical growth and redevelopment) and the maximum tax rate ratio.

The tax rate ratio, explained above in the tax share approach section, is an important consideration not just in that The City is required by provincial legislation to stay within the maximum, but also as an indicator of economic competitiveness. The business community will often compare the tax rate ratios of different municipalities as a means of determining the relative tax responsibility they may encounter when choosing where to set up their operations.

Adjustments to the tax share target do not change the amount of revenue The City receives, but they do influence the tax bills of residential and non-residential properties relative to each other.

# Budget decisions

"Budget decisions" refers to the decisions of Council to set service levels and fund certain things or not, specifically where those budgetary items would be funded through tax dollars (as opposed to budgetary items funded by non-tax revenue sources, such as user fees or internal reallocation).

Approving a new tax-supported expense — whether it be a new City program, operating funding for new employees, increasing service levels or something else entirely — directly results in an increased tax revenue requirement. In many cases, tax increases are a result of keeping City services on pace with inflation and population growth. Increases to tax-supported expenses result in higher tax rates for all assessment classes and can result in higher tax bills for property owners. Conversely, deciding to reduce tax-supported expenditures can reduce the tax revenue requirement, which can result in lowering tax rates and property owners' tax bills.

As explored in Part One, Council approves four-year capital and operating budgets and re-evaluates them on an annual basis, typically in November each year. This presents opportunities to adjust budget decisions on a regular basis, while also ensuring Council and the public receive updates on what impact these budget decisions will have on property tax bills in the coming year.

Examples of budget approvals or adjustments occur on an annual basis. The City's 2023-2026 Service Plans and Budgets are available online for more information.

# Grant programs

A grant program is a tool for providing limited and time-bound support. Through a grant program, individuals or businesses may apply for direct funding. Once the program is funded by Council through a budget or reserve, it can operate outside the timelines of the tax system and can be allocated to businesses or households (including those who rent) directly, rather than to property owners, which may better support some policy objectives.

A grant program can have criteria designed specifically to serve specific objectives. This requires thoughtful design and a clear understanding of the purpose of the grant program to ensure the grant is well-targeted and will achieve the intended outcome most effectively. This also supports more efficient administration of the program by providing clear parameters for who can be approved for the grant, under what circumstances, and for what amount. Grant programs may require dedicated administrative support to review and process applications and disburse funds.

The City has used grant programs in the property tax context in a few different ways. This includes:

- The Fair Entry Property Tax Assistance Program ("PTAP")
- The Calgary Reopening Grant programs (**see:** Report C2021-0725), which supported businesses through the impacts of the COVID-19 pandemic, including the Business Improvement Area Tax Credit: a program which provided grants to businesses in Business Improvement Areas for the amount of their 2021 Business Improvement Area tax bills.

# Assessment sub-classes

The MGA and the *City of Calgary Charter*, 2018 Regulation (the Charter) provide Council with the ability to divide the residential and non-residential assessment classes into "sub-classes," within some parameters. Sub-classes are a long-term tool which allow for more focused targeting of tax rates to either incentivize or disincentivize certain types of properties in the pursuit of a public policy objective.

A sub-class is created via bylaw and must include within its scope very clear and specific parameters for defining what properties will be included in the sub-class. During the property assessment process, properties are categorized by their attributes into classes and, if applicable, may be assigned to a sub-class for the purpose of taxation. Council may then influence the tax rates for certain sub-classes to be higher or lower to shift the tax share target between classes and sub-classes.

## Residential sub-classes

The residential assessment class may be divided into sub-classes in any way Council feels is appropriate. As an example, Calgary had "multi-residential" and "single residential" sub-classes prior to the year 2000, allowing for tax rates to be assigned for properties that had three or more dwelling units differently than the tax rates for properties with three or fewer units.

Another example is the City of Edmonton's derelict residential property sub-class. This enables Edmonton to apply a higher tax rate to properties that are deserted, boarded up, unfit for habitation, or abandoned during construction or demolition, making holding such properties more costly and encouraging property owners to rehabilitate the derelict properties to return them to the housing supply.

## Non-residential sub-classes

Non-residential sub-classes are more constrained by legislation, being limited to only "vacant," "small business," and "other" as options. There is also the option of "derelict" or "contaminated" sub-classes for non-residential properties under the Charter, with additional rules around how each may be applied.

## Considerations

### Technology

The City's assessment and taxation systems would require capital investment and upgrades as they are not currently readily adaptable to sub-classes.

### Tax system complexity

Implementing sub-classes would also add a new layer of complexity in the overall property taxation system, such as in determining how to assign the tax share target in relation to each sub-class' assessment base to achieve the intended tax rate outcomes. Balancing sub-classes' tax share targets would add another variable into budget deliberations and the calculation of tax rates. Due to the budget-based approach to setting tax rates, there would also be challenges with aligning sub-class tax rates with specific objectives (e.g., implementing a residential sub-class with a tax rate that is a specific percentage higher or lower than the regular residential tax rate).

### External behavior

When implementing any policy tool, a key consideration is how that policy may impact the behavior of impacted parties. For example, The City evaluated creating a "small business" non-residential sub-class (**see:** Report PFC2019-0559), but identified risks such as the potential for large businesses to restructure in such a way that they could qualify for the lower small business tax rate. Similarly, the former "multi-residential" sub-class in Calgary led to the conversion of apartment buildings to condominiums to avoid the higher tax rate associated with the multi-residential sub-class, allowing individual units to be assessed as single residential and benefit from that lower tax rate.

### Assessment Review Board

Property owners have the right to complain to the Assessment Review Board (ARB) if they feel their property has been improperly classified, including between classes or sub-classes. ARB complaints may result in additional administrative burden for The City, property owners, and the ARB. ARB decisions that alter a property's assessed value, taxable status, class or other details may also lead to required tax adjustments, for which The City must budget.

### Tax Rate Ratio

The Tax Rate Ratio (see page 14 for more information), is the ratio of the highest non-residential to the lowest residential municipal property tax rate. Creating a sub-class that imposes a higher non-residential tax rate, or a lower residential tax rate, will increase the Tax Rate Ratio, which risks hitting the legislative maximum ratio of 5:1, impeding The City's ability to pass a legally compliant property tax bylaw.

# Tax exemptions

Tax exemptions allow for certain types of properties to not be required to pay tax on all or part of their assessed value. Depending on the exemption framework, these exemptions may apply to the entirety of the tax levy or they may apply only to the municipal or provincial portion. Exemption governance is regulated by multiple sections of the MGA, in addition to several regulations and City bylaws. The various sources for interpretation for exemption criteria contribute to the relatively complex process of determining the extent and applicability of tax exemption. In effect, exemptions act as an operating subsidy to property owners of eligible properties who are no longer required to pay property tax and can then spend that money elsewhere. Common exemptions are for government-owned property (federal, provincial, or municipal), as well as for properties that are held by non-profit organizations and are used to benefit the community.

While most exemptions are provided by provincial legislation, municipalities do have some local influence over exemptions in a few key areas, including the abilities to:

- Provide exemptions for property held by non-profit organizations.
- Provide exemptions as tax incentives for:
    - The development or redevelopment of brownfield (i.e., contaminated) properties.
    - The development or revitalization of non-residential properties.
    - The development of residential properties for the provision of housing.
- Tax certain types of properties that are normally exempt.

Some examples of how Calgary has used these abilities include:

- The Residents Association Property Tax Exemption Bylaw 5M2013, which provides exemptions for properties owned and used by non-profit Residents Associations.
- The Non-Market Housing Tax Exemption Bylaw 9M2025 provides property tax exemptions for non-profit organizations that provide non-market housing within Calgary.
- The Student Dormitories Property Tax Bylaw 77M95 makes student dormitories taxable for the municipal portion of property taxes, while they remain exempt from provincial property taxes.
- The Renewable Energy Non-Residential Tax Incentive Bylaw 23M2024 provides exemptions as a tax incentive to develop renewable energy generation facilities (e.g., solar or wind power) on brownfield properties.
- Council exempts machinery and equipment property from taxation by bylaw on an annual basis to support economic competitiveness with surrounding jurisdictions.

## Considerations

Exemptions ultimately provide a redistribution of tax responsibility. By shrinking the taxable assessment base of the applicable assessment class (e.g., residential or non-residential), the tax rate increases. In practice this means that taxable properties within a given assessment class that are not exempt from taxation cover the difference, or "pick up the tab", for the exempt properties. As a reminder, any change in a property's taxable status to exempt does not impact The City's revenues.

Designing and implementing a new exemption program requires work both upfront and on an ongoing basis. Creating a new exemption requires the development of a bylaw and for that bylaw to receive approval from Council. Once in place, The City must accept and review applications for exemption and ensure any exemption is properly applied. Property owners also can appeal to the Assessment Review Board or, in some cases, the Tax Incentive Appeal Board about their taxable status if they feel an exemption was improperly applied (or not provided) for their property.

However, tax exemptions can be used as a medium to long-term tool to incentivize or support certain property types and uses and are most effective when used in support of a specific public policy objective, such as affordable housing exemptions provided in accordance with the Housing Strategy.

# Cancellations and refunds

Under section *347(1)(a)-(b)* of the MGA, if Council considers it equitable to do so, it may generally or with respect to a class of taxable property or business, do one or more of the following:

- Cancel or reduce tax arrears; or
- Cancel or refund all or part of a tax.

Cancellations or refunds have been used by The City of Calgary in a number of different ways. Typically, this tool is exercised through Notices of Motion brought forward by members of Council for one-time relief measures, or through recommendations from Administration, including those brought in accordance with a Council Policy.

Since these measures are applied after taxes have been levied and, in some cases, already paid by taxpayers, The City must account for the resulting loss in tax revenue in its budget. This may result in a higher tax revenue requirement, which in turn distributes the cost of cancellations or refunds across all taxpayers in The City. Unless the amount of taxes cancelled or refunded is significant, the resulting redistribution to taxpayers would not be a considerable cost. A provincial tax cancellation has a similar effect, where under section *359(3)* of the MGA, municipalities are required to adjust the next year's provincial education tax revenue requirement for the requisition to compensate accordingly.

Tax cancellations and refunds are generally considered administratively inefficient, particularly on a large scale, as the credits must be individually applied to the properties and normally requires Council approval. The City of Calgary Charter Regulation, 2018, permits Council to delegate this type of tax relief to Administration, allowing for some increased efficiency by not requiring each decision to come to Council for approval, however this ability is limited to a total of $500,000 in cancellations or refunds approved by Administration per year.

Another consideration with cancellations and refunds is whether to cancel both the municipal and provincial portions of the taxes, just the municipal property taxes, or just the provincial education property taxes. Where provincial property taxes are cancelled for a given property, the municipality is still responsible to pay the cancelled amount as part of the requisition. The appropriate extent of cancellation is dependent on the nature of the property type and individual tax payment history. In either case, other taxpayers ultimately carry the cost of the cancellation/refund.

Some examples of how cancellation and refund powers have been used or considered in Calgary include:

- The Non-Profit Tax Mitigation Program.
- The Compassionate Property Tax Penalty Relief Program.
- The correction of prior-year assessment or taxation errors through the Tax Relief Delegated to Administration Council Policy.
- Notices of motion to cancel or refund taxes, for example:
  - Notice of Motion – Tax Cancellation for Calgary Housing Corporation (CHC) Owned Properties EC2024-0749.
  - Notice of Motion – 2024 Silvera Tax Exemption EC2024-0746.
- Tax cancellations to mitigate tax impacts for select properties that have been annexed by The City, leading to changes in their tax levies from the pre-annexation municipality to those applicable in Calgary, for example:
  - Tax Relief Options for Residential Properties Impacted by Annexation Order 333/2007, EC2022-0504.
- Although referred to as a "deferral," the 2020 Pandemic Property Tax Deferral Program utilized cancellations to waive penalties incurred for property tax non-payment for a period of 3 months (**see: Report** C2020-0382), effectively allowing taxpayers to defer paying their taxes for that time.

# Deferrals

A deferral program delays the collection of taxes to a later date. This tool is best used in scenarios where property owners need immediate relief to address temporary cash flow challenges but are expected to be able to pay their taxes in full at a later date. Deferrals do not cancel tax responsibility, but instead give property owners more time to pay by providing an extended payment deadline.

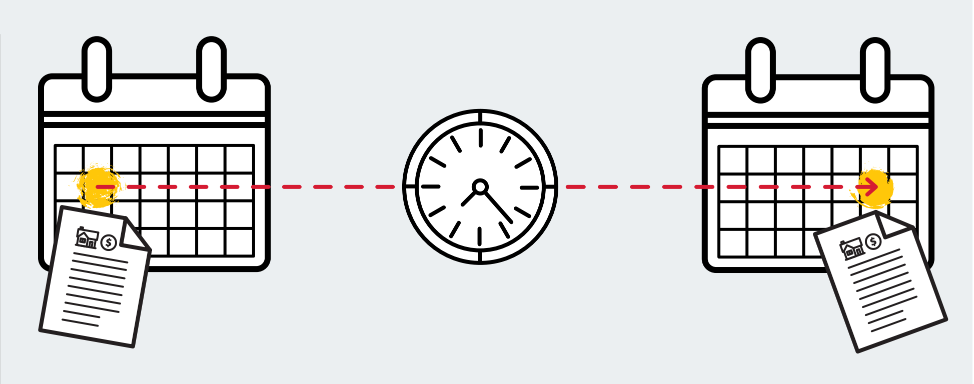
There are two main ways that Council may offer a tax deferral program. The first is through section *347(1)(c)* of the MGA. Similar to cancellations & refunds, this must be applied only when Council considers it equitable and may apply to a particular property or a class of properties. Council is generally required to approve each deferral under section *347(1)(c)* each time as well, either through a motion brought forward by a member of Council, or upon recommendation of Administration.

The other way to offer a deferral is through tax incentives under sections *364.1* or *364.2* of the MGA. These sections require Council to pass a bylaw (or in the case of Brownfields, may be achieved through an agreement with the owner) setting out the rules of the incentive program, including: eligibility criteria, the amount and duration of the deferral, and other administrative requirements such as how to accept applications for and how to approve the deferral. The MGA also requires these incentives be used for specific purposes, specifically to encourage the development or redevelopment of brownfield properties (section *364.1*), to encourage residential development and the provision of housing (section *364.2*), or to encourage the development or revitalization of non-residential properties or machinery and equipment (section *364.2*), all of which must be for the general benefit of the municipality.

Deferral programs are often administratively inefficient as they require manual intervention to implement and monitor, particularly when the program only applies to certain properties. Deferrals are ineffective at addressing situations where there are systemic or persistent cash flow problems for property owners as the tax responsibility must still be paid eventually. It is important to note that The City must budget for the loss in tax revenue during the deferred years.

The City has used deferral programs in the past, such as:

- The 2021 and 2022 Hotel/Motel Property Tax Deferral Program (**See: Reports** C2021-0725; EC2022-1134)
- The 2020 and 2021 Deferral for Hailstorm Affected Properties (**See: Report** C2021-0939)



# Phased tax programs

A phased tax program caps the increase or decrease in a property's taxes resulting from a change in that property's assessed value. For example, if a significant change in the real estate market results in a larger increase to a property's assessment value than is experienced by other properties in the same assessment class, a phased tax program would effectively "cap" their tax responsibility increase for that year. This allows the taxpayer more time to prepare financially for the change to their taxes without over two years, rather than having to deal with the large increase in a single year.

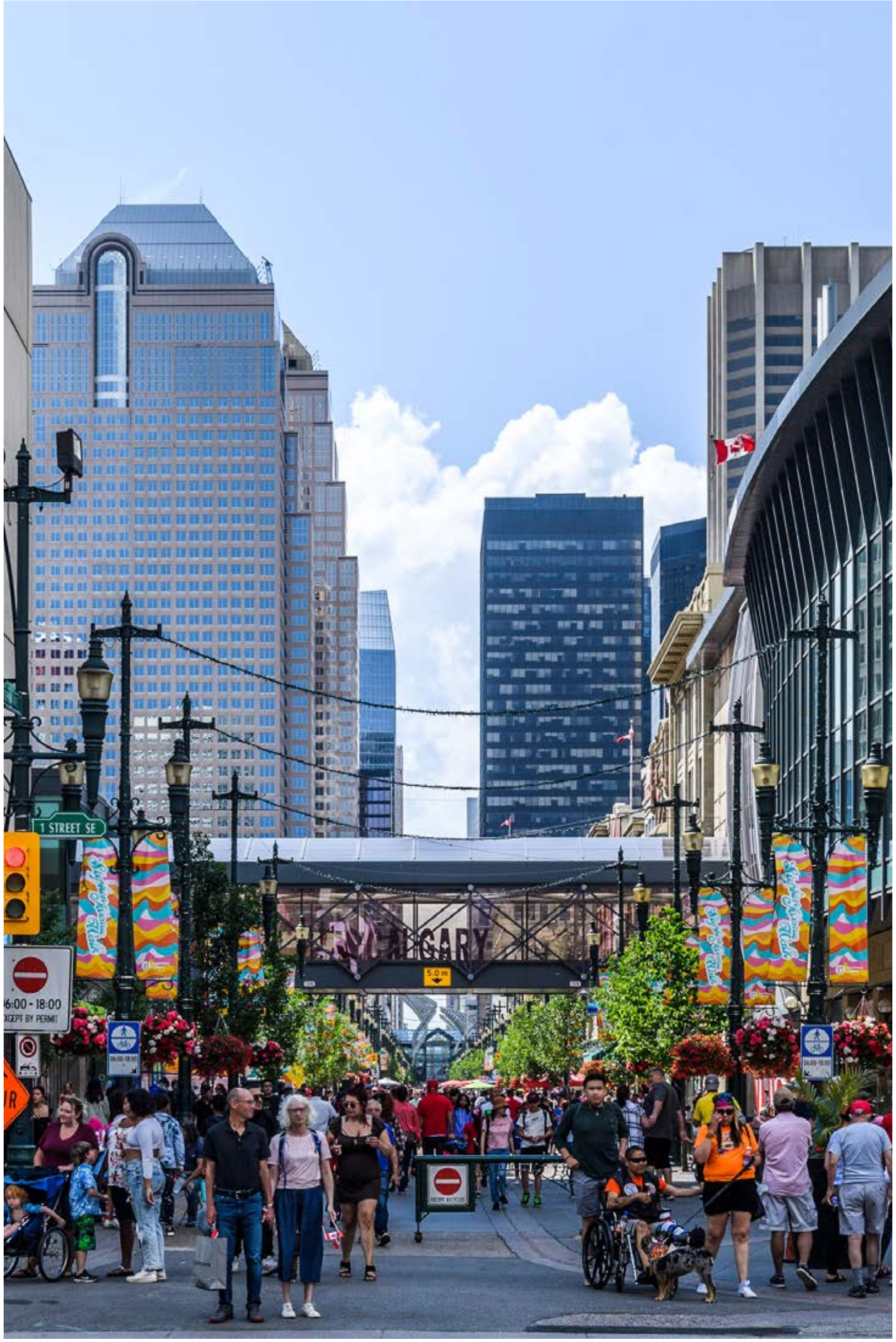
Conversely, phased tax programs can also be used if assessed values drop significantly to give other property owners in that assessment class more time to prepare for taking on a larger share of the redistributed tax revenue requirement resulting from the reduced responsibility of the property or properties that saw their value decrease.

Phased tax programs may be created by Council in accordance with section *347(2)* of the MGA. Because they cap the amount of taxes being paid until the "phase-in" of the change in assessed value is complete, the lost property tax revenue that is capped must be funded from a budget or reserve.

While a phased tax program can support principles such as Fairness (Ability to Pay) by mitigating tax increases that outpace the taxpayer's financial capacity, they can cause problems.

Phased tax programs cause the increases in tax responsibility to be felt after the assessment changes are fully phased in. This creates a disconnect between a property's assessed value and its tax responsibility, which is challenging to communicate, and contravenes the principle of Accountability, Simplicity & Transparency Administratively, a phased tax program requires burdensome manual implementation for each property that the program impacts, also contravening the principle of Efficiency & Ease of Administration.

The City used phased tax programs from 2017-2021 to help mitigate the impacts to the non-residential assessment base from the market downturn affecting office assessments. (**See: Reports** C2020-0486**;** PFC2020-0015).



# Resources

# Resources

## Glossary of terms

Find key terms used throughout the handbook and their definitions below. Key terms are ***bolded*** and ***italicized*** the first time they are used in the handbook.

The City also maintains a **glossary of terms used in property assessment online**.

### Assessed person

The assessed person is the person (or organization) identified by criteria in the MGA and named on The City's assessment roll in respect of a property. The assessed person receives the assessment notice for the property and is generally also the taxpayer for property or other applicable taxes levied in respect of that property.

Assessed persons are able to access additional levels of information about their and other property assessments and may file assessment complaints with the Assessment Review Board. In many cases, the assessed person is the owner of the parcel of land, but may be someone else in some cases.

### Assessed value

The estimated dollar value assigned to a property through the property assessment process. Sometimes referred to simply as the "assessment." For most properties, the assessed value reflects the market value of the property as of July 1 of the previous year.

### Assessment base

The sum of assessed values of properties. This may refer to the total assessment base of all properties in the city, or may refer to a certain subset (for example, "the residential assessment base," which would exclude non-residential, farm land and machinery & equipment properties; or "the taxable assessment base," which would exclude the assessed value of properties that are exempt from taxation).

### Assessment class

An assessment class is a mandatory assignment pursuant to legislation applied to a property to categorize them, which is used to apportion the tax share and determine different tax rates for different classes. The classes are: Residential, Non-Residential, Farm land, and Machinery & Equipment.

**See also:** Assessment sub-class

### Assessment notice

An assessment notice is a document sent by The City to the assessed persons for each assessed property on an annual basis. The assessment notice provides key details such as the assessed value, taxable status, information on contacting The City about an assessment or filing an assessment complaint including deadlines or applicable fees, and more.

In addition to the annual assessment notices, there are also **amended assessment notices** that are issued when The City amends an assessment, and **supplementary assessment notices** that are issued when an improvement is completed, newly occupied, or moved into the municipality (e.g., a mobile or manufactured home) mid-year, rather than at the same time as the annual assessment notices.

### Assessment Review Board (ARB)

The tribunal authorized to hear complaints about an assessment or tax. May include a Local Assessment Review Board (mostly for residential properties) or a Composite Assessment Review Board (mostly for non-residential or large multi-residential properties).

**Learn more at:** CalgaryARB.ca

### Assessment roll

The record of all assessed properties in the city, which includes information about each property such as the address, the assessed value, the taxable status and assessment class, and more.

### Assessment sub-class

An assessment sub-class is subset of an assessment class that is created when a Council divides a class into 2 of more sub-classes by bylaw. For example, there may be a sub-class for "derelict residential properties," or "small business non-residential properties." The City of Calgary does not currently have any sub-classes.

**See also:** Assessment class

### Assessor

An assessor is an employee of The City of Calgary who is responsible for assessing properties. This may refer to the City Assessor and Director of Assessment & Tax, or other assessors within the Assessment & Tax business unit.

### Customer Review Period (CRP)

The Customer Review Period (CRP) is a 67-day period beginning after assessment notices are mailed out in January each year. During CRP, assessed persons are encouraged to check the accuracy of their property assessment, learn how it was determined and contact The City if they have questions. The CRP is a free service offered outside the formal Assessment Review Board complaint process.

### Education Act

**See:** Overview of legislation, bylaws and policies resource

### Market value

Market value is the amount that a property might be expected to realize if it is sold on the open market by a willing seller to a willing buyer.

### Mass Appraisal

Mass Appraisal is the process of preparing property assessments for a group of properties using standard methods and common data and allowing for statistical testing. Mass Appraisal is mandated in Alberta as a standard of assessment under section *5* of the Matters Relating to Assessment and Taxation Regulation, 2018.

According to this regulation, property assessments based on market value must be conducted using mass appraisal, must be an estimate of value of the fee simple estate in the property, and must reflect typical market conditions for properties similar to that property.

### Mill rate

A term not frequently used at The City of Calgary. The rate of taxes that is applied to every $1000 in assessed value of a property to determine that property's tax responsibility.

**See:** Tax rate

### Municipal Government Act (MGA)

**See:** Overview of legislation, bylaws and policies resource

### Penalty (property tax)

A property tax penalty is a financial penalty imposed on property taxes that remain unpaid after the payment deadline specified on a property tax bill. Property tax penalties are levied in accordance with Bylaw 8M2002 and sections *344* through *346* of the MGA. Penalties become a part of the tax in which they are imposed.

### Property

A property means a parcel of land, an improvement, or a parcel of land and the improvements on it. Improvements are structures and anything attached or secured to a structure that would be included in the transfer or sale of the structure. Improvements also include things like mobile or manufactured homes or machinery and equipment.

### Roll number

The unique number assigned to each individual property on the Assessment Roll, enabling specific properties to be identified precisely.

**See:** Assessment Roll

### Service Plans and Budgets (SPBs)

Service Plans and Budgets are created every four years to provide the roadmap for how The City delivers services to citizens and the financial plan to support The City's actions. They are developed in accordance with the strategic direction set by Council, public engagement and research, and a robust process.

### Supplementary assessment

A supplementary assessment is an assessment of property that is completed construction, moved into The City (e.g., mobile homes) or becomes occupied within the year in which that property will be taxed. Supplementary assessments are prepared in the same manner as regular (annual) assessments, but are prorated to reflect the number of months the improvement is complete, occupied, or located within The City, and only reflect value that has not previously been assessed in that year.

### Tax bill (notice)

A tax bill, called a tax notice in the applicable legislation and regulations, is a form of notice sent by The City to property taxpayers to provide information such as the amount of tax they owe for the year, payment deadlines, and information on contacting The City. Annual property tax bills are typically mailed during the month of May. If a supplementary or amended assessment is issued, a supplementary or amended tax bill is also sent.

## Tax Instalment Payment Plan (TIPP)

The Tax Instalment Payment Plan (commonly referred to by the acronym TIPP) is The City's most popular property tax payment method. TIPP participants pay the same amount as their annual property tax bill, but instead of paying in a lump sum by the June payment deadline, taxes are paid in smaller monthly instalments.

**Learn more at:** calgary.ca/TIPP

## Tax levy (responsibility)

The property tax levy or tax responsibility is the dollar amount of taxes imposed, sometimes used in respect of an individual property or group of properties, and sometimes used interchangeably with the Tax Revenue Requirement as the total amount of property taxes levied on all properties.

**See:** Tax Revenue Requirement

## Tax rate

The rate, typically shown as a number up to seven decimal places (e.g., 0.0042036) that is applied to every dollar in assessed value of a property to determine the tax responsibility; based on the property tax revenue requirements of the municipality's budget and the total taxable assessed value of properties within a class.

**See also:** Mill Rate

## Tax rate bylaw

The Property Tax Bylaw is approved annually by Council to set the property tax rates for each assessment class for the year as required under the MGA, typically in March or April. Other types of taxes also have their tax rates set by separate tax rate bylaws, such as for special taxes or business improvement area taxes.

## Tax rate ratio

The tax rate ratio, called just the "tax ratio" in the applicable legislation, is the ratio of the highest non-residential tax rate to the lowest residential tax rate. Per MGA section *358.1(1)(c)*, the maximum Non-residential to Residential Tax Rate Ratio is 5:1 (i.e., the highest non-residential tax rate can be no more than five times the lowest residential tax rate).

For example, with a Tax Rate Ratio of 4:1, a non-residential property owner would pay four times the amount of taxes per dollar of assessed value compared to a residential property owner.

## Tax revenue requirement

The tax revenue requirement is the total amount The City needs to raise from property tax to fulfill the approved Service Plans and Budgets after subtracting all other sources of revenues such as user fees and grants and excluding the amount remitted to the provincial government for provincial education taxes.

**See:** Tax levy (responsibility)

## Tax room

Education property "tax room" refers to a Council-approved municipal tax increase that assumes the provincial property tax will increase by the same amount. Council approves the municipal tax increase before the province sets the provincial property tax requisition.

If the province approves a provincial education property tax increase that is less than the increase approved by Council, the difference is called "vacated tax room". Council may then choose to "absorb" the tax room to fund municipal priorities.

## Tax share

The tax share is the percentage of the tax revenue requirement that will be collected from each assessment class. For example, in the 2024 tax year, the tax shares were set at 53% of the tax revenue requirement to be raised from residential properties and 47% to be raised from non-residential properties.

## Tax uplift

Tax uplift is the idea that, when the value of a property increases, more tax revenue will be generated from that property. In Calgary's revenue-neutral system, tax uplift doesn't typically occur: the total revenue raised from taxes remains fixed, as determined by the approved budget and the tax revenue requirement. Instead, a change in assessed value of a property might be offset by the tax rate, or simply redistributes the same amount of taxes differently amongst other taxpayers.

## Taxable status

A property's taxable status refers to whether property taxes are levied in respect of that property, or if the property is fully or partially exempt from taxation. A property's taxable status is indicated on its assessment notice.

# Overview of legislation, bylaws and policies

## Important note

Legislation, regulations, bylaws or policies may change over time, and this information is a summary for reference purposes only. This information may not be exhaustive and should not be interpreted as legal information or advice. Any decisions relating to property assessment or taxation should be made in consultation with the appropriate legal and subject matter experts. This information is current as of June 2025.

Find an overview of the different legislation, regulations, bylaws and policies that impact the property tax system below.

## Legislation

Provincial legislation is a law (called an "Act") passed by the Legislative Assembly of Alberta. Federal legislation is similar to provincial legislation, but is approved by the Parliament of Canada, instead. Most regulation of assessment and taxation is at the provincial level.

The legislation most applicable to property assessment and taxation is outlined below.

### Alberta Housing Act (Alberta)

Provides a framework for the provision of basic housing accommodation for persons who because of financial, social or other circumstances require assistance to obtain or maintain housing accommodation. Establishes the Alberta Social Housing Corporation and includes definitions of "affordable housing" for the purposes of certain property tax exemptions.

### Education Act (Alberta)

Regulates the education system in Alberta, including things like school governance, the public, separate, and charter school systems, and education funding, including the provincial education requisitions.

### Municipal Government Act (MGA) (Alberta)

Alberta's primary legislation governing the operation of municipalities, the MGA provides the foundation for property assessments, taxation, municipal governance, planning, and appeals. The MGA lays the general rules for how a property must be assessed, disputes are resolved, taxes are levied, notices sent, and budgets set.

### Payments in Lieu of Taxes Act (PILT) (Canada)

The federal legislation that governs the Payments in Lieu of Taxes program, which pays municipalities an equivalent amount of money to the amount they would pay if federal properties were not exempt from property taxation.

# Regulations

A regulation is a rule or order made under the authority of an Act, usually by a Minister (such as the Minister of Municipal Affairs). Regulations provide more detail and guidance on implementation or enforcement; but cannot contradict or go beyond the scope of the enabling legislation.

The regulations most applicable to property assessment and taxation is outlined below. The Act under which a regulation is made is denoted in [brackets].

### [MGA] Business Improvement Area (BIA) Regulation

The Business Improvement Area (BIA) Regulation provides the requirements for establishing BIAs, BIA taxes, and defines operating procedures for BIAs and their boards including marketing, promotion, and improvements to commercial districts.

### [MGA] City of Calgary Charter, 2018 Regulation

The City Charter grants the City of Calgary more autonomy in governance to address needs specific to Calgary while abiding within the greater provincial guidelines. The Charter modifies some aspects of the MGA to allow for more flexibility in areas such as budgeting and the handling of property assessments and methods of tax collection.

### [MGA] City of Calgary Rivers District Community Revitalization Levy (CRL) Regulation

The CRL regulation is made pursuant to the MGA and establishes a community revitalization levy area in the Rivers District. The regulation also allows The City to implement a community revitalization levy on incremental property assessment growth and is designed to finance public infrastructure improvements within the district. The regulation also enables The City to retain the provincial portion of the CRL taxes in the CRL funds.

### [MGA] Community Organization Property Tax Exemption Regulation (COPTER)

Elaborates on exemptions from property taxation made under section *362* of the MGA. Provides additional definitions, interpretation guidance, and rules pertaining to the administration of exemptions for non-profit organizations.

### [MGA] Matters Relating to Assessment and Taxation Regulation, 2018 (MRAT)

MRAT is a regulation under the MGA that provides the requirements for how property assessments are conducted for taxation purposes. MRAT outlines the standards, procedures, and timelines for assessing properties to promote equity, uniformity, and consistency across Alberta municipalities.

### [MGA] Matters Relating to Assessment Complaints Regulation, 2018 (MRAC)

MRAC is a regulation under the MGA that governs the process for property assessment complaints. MRAC establishes the framework for how to file a complaint, the complaint process, timelines, and the role of the Assessment Review Board (ARB).

### [MGA] Social and Affordable Housing Accommodation Exemption Regulation (SAHAER)

Provides exemptions for property owned by the Alberta Social Housing Corporation (ASHC), as well as property formerly owned by the ASHC in certain circumstances.

# Bylaws

## Annual assessment and taxation bylaws

There are several bylaws approved by Council on an annual basis to enable property assessments, set out the tax rates for the year, and establish an exemption for machinery and equipment property in the city. Because they're approved annually, each one includes the applicable year in the title. These include:

### Business Improvement Area Tax bylaw

Enables taxes for the applicable year for business that are within the boundaries of a Business Improvement Area (BIA).

### Business Improvement Area Tax Rate Bylaw

Establishes the tax rates for business improvement area taxes for the applicable year.

### Machinery and Equipment Exemption Bylaw

Exempts property that is classified as machinery and equipment from taxation for the applicable year.

### Property Tax Bylaw

Establishes the property tax rates for the applicable year, including the municipal and provincial tax rates for all assessment classes.

### Rivers District Community Revitalization Levy Rate Bylaw

Establishes the tax rates for the Community Revitalization Levy for the Rivers District in the applicable year.

### Special Tax Bylaw

Establishes the tax rates for Special Taxes in the applicable year.

## Charter bylaws

Charter bylaws are a special type of bylaw, passed under authorities of Council that are created or modified by the *City of Calgary Charter, 2018 Regulation*. Charter bylaws have special advertisement and public hearing requirements, and leverage unique abilities afforded to the City of Calgary compared to other municipalities. These include:

### Electronic Transmission of Assessment, Taxation, and Assessment Review Board Notices Charter Bylaw

**Bylaw number:** 2H2018

Establishes a process for sending assessment notices and other notices, documents, or information relating to property assessment and taxation electronically. (e.g., the Assessment eNotice program).

### Online Advertising of Public Works Notices and Tax Recovery Sales Charter Bylaw

**Bylaw number:** 1H2021

Permits the advertising of public auctions for recovery of taxes by notice on The City's website, instead of in a newspaper.

### Tax Penalty Cancellation Delegation Charter Bylaw

**Bylaw number:** 1H2018

Delegates authority to the City Assessor to cancel, reduce or refund up to $500,000 in taxes per taxation year, in accordance with an approved bylaw or council policy.

# Bylaws (continued)

## Bylaws

### Annexed Property Tax Payments

**Bylaw number:** 18M91

Establishes property tax deadlines and late payment penalties for properties impacted by certain specified annexations.

### Calgary Assessment Review Board Bylaw

**Bylaw number:** 15M2018

Establishes the Local Assessment Review Board and Composite Assessment Review Board.

### Chief Financial Officer, City Treasurer and Deputy City Treasurer Bylaw

**Bylaw number:** 34M2021

Continues the position of City Treasurer and establishes the positions of Chief Financial Officer and Deputy City Treasurer for the City of Calgary. Contains authorizations and delegations relevant to Assessment & Tax, such as for the payment of requisitions under the Education Act.

### Municipal Assessor Bylaw

**Bylaw number:** 49M2007

Establishes the position of Municipal Assessor for the City of Calgary. The "Municipal Assessor" is also called the City Assessor/Director, Assessment & Tax.

### Non-Market Housing Property Tax Exemption Bylaw

**Bylaw number**: 9M2025

Establishes a property tax exemption for non-market (affordable) housing properties that are held by non-profit organizations.

### Renewable Energy Non-residential Tax Incentive Bylaw

**Bylaw number:** 23M2024

Establishes a tax incentive for non-residential brownfield (i.e., contaminated) properties where the property owner builds or expands a qualifying renewable power generation facility (e.g., solar or wind).

### Residents Association Property Tax Exemption Bylaw

**Bylaw number:** 5M2013

Establishes a property tax exemption for property held by and used in connection with a residents association.

### Student Dormitories Property Tax Bylaw

**Bylaw number:** 77M95

Makes student dormitories subject to municipal property taxation.

### Supplementary Property Assessment Bylaw

**Bylaw number:** 9M2021

Authorizes the preparation of supplementary assessments in respect of improvements for the purpose of imposing a tax in the same year.

### Supplementary Property Tax Bylaw

**Bylaw number:** 10M2021

Authorizes The City to collect property taxes from properties that received supplementary assessments.

### Tax Incentive Appeal Board Bylaw

**Bylaw number:** 24M2024

Establishes the Tax Incentive Appeal Board as a committee of Council, comprising members from the Assessment Review Board and the Licence and Community Standards Appeal Board to hear appeals of decisions to deny or cancel a Renewable Energy Non-Residential Tax Incentive (made available under Bylaw 23M2024).

### Tax Instalment Payment Plan ("TIPP") Bylaw

**Bylaw number:** 9M2002

Establishes and governs the Tax Instalment Payment Plan (TIPP).

### Tax Penalty Bylaw

**Bylaw number:** 8M2002

Establishes penalties for unpaid taxes in the current year and in other years.

# Other municipal taxes

Below are the other types of taxes that can be implemented by municipalities in Alberta, as described by the Financial Task Force (see page 13 of the Task force's comprehensive recommendations report.) Most of these taxes are used to fund specific purposes, unlike property taxes, which can be allocated to general revenues of the municipality (e.g., a Clean Energy Improvement Tax is only levied to recover costs from a Clean Energy Improvement Program, and could not be used to fund other municipal expenses).

## Business tax

**In Calgary?** Yes ☐ No ☒

A tax on businesses operating within the municipality, levied on the business operator rather than the property owner. This form of tax was used in Calgary from 1916 to 2019, when Calgary finished phasing out its Business Tax after consolidating the Business Tax and the Non-Residential Property Tax.

The basis for business tax is the expected income of a business rather than the wealth of landlords. Because rents consider business location, opportunities and expected revenues among other factors, they provide a reasonable measure of potential business incomes. Second, Business Tax allows quasi-public exemptions that reflect prevailing economic circumstances through vacancy adjustments.

## Business improvement area tax

**In Calgary?** Yes ☒ No ☐

A tax requested by and impacting businesses operating in a specific area, to fund specific functions organized by a board to promote and improve the area in which they do business. Calgary currently has 15 Business Improvement Areas.

## Clean energy improvement tax

**In Calgary?** Yes ☒ No ☐

Learn more on the Clean Energy Improvement (CEIP) webpage.

## Community revitalization levy

**In Calgary?** Yes ☒ No ☐

Calgary currently has one Community Revitalization Levy in the Rivers District. It segregates a portion of the property tax revenue generated within the district for direct investment in infrastructure improvements within the area."

## Special tax

**In Calgary?** Yes ☒ No ☐

Several Calgary communities benefit from a Special Tax as a result of a successful community petition to The City requesting enhanced landscape and boulevard maintenance.

## Well drilling equipment tax

**In Calgary?** Yes ☐ No ☒

A tax that can be imposed in respect of equipment used to drill a well for which a license is required under the Oil and Gas Conservation Act.

## Local improvement tax

**In Calgary?** Yes ☒ No ☐

Local Improvement Taxes may be used for services or improvements such as street paving, driveway crossings, sidewalk replacements, or lane paving, and are paid by certain property owners for projects that Council considers to be of greater benefit to a specific part of a community rather than to the whole city."

## Community aggregate payment levy

**In Calgary?** Yes ☒ No ☐

A tax levied in respect of sand and gravel businesses operating in the city to fund infrastructure and other costs in The City.

# Links and other resources

## Historical tax rates and levies

- Historical residential and non-residential tax rates
- Tax levy – historical
- Open Calgary – Current year property assessments
- Property tax calculator

## Tax payment and relief

- Property tax exemption
- Tax instalment payment plan
- Business improvement area (BIA) tax
- Non-profit tax mitigation program
- Compassionate property tax penalty relief program
- Tax relief delegated to administration council policy

## Council tax rate scenario tool

The tax rate scenario tool is an internal resource available to members of Council, enabling Councillors to explore what different budget and tax share decisions would look like with respect to the tax rates, typical properties' tax responsibilities, and the tax rate ratio.

## Other resources and council reports

- Financial task force – Property tax policy framework, EC2022-0649
- Financial task force – Non-residential assessment subclasses scoping report, EC2022-0780

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