EC2025-0587
Attachment 4

2017 – 2021 Municipal Non-Residential Phased Tax Programs (PTP)

Program Evaluation

Assessment & Tax – Policy & Strategy

June 2025

Contents

Executive Summary **3**
Background **5**
Policy Issue 5
Program History 6
Analysis **7**
Conclusions **21**
Appendix 1: 2017 – 2021 PTP Approvals - Council Direction **23**
Bylaws, Regulations, Council Policies 25
Appendix 2: Program Evaluation Method and Criteria **26**

Executive Summary

Downtown office properties experienced significant property value declines following the 2015 oil price crash, from a peak in 2015 of $25.3 billion to $9.1 billion in 2021 – a 62.9% decline in 6 years.[1] This resulted in redistribution of property tax responsibility from downtown offices to the remainder of the taxable non-residential assessment base. At the time, the non-residential assessment base overall carried 56% of property tax responsibility in Calgary despite being only 26% of the total taxable assessment base, driving a significant portion of tax responsibility toward non-residential properties outside of the downtown office segment.

From 2017 – 2021, The City of Calgary implemented a series of "Municipal Non-Residential Phased Tax Programs" (PTPs) to mitigate these financial hardships. The PTPs capped annual municipal property tax changes for eligible properties at a 5% increase in 2017-2018, a 10% decrease in 2019, and a 10% increase in 2020-2021, distributing over $212 million in relief across nearly 13,000 property tax accounts over the five years of the programs.

This evaluation assesses the program's efficacy at addressing this tax redistribution issue, and outlines insights that should be considered in the future use and development of tax policy relief tools. The evaluation reviewed property assessment, market and economic data, PTP recipient account information and observations from Administration using the six tax policy principles approved by Council.

Results Icons:	
✗ (red)	*The program failed to meet the principle or evaluative criteria objectives.*
– (yellow)	*The program met the principle or criteria objectives partially, or in some ways but not others.*
✓ (green)	*The program met the principle or criteria objectives.*

Table 1: Overview of Evaluation Findings		
Criteria	Overview	
Fairness (Ability to Pay)	– (yellow)	PTPs supported fairness year-over-year by aligning tax responsibility more closely with assessment change rates and aligned with vertical equity in the property assessment and taxation system, but were not means-tested to actual ability to pay, relying on proxy measures that may have unduly benefitted high-value properties, rather than businesses in greatest financial need, in contradiction of policy goals.
Fairness (Benefits)	N/A	PTPs did not target nor impact alignment of tax responsibility with beneficiaries of City services.

[1] Internal data.

Table 1: Overview of Evaluation Findings		
Criteria	Overview	
Neutrality		PTPs improved tax neutrality and competitiveness in the short-term, but long-term structural change is needed to truly influence behavior.
Stability & Predictability		PTPs reduced City financial stability, reducing reserve funds. However, reduced tax increase spikes provided more predictable tax responsibility to taxpayers in the short-term response to the tax redistribution issue.
Accountability, Simplicity & Transparency		PTPs detached tax responsibility from market value assessments, undermining communications goals of explaining the connection between the two. The program criteria were technical and difficult to understand or explain.
Efficiency & Ease of Administration		The PTPs required thousands of hours of dedicated administration in total, which was not resourced as part of program budgets. Eligibility reviews, calculation of tax caps and implementation were entirely manual and administratively demanding, detracting resources from other priority initiatives.
Economic Impact		PTPs allocated over $212 million to almost 13,000 non-residential property owners over the five years, to reduce financial hardship in each year associated with the tax redistribution in the non-residential assessment base. However, specific impacts on business retention and long-term economic resilience are difficult to quantify without specific targets in the program design, and businesses that are not directly responsible for property tax payment (such as due to leasing structure) may not have benefitted from the program, despite the goal of supporting businesses.

Overall, the PTPs were partially effective in addressing the policy issue of tax responsibility redistribution amongst non-residential properties through improved fairness by narrowing the gap between assessment changes and property tax increases. However, the programs benefited high-value properties proportionately to their higher assessment values and while most tenant businesses would have benefitted through triple-net leases' assignment of property tax responsibility to tenants (approximately 86% of non-residential leases), this could not be guaranteed in all cases. The complexity of the program criteria and the disconnect between property assessments and tax bills caused by PTPs made it challenging to effectively explain the impacts or the underlying policy issues they were attempting to address.

It is important to note the PTPs negatively impacted The City's financial stability as losses in tax revenue were backfilled by reserve funds (also resulting in associated opportunity costs of lost reserve investment income), and were administratively demanding without sufficient resourcing built into program budgets.

The PTPs provided material financial support in a time of need and likely contributed to short-term business retention and longer-term economic resilience. However, the lack of data on pass-through effects to business tenants, specific performance measures or economic goals, and the significant administrative and fiscal costs suggest that similar future programs should be approached with caution and designed with clearer goals, metrics, and implementation strategies.

Background

A Phased Tax Program (PTP) is a property tax policy tool available to municipalities in Alberta under section 347(2) of the *Municipal Government Act,* RSA 2000, c M-26 (the MGA). A PTP can be used to phase in an increase or decrease to taxes resulting from the preparation of any new property assessment. In other words, if a property's assessed value increases or decreases year-over-year, the resulting impact to the property taxes payable in respect of that property can effectively be "capped" for that particular year through a PTP.

The 2017 – 2021 Municipal Non-Residential PTPs were a series of such programs implemented by The City of Calgary (The City) aimed at supporting businesses experiencing financial hardship.

Policy Issue

As presented with the original PTP proposal in 2017 (C2017-0057) and identified in the November 2016 Mid-Cycle Budget Adjustments for the 2017 budget year (C2016-0863), there were two main economic forces affecting the viability of some Calgary businesses:

1. A general economic downturn, where businesses experienced reductions in revenue and increasing costs, driven by the collapse of the price of oil (e.g., Western Canadian Select, which dropped from peaks of $85.65 USD/barrel in April 2014 to lows of $16.30 USD/barrel in February 2016)[2], a key economic indicator for Calgary.

2. As a product of the economic downturn, a larger reduction in the assessed value of certain non-residential property types (particularly downtown office towers) year-over-year, relative to other non-residential property types. The typical year-over-year change in market value assessments between different non-residential property segments were (from City of Calgary Market Trends Reports):

Table 2: Year-over-Year Typical Market Value Assessment Change[3]					
Property Type	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021
Retail	+ 2%	0%	+1%	+ 3%	- 6%
Industrial	0%	+ 4%	- 3%	+ 2%	+ 4%
Downtown Office	- 20%	- 11%	- 31%	+4%	- 17%

Due to the scale of the reduction in assessed values in downtown office properties and the redistributive nature of the property assessment and taxation system, this led to other non-residential properties' (i.e., retail and industrial properties), whose assessments did not decrease by the same overall proportion, experiencing a material increase to their property tax responsibility.

Together, these economic factors were causing financial hardship for many Calgary businesses, which the PTP was intended to mitigate.

[2] Government of Alberta – Alberta Economic Dashboard (WCS oil price)
[3] City of Calgary Market Trends Reports, 2016 – 2021 (internal data)

Program History

A PTP was originally proposed as a one-time program in 2017 following input from the business community (including Calgary Economic Development and the Calgary Chamber of Commerce) about the financial hardship businesses were facing. The criteria for the 2017 PTP were designed to target the program and support administrative efficiency. These same criteria were maintained when the program was renewed for 2018 – 2021. The PTP would:

- Be limited to the municipal portion of property taxes only for eligible properties (i.e., excluding the provincial portion).
- Limit the impact to market value changes in assessment (i.e., the PTP did not phase in tax responsibility increases resulting from City budget changes, zoning changes, servicing, remediation, taxable status changes, factual corrections, etc.).
- Exclude properties assessed using regulated rates (e.g., farm land or linear property).
- Exclude mixed-class properties, where the non-residential portion was less than 50% of the property's assessment.
- Exclude properties where the tax responsibility was less than $50.
- Exclude properties where the impact of the PTP to that property's tax responsibility was less than $25.
- Delay processing PTP tax impacts for properties where an assessment complaint had been filed with the Assessment Review Board until the complaint and any appeals processes have concluded.

For the 2020 PTP, Council approved an adjustment to how the program was calculated by using the actual municipal property tax amount (after PTP credits were applied) to determine the year-over-year change in taxes, rather than the year-over-year change between tax responsibility based on pre-PTP market value change only. This was because of an increase in assessed values of downtown office properties between 2019 to 2020, meaning those properties, that experienced the most significant tax decreases over the last four years, would have otherwise benefitted from the 2020 PTP. This criteria adjustment also began partially addressing an unintended consequence of prior years' PTPs, where the portion of tax related to prior years' phased-in amounts stacked on the current year's tax increases, which was experienced by taxpayers as an even greater tax increase in the year following a PTP.

Below is a summary of each iteration of the PTP, with the maximum tax increase (for the eligible portion of taxes), the approved budget for the program, the number of accounts that benefitted from the program that year, and the actual cost of the program for that year.

Table 3: PTP Budgets and Costs 2017-2021[4]				
Year	Eligible Portion Tax Increase Cap	Approved Budget	# Accounts[5]	Actual Cost
2017	5%	$45.0 million	5,139	$27.3 million
2018	5%	$41.0 million	7,179	$32.0 million
2019	-10%[6]	$130.9 million	11,747	$120.5 million

[4] Internal data.
[5] 12,895 unique accounts benefitted from the 30,215 total PTP credits applied over 5 years.
[6] In 2019, the PTP provided a tax change cap of a 10% **reduction** in tax responsibility, causing the large program budget increase.

Table 3: PTP Budgets and Costs 2017-2021[4]				
Year	Eligible Portion Tax Increase Cap	Approved Budget	# Accounts[5]	Actual Cost
2020	10% (after previous years' PTP)	$30.0 million	4,667	$23.3 million
2021	10% (after previous years' PTP)	$13.0 million	1,519	$8.9 million
	Totals	**$259.9 million**	**30,251**	**$212.1 million**

The PTP was implemented directly by The City for eligible properties, meaning taxpayers were not required to complete an application process to benefit from the program. Despite the lack of an application process and associated work, significant administrative efforts were required to identify the eligible properties, calculate the tax increase cap applicable to each property, and then manually apply the credit to each property tax account.

Analysis

See Appendix 2 for information on the evaluative method and criteria used in the analysis below. Below are a series of questions to evaluate the programs against the principles of tax policy and the programs' overall economic impacts, including a summary of the **Analysis Findings** followed by greater detail on the evaluation of each question where appropriate.

1. Did the PTPs improve vertical and/or horizontal equity in taxpayers' ability to pay?

Analysis Findings: The property assessment system uses property value as a proxy for ability to pay, meaning the redistribution of tax responsibility because of re-assessment and market value changes promoted vertical equity. Many non-residential property owners' tax responsibility increased at a greater rate than their assessed values during the PTP years as a result of redistribution from the decrease in value of downtown office properties, which carried a large portion of tax responsibility prior to 2015.

The PTPs mitigated this disproportionate increase in tax responsibility vs. increase in assessed value for non-residential property owners, which may have improved the ability to pay for PTP credit-recipient property owners. High-value properties received the largest PTP credits (proportionate to their higher tax responsibility), which while equitable in terms of aligning financial support to actual tax responsibility, highlights the lack of ability of PTPs to be properly means-tested: by default, those with the highest ability to pay (i.e., assessed values) are likely to receive the highest financial aid through a PTP, rather than aligning credit amounts with proven financial need. Equity in the property tax system may have been undermined by the disconnection of assessed values from tax responsibility caused by PTPs.

Additionally, the PTPs supported **property owners'** abilities to pay, by reducing the gap between increased tax responsibility and the increase to property values (a proxy for property owners' ability to pay). However, the policy issue the PTPs sought to address was financial hardship experienced by **businesses**. Property tax programs such as the PTPs can only target property

	taxpayers and can only measure property owners' abilities to pay by proxy of property assessments. Therefore, the PTP would have supported businesses in most cases where they own their business premises or are directly responsible for property tax through their leasing structure, as is common in non-residential leasing structures (approximately 86% of non-residential leases). However, in some rarer cases where businesses lease property at a fixed monthly rate, property tax policy programs are ill suited to support them compared to other options such as grant programs. Overall, PTPs provided financial support proportionate to property owners' ability to pay and tax responsibility using assessed values and market value changes to determine PTP credit amounts. However, the PTPs were not means-tested to actual financial need of recipients and have unclear pass-through benefits to some tenant businesses with relatively uncommon fixed-rate leases rather than property owners, which may have had negative impacts on equity as a policy objective. Other program options, such as grant programs, which can be means-tested through application processes and can directly benefit recipients other than property owners (e.g., tenants), may be better suited to the policy issue PTPs sought to address in the future.

The property tax system uses property values as a proxy for wealth and therefore, the property owner's ability to pay. In other words, in the property tax system, owners of high-value properties are assumed to be able to afford a higher proportion of tax responsibility than owners of lower-valued properties.

The reduction in downtown office property market values (which indicate by proxy a reduced ability to pay) did not correspond with proportionate increases to other non-residential property market values (which would have indicated by proxy an equally increased ability to pay). The redistributive nature of the property assessment system, therefore, meant that other non-residential property owners (e.g., retail or industrial properties) were assigned a greater property tax responsibility increase than their market value increase would have otherwise warranted, despite some increase to their assessed values. While the redistribution of tax responsibility away from downtown office properties was equitable as a result of their declined property assessments (abilities to pay), the tax responsibility for other non-residential properties increased at a rapid rate, higher than their year-over-year increases to their assessed values, leading to financial hardship and decreased fairness with respect to ability to pay on a micro-level for those impacted property owners.

The PTPs aimed to mitigate this issue by phasing in the tax responsibility change from office to other non-residential properties, allowing time for the impacted property owners to prepare, so the increased tax responsibility would better align with their ability to pay. In other words, rather than increasing equity, the PTPs sought to avoid growing inequities with respect to the ability to pay.

Table 5 shows five properties that received PTP credits in 2017 to be used as examples in further analyses:

Table 5: Example PTP Recipient Properties[7]			
Example	Property Use	2017 Assessed Value	2017 PTP Credit
A	Commercial (CM1401 Retail – Regional Mall)	$1,346,440,000	$2,395,745 *(Highest individual PTP credit)*
B	Industrial (IN0606 Warehouse – With 2 or Fewer Units)	$2,950,000	$5,353.20 *(Average PTP credit)*
C	Commercial (Land only)	$337,000	$998.30 *(Median PTP credit)*
D	Commercial (CM0610 Condo – Retail)	$8,040,000	$1,825.37
E	Commercial (CM0210 Retail – Shopping Centres – Strip)	$3,330,000	$25.05 *(Lowest individual PTP credit)*

In the case of four of five example properties, the gap in the property's year-over-year assessment change from 2016 to 2017 compared to the property's year-over-year tax responsibility change was reduced by the PTP credit, with two properties having the two factors equal after the PTP credit, promoting greater year-over-year equity in line with the properties' market value assessments, and therefore by proxy, property owners' abilities to pay.

Table 6: Municipal Non-Residential Property Tax Responsibility 2016-207 Year-Over-Year Change vs. Property Assessment[8]					
Example Property	2016-2017 Assessed Value Change	**Without PTP**		**After PTP Credit**	
		Tax Responsibility Change	Tax vs. Assessment Change	Tax Responsibility Change	Tax vs. Assessment Change
A	**+ 15%**	**+ 31%**	**16%**	**+ 15%**	**0%**
B	**- 2%**	**+ 12%**	**14%**	**- 2%**	**0%**
C	**+ 29%**	**+ 47%**	**18%**	**+ 16%**	**- 13%**
D	**- 9%**	**+ 4%**	**13%**	**+ 3%**	**12%**
E	**- 1%**	**+ 14%**	**15%**	**+ 13%**	**14%**

In the case of Property C, the PTP credit led to a reduction in tax responsibility relative to the year-over-year assessment change. In other words, their ability to pay (by proxy of assessed property value) increased at a greater rate than the amount of taxes they were levied. This may be due to an amended assessment prepared for this property not accounted for by the PTP implementation, or other changes with respect to the property at the time outweighing the market change impacts that were capped by the PTP. This ultimately improves the impacted property owners' ability to pay when using their property values as a proxy.

[7] Internal data.
[8] Internal data.

In a larger sample of 2682 (52%) properties that received a PTP credit in 2017, 100% of them saw the gap between tax responsibility change and assessment change shrink because of the PTP credit, and 78% of the time, the tax responsibility increase remained above zero. In general, this means the 2017 PTP reduced negative impacts on recipients' ability to pay year-over-year in all cases when using their property values as a proxy and improved their ability to pay year-over-year in 22% of cases. On average, the gap was reduced by 73%, providing a substantial benefit.

Importantly, these benefits accrue to owners of properties which received a PTP credit. In some cases, businesses may either own the property on which they operate or lease it with terms where the business is responsible for paying the property tax (e.g., a "triple-net lease," where the lessee is responsible for maintenance, property tax, and insurance costs in addition to rent and utilities). In these cases – representing approximately 86% of non-residential leases in 2017, with consistent proportions in 2021 and through to 2024[9] – businesses benefitted from the PTPs. However, in cases where businesses lease at a fixed rate, the benefits of the PTP may not have been passed on from the property owner to the business lessee(s) operating on their property. Therefore, while the PTPs can be demonstrated to have positively impact fairness with respect to **property owners'** abilities to pay, the program was not guaranteed to ensure the policy goal of supporting **businesses**.

While the PTPs did support property owners and some businesses' abilities to pay with respect to year-over-year changes in their individual property tax responsibility, they had a greater credit impact for higher-valued properties, proportionate to their higher assessed values:

Table 7: Top 10 2017 PTP Recipients[10]			
Property	Property Use	2017 Assessed Value	2017 PTP Credit
1	Commercial	$1,308,680,000.00	$2,395,745.01
2	Transportation	$828,730,000.00	$309,050.06
3	Commercial	$24,090,000.00	$214,162.78
4	Commercial	$81,090,000.00	$207,447.93
5	Industrial	$38,000,000.00	$202,237.80
6	Industrial	$46,950,000.00	$183,771.77
7	Commercial	$20,440,000.00	$165,587.51
8	Commercial	$115,050,000.00	$165,128.23
9	Industrial	$55,370,000.00	$148,746.29
10	Commercial	$116,070,000.00	$146,326.00
	Total	$2,634,470,000.00	$4,138,203.36
	Average	$263,447,000.00	$413,820.34
	Median	$68,230,000.00	$193,004.79

[9] Internal data.
[10] Internal data.

The accounts that received the top 10 highest individual PTP credits in 2017 had a median assessed value of $68 million and received a median PTP credit of $193,000. The total credit amount received by these 10 properties comprised 15% of the $27.4 million in total 2017 PTP credits:

Table 8: PTP Recipient Assessed Values vs. Credit Amounts[11]				
	Sample of 2017 PTP Recipient Accounts *(n=2682)*		Top 10 2017 PTP Credit Recipients *(n=10)*	
	2017 Assessed Value	2017 PTP Credit	2017 Assessed Value	2017 PTP Credit
Total	$9,506,029,000.00	$12,745,458.01	$2,634,470,000.00	$4,138,203.36
Average	$3,544,380.69	$4,752.22	$263,447,000.00	$413,820.34
Median	$1,600,000.00	$1,102.65	$68,230,000.00	$193,004.79

In a sample of 2682 accounts that received a 2017 PTP credit, these accounts had a median assessed value in 2017 of $1.6 million and received a median credit amount of $1,100, while the overall median of all PTP credits issued in 2017 was $998.57.

In general, the largest PTP credits were awarded to high-value properties, with the top 10 recipients – representing only 2% of accounts – receiving 15% of all PTP credits in 2017. This is proportionate to market value and market impacts to tax responsibility in accordance with the property assessment system and the PTP criteria. However, the principle of market value representing a proxy of ability to pay means that those with the greatest perceived ability to pay (highest assessed values) also received the greatest amounts of support through the program.

This indicates that overall, the PTPs aligned with equity in the property taxation system but provided the greatest financial supports to properties that had the highest baseline abilities to pay. Combined with unclear pass-through effects to tenant businesses, the PTPs maintained equity through proxy measures of ability to pay but may not have sufficiently supported fairness with respect to beneficiaries' actual abilities to pay.

Policy options that can consider measures of actual ability to pay (such as financial or income statements) rather than relying exclusively on proxy measures of ability to pay, and which can be appropriately targeted to the intended audiences may be better suited to the policy issue the PTPs sought to address. For example, a grant program with an application process may support greater accuracy in program targeting to address the specific financial hardships of businesses. However, this would also require large amounts of added administrative work to process and review applications for eligibility, which may not be feasible to implement without significant, likely unrealistic additional resourcing.

2. Did the PTPs better align tax responsibility with beneficiaries of City programs or services?

N/A	**Analysis Findings:** No, the PTPs did not have an impact on the distribution of tax responsibility relative to the receipt of City programming or services, and this was not the intention or function of the programs.

[11] Internal data.

The program design of the PTPs did not target or account for the distribution of tax responsibility relative to the receipt of City programming or services. All PTP recipients remained taxable, contributing to The City's operating revenues in accordance with the distributive methods of the property assessment system.

Additionally, the specific beneficiaries of all tax-support services cannot be identified in a measurable way with respect to the taxes paid by PTP recipients, and therefore, this principle cannot be properly evaluated.

3. Did the PTPs improve Calgary's tax competitiveness?

Analysis Findings: Yes. While tax competitiveness should also account for variances in tax-supported services, service levels as well as different amenity availabilities between municipalities (e.g., rail, airport and other transport access, population, education rates, etc.), in general, the PTPs supported competitiveness by reducing costs and mitigating property tax responsibility spikes for eligible properties that would not have been experienced in other jurisdictions.

Prior to accounting for the PTP credits, non-residential properties in Calgary would have experienced notably higher year-over-year tax responsibility increases. After accounting for the PTP credits, the actual year-over-year tax responsibility increase was lower, signifying reduced operating cost increases for PTP recipients and greater predictability by mitigating spikes resulting from the redistribution of tax responsibility that was largely unique to Calgary's context.

Within the principles of fairness and neutrality, the redistributive problem that led to the PTPs also highlighted the disproportionate amount of tax responsibility carried by non-residential properties, and the downtown office sector in particular, leading to the tax share shifts implemented starting in 2019. This underlying pre-PTP and pre-tax shift distribution problem eroded fairness (by putting a disproportionate tax responsibility on a smaller assessment base), which undermined tax neutrality – and therefore, tax competitiveness.

However, beneficiaries of the PTPs saw an overall reduction in their tax responsibility in each year of the programs. While this may benefit businesses or taxpayers in the short-term, the one-time nature of the PTPs means they may not be enough to influence businesses' behavior in the long-term and structural changes, such as the tax share shifts, likely have a deeper impact on tax competitiveness and business behavior.

While the 2015 recession impacted businesses in other municipalities, the PTPs targeted an issue that was unique to Calgary, due to the large inventory of office towers in the downtown area, the importance of the price of oil to Calgary's economic "boom and bust" cycle, and the heavy weighting of property taxes on the non-residential assessment base:

> "Prior to the recession, the non-residential inventory in Calgary was in a period of rapid physical growth, with billions of dollars of new construction being completed each year. When oil prices fell and the recession began, demand for office space fell sharply in a very short period of time. The drop in demand coupled with substantial growth in supply resulted in a large increase in vacancy. **Since 2015, vacancy has remained high and rents have fallen, leading to a large loss in value in the downtown office sector."**

– City of Calgary, 2018 Office Market Trends Report

In 2017, 56% of the revenue raised from property taxes in Calgary was levied from non-residential properties, despite non-residential properties making up just 25% of The City's taxable assessment base. Throughout this period, this gap continued to pose a problem:

Table 9: Non-Residential and Downtown Office Assessment Share vs. Tax Share[12]

	Non-Residential Taxable Assessment Base *(% Share of Total Taxable Assessment Base)*	Downtown Office Taxable Assessment Base *(% Share of Non-Residential)*	Non-Residential Tax Share *(%)*
2016	$73.4 billion (26%)	$21.8 billion (30%)	56%
2017	$70.1 billion (25%)	$17.4 billion (25%)	56%
2018	$67.3 billion (24%)	$15.5 billion (23%)	56%
2019	$60.2 billion (22%)	$10.7 billion (18%)	53%
2020	$61.2 billion (22%)	$11.1 billion (18%)	48%
2021	$58.3 billion (22%)	$9.1 billion (16%)	48%

Additionally, the taxable assessment base of the downtown office sector rapidly declined as a share of the non-residential base – starting at 30% of all taxable non-residential property value in Calgary in 2016 and reaching just 16% of the taxable non-residential assessment base in 2021. As identified in the Policy Issue section above, this led to a significant redistribution of tax responsibility away from office properties (downtown offices, in particular) to the rest of the non-residential base, which was already carrying a disproportionate amount of tax responsibility in the city.

In accordance with the principle of neutrality, the goal of the tax system should be to avoid influencing locational decisions, meaning taxpayers should not be unduly swayed toward living or operating their business in one jurisdiction or another because of property taxes. The redistributive tax responsibility issue was particularly pronounced in Calgary, in addition to the broader economic challenges being experienced. This undermined The City's tax competitiveness, and therefore, the principle of tax neutrality.

The impact of the PTPs on mitigating this, particularly in comparison to the tax responsibility increases that would have been experienced in comparator jurisdictions, was significant:

Table 10: 2017 Municipal Non-Residential Property Tax Responsibility Comparisons

(2016-2017 Year-over-year tax responsibility increase (%) in parentheses.)

Example Property	Calgary – Without PTP	Calgary – With PTP
A	$18,691,145.44 (+31%)	$16,295,400.43 (+15%)
B	$40,951.61 (+12%)	$35,598.41 (-2%)

[12] Internal data.

Table 10: 2017 Municipal Non-Residential Property Tax Responsibility Comparisons *(2016-2017 Year-over-year tax responsibility increase (%) in parentheses.)*		
Example Property	Calgary – Without PTP	Calgary – With PTP
C	$8,697.01 (+174%)	$7,698.71 (+142%)
D	$111,610.48 (+4%)	$109,785.11 (+3%)
E	$46,226.73 (+14%)	$46,201.68 (+13%)

Note: Until 2019, The City of Calgary levied a business tax in addition to the non-residential property tax rate, which is not reflected in the above: This analysis is limited to property tax responsibility.

From a broader review of 2682 properties that received a 2017 PTP credit, below is the average municipal property tax responsibility change the properties would have experienced in comparator jurisdictions using their 2016 and 2017 property tax rates and the properties' actual 2016 and 2017 property assessed values, compared with the change in tax responsibility they would have experienced at Calgary's tax rates, with and without the PTP credits.

On average, PTP beneficiaries' tax responsibility changes from 2016 to 2017 were more aligned and competitive with comparators after the PTP credits than they would have been otherwise:

Table 11: Estimated Average Municipal Property Tax Responsibility Change Year-Over-Year (2016-2017) of PTP Recipient Properties[13]	
No PTP	After PTP
26.82%	**13.25%**

4. Did the PTPs improve the stability of The City's revenue sources?

Analysis Findings: The PTPs reduced The City's revenue stability. The programs were funded primarily by reserves but also through budget reduction, meaning the amount of PTP credits in each year represented lost property tax revenue, reduced services, and lost potential investment income from the utilized reserve funds over the long-term.

The PTPs functioned by capping the municipal property tax responsibility increases experienced by eligible properties, to a maximum of a 5% increase in 2017-2018, a 10% decrease in 2019, and a 10% increase in 2020-2021 (for the portion of the tax increase related to market changes). This meant that any tax revenue that would have been collected by The City from market-related tax increases of impacted properties in excess of that cap was lost and was backfilled by either reserves (74.6% of PTP budget amounts, not including the re-allocation of unused budgets from previous years) or permanent budget reductions (25.4%).

Table 12: PTP Funding Sources[14]			
	Funding Source(s)	Amount (Budget)	Amount (Actual)
2017	Community Economic Resiliency Fund	$45 million	
	Subtotal	**$45 million**	**$27.3 million**
2018	Fiscal Stability Reserve	$41 million	
	Subtotal	**$41 million**	**$32 million**
2019	Fiscal Stability Reserve	$44 million	
	Budget Savings Account	$26.9 million	
	Savings from permanent budget reductions	$60 million	
	Subtotal	**$130.9 million**	**$120.5 million**
2020	Unused previously allocated PTP budget	$10.6 million	
	Fiscal Stability Reserve	$19.4 million	
	Subtotal	**$30 million**	**$23.3 million**
2021	Unused previously allocated PTP budget	$3 million	
	Re-allocated budget originally for Property Tax Rebate	$10 million	
	Subtotal	**$13 million**	**$8.9 million**
Grand Total		**$259.9 million** (100%)	**$212.1 million** (82%)

In total, $176.3 million was drawn from reserves to fund the PTPs across all five years, and $60 million was freed up through permanent budget reductions to fund the program in 2019. The use of reserve funds increased The City's financial risks by lowering The City's fiscal safety net for other emergencies.

In accordance with the Fiscal Stability Reserve (FSR) policy, FSR funds are invested, and investment returns are added to the reserve itself. This means that drawing on the reserve both reduces the amount currently in the reserve available as a contingency fund for The City, but also reduces the investment returns and has compounding impacts on the reserve's total funds into the future. In short, the use of reserve funds has both an immediate short-term impact on The City's financial stability and security, as well as a long-term impact.

5. Did the PTPs improve the predictability of taxpayers' tax responsibility?

✓	**Analysis Findings:** Yes. As seen in analysis of other questions above, the PTP had a direct, material impact in the rate of tax increases for eligible property owners, mitigating the large spike in tax responsibility resulting from the decrease of office property market valuations. These smaller increases year-over-year improve predictability for taxpayers and align with broad policy objectives for The City of Calgary in facilitating small, steady increases to taxes rather than larger spikes in shorter periods of time.

[14] City of Calgary Council minutes: see Appendix 1: 2017 - 2021 PTP Approvals - Council Direction.

6. Did the PTPs encourage a clear logical connection between tax responsibility and taxpayers?

✕	**Analysis Findings:** No. PTPs by nature act to detach tax responsibility from property assessments, creating a disconnect between the assessment notice a property owner receives and what they see on their property tax bill a few months later. This undermines ongoing efforts to explain the relationship between property assessment, market valuation, and property tax responsibility, and may cause confusion. This issue is exacerbated when a PTP ends and the “phased-in” portion of tax responsibility is added back to the total, stacking with normal market changes and City budget increases where applicable, which is experienced by taxpayers as a tax responsibility increase unrelated to their new assessment that year and communications The City may be sending at that time about budget adjustments, and general market and other trends.

7. Were the PTPs, their goals, and their impact easily explained in plain language to taxpayers?

✕	**Analysis Findings:** No. In general, the goals of the PTPs were clear and easy to communicate: Mitigate financial hardship for Calgary’s business community. This did not account for specific performance measures or indicators for what the programs intended to achieve, however, as these were not developed for the programs at the time. The PTPs’ specific impact, criteria, and processes were more difficult to explain. Information shared by The City about the PTPs required technical details and jargon of how the program worked, including to identify which portion of a tax increase would be impacted by the program, rather than a flat “cap” on the total tax increases. As discussed above, PTPs also detach assessments from tax responsibility, undermining broader communication goals of the assessment and taxation systems, and the PTP criteria necessitated the use of technical jargon. Similarly, specific impacts of the PTPs were challenging to communicate. A “5% cap on non-residential property tax increases,” without the necessary and at times complex footnotes on the portion of the tax increase the PTP applied to, may mislead audiences, particularly if their actual total property tax increase exceeds 5% due to non-market-related factors.

At the time the PTPs were implemented, advocacy from the business community and information shared by The City did an effective job of highlighting the challenges facing businesses with respect to property tax increases. The goals of the program were kept simple and were easily stated: mitigate financial challenges experienced by businesses in Calgary.

However, the specific impacts and criteria of the PTPs were challenging to communicate. For example, The City’s news release about the PTP in 2017 read in part:

> “The Municipal Non-Residential Phased Tax Program stems from Council’s direction to Administration to develop an additional program to assist Calgary businesses affected by the downturn.

> Under this program, the 2017 non-residential municipal property tax increase will be phased in by limiting the increase in 2017 to five per cent, not including the effect of business tax consolidation or any provincial property tax requisition. […]
>
> [The program] will have no impact on the Council-approved 1.5 per cent property tax rebate that applies to all non-residential and residential property accounts."[15]

Various components of the criteria were explained in different lines, and the full program details were also not shared.

News coverage about the tax distribution issue and the PTPs experienced similar communication challenges about the program and highlighted the underlying complexities. For example:

> "[…] there's no doubt *some* business owners — particularly those in suburban areas with increasing property values — have been hit hard lately by sudden tax increases. Some, in fact, have faced massive increases. **This comes from the arcane and uneven way that property-tax calculations work."[16]**

Other news articles about the PTPs (e.g., *Calgary's $45M cap on small-business tax a 'Band-Aid on a mortal wound,' says councillor*, Calgary Herald, January 24, 2017; *Calgary approves budget, tax shift plan; 7.5% increase for homeowners*, Livewire Calgary, November 29, 2019) balanced the top-line tax numbers with the technical details that may have been difficult to integrate in the narrative.

For example, in the referenced 2017 Calgary Herald article, the first paragraph states: "city council approved a $45-million subsidy program that will limit non-residential municipal tax increases to a maximum of five per cent," not elaborating on the criteria around business tax consolidation or the provincial property tax until later in the article, and the article does not mention the program's limitation to market-related tax increases at all.

Given the complex criteria and calculations required for PTPs, it is overall challenging to communicate these types of programs effectively, in a way that sets taxpayers up with a clear and accurate understanding of what the impacts will be to their tax bill.

8. Were the PTPs easy to administer, with minimal compliance costs to taxpayers and administrative costs to The City?

Analysis Findings: No. The PTPs required significant administrative resourcing, including for the review of eligibility for properties, calculation of the PTP credit amounts against the program criteria, applying the credits to tax accounts, and monitoring for ongoing changes including for properties where an Assessment Review Board complaint and/or Judicial Review was filed in respect of the assessment. After the first iteration of the program, the 2018 report to Council for the 2018 PTP already identified challenges with administering the program in 2017, and the need to divert resources and employee time from other priority initiatives to operate the programs.

---

[15] The City of Calgary Newsroom: Council caps municipal non-residential property tax increase, January 23, 2017
[16] CBC News: Why homeowners, not businesses, are paying more and more of the property taxes in Calgary, November 6, 2018

	In each year a PTP was offered, hundreds to thousands of hours were required to administer the programs, including work to identify eligible properties and determine and apply their tax credit amounts, which was unsupported by dedicated resourcing for the administration of the program, and was instead absorbed into existing teams' capacities. Compliance costs to taxpayers for the PTPs were minimal, as the program was implemented directly by Administration without a need for an application form or other taxpayer-led processes.

Taxpayers who benefitted from the PTPs had negligible compliance costs. There was no application or opt-in process required, and credits were applied automatically by City Administration for eligible accounts, before annual tax bills were mailed in most cases. The PTPs had no impact on taxpayers' abilities to file Assessment Review Board complaints, although this delayed processing the PTP credits to their account until the complaint process concluded, which may have negatively impacted taxpayers or acted as a disincentive to file complaints.

Administratively, however, the PTPs presented significant challenges:

> "PTP has been administered through a manual process which has been **time consuming and at times complex.** […] The manual administration of PTP has the potential to **last many years into the future** to accommodate the lengthy process for Judicial Reviews. This process impacted Tax and **diverted resources from other high-priority initiatives** such as the Tax Instalment Payment Plan (TIPP) forecasting project and TIPP integration."[17]

Assessment & Tax estimates an average of five minutes to manually process an individual property tax account transaction, such as was required by PTPs. Given nearly 31,000 manually entered transactions over the years of PTPs, this accounts for over 2550 hours of work exclusively to process the tax account transactions for PTP, or approximately 1.4 Full-Time Equivalents (FTEs) dedicated strictly to entering PTP credit transactions into tax software across the 5 years of the PTPs.

Table 13: PTP Administrative Demand: Tax Transaction Processing[18]

Year	# Transactions *(Incl. corrections)*	Estimated Processing Time *(Tax transactions only)*	# FTEs *(1820 hrs/FTE)*
2017	5,169	431 hours	0.24
2018	7,221	602 hours	0.33
2019	11,969	997 hours	0.55
2020	4,714	393 hours	0.22
2021	1,568	131 hours	0.08
Total	30,641	2553 hours	1.40

[17] 2018 Tax Relief Option Report, PFC2018-0045
[18] Internal data and estimates.

This does not account for the work required to:

- Review each property for eligibility;
- Determine the tax credit amount by parsing out the portion of the property's year-over-year tax increase that is related to market value changes vs. other impacts to the properties' assessments or tax responsibility, such as physical changes to the property, zoning, effects of the business tax consolidation, or City budget increases, as outlined in the program's criteria;
- Review eligible properties for Assessment Review Board (ARB) complaints, remove them from initial processing, monitor the progress of the complaint, and update the PTP credit amount to reflect the ARB's decision; with similar requirements for judicial reviews where applicable; or
- Develop and facilitate program-related communications and customer service initiatives.

Because these aspects varied from property to property and were distributed amongst numerous teams across The City are more challenging to estimate a specific time allotment or FTE requirements. As the number of recipient properties fluctuated year to year and as the process was streamlined with each iteration of the PTPs, the administrative demands similarly varied. However, every recipient account required administration and manual intervention outside of normal service line operations, with some – such as the 198 PTP recipient accounts in 2017 that had filed ARB complaints – requiring even further dedicated administrative support.

In total, the PTPs amounted to thousands of hours of work across the five years of the programs for the (at the time) Assessment and Finance business units as well as other teams of City employees who supported the programs. The PTP approvals did not include budget allocations for additional administrative resourcing, meaning the heavy administrative demands of the programs over the five years were accommodated within employees' normal job functions in addition to their pre-existing standard job duties.

While the administrative demands were significant for the PTPs, it should be noted that other alternative programs, including grant programs which were also considered at the time, also would require administrative work and may have other complexities, such as facilitating and reviewing applications. No program comes without administrative demands, and future programs should consider a reasonable balance of program resourcing and inputs with policy targeting and impacts.

9. Did the PTPs mitigate the financial hardship experienced by businesses in 2017 – 2021?

	Analysis Findings: As noted in above analysis, property tax policy programs can only benefit property taxpayers. Therefore, where a business owns the property on which it operates, or where it is governed by appropriate leasing structures, the PTPs reduced businesses' operating costs and therefore, reduced financial hardship. However, in some cases where businesses lease their property at a fixed rate, the PTPs may not have impacted tenant businesses, as there is no guarantee the tax relief offered by the PTPs was passed on to lessees by the property owners. This leasing structure is uncommon, and most businesses have triple-net leases where they are responsible for property tax payment, and therefore would have benefitted from the PTPs. In total, the PTPs supported 12,895 unique property tax accounts over the five years, with a total reduced tax responsibility for non-residential property taxpayers of $212.1 million. The proportion of this relief that impacted businesses directly, rather than property owners or landlords, is unclear due to varying leasing structures and lack of data.

10. Did the PTPs encourage business retention through the relief of financial hardship?

Analysis Findings: Given the direct financial benefit of PTPs to taxpayers, and to businesses who are responsible for property tax payment, it is likely that they supported businesses and mitigated financial hardships that could otherwise have led to business closures. However, the program design of the PTPs did not include specific metrics or goals for business retention specifically, and so this is challenging to effectively evaluate.

Outside of the valuation trends identified in above analyses, various metrics monitored by The City (such as in the Corporate Economics Labour Market Reviews and other annual economic indicators) can be used to infer business activity and retention. Despite the lack of specific metrics to quantify PTPs' impacts on business retention, they provided financial relief to taxpayers, including businesses that were responsible for tax payments, which mitigated financial hardships in amounts evaluated in above analyses. This may have contributed to business retention in The City during the 5 years of the PTPs.

However, this is complicated by other factors that influence business activity and retention, notably including the COVID-19 pandemic in 2020 and 2021. Any specific economic trends are challenging to correlate to impacts of the PTPs in isolation from other factors.

Table 14: Economic Indicators in PTP Years[19]

Year	Employment Rate *(January 1 and Change from Prev. Year)*	Calgary Economic Region Retail Sales *($ and Change from Prev. Year)*	City of Calgary Non-Residential Building Permit Values *($ and Change from Prev. Year)*
2017	67.2%	$32.45 billion	$2.23 billion
2018	67.7% (+ 0.5%)	$32.26 billion (+ 2.5%)	$1.61 billion (-27.8%)
2019	66.6% (- 1.1%)	$33.06 billion (-0.6%)	$1.90 billion (+18.0%)
2020	66.0% (- 0.6%)	$33.02 billion (-0.1%)	$1.11 billion (-41.6%)
2021	63.6% (- 2.1%)	$36.77 billion (+11.4%)	$2.04 billion (+83.8%)

11. Did the PTPs improve Calgary's economic resilience?

Analysis Findings: Based on the above analyses through the lens of the property tax policy principles and economic impacts, the PTPs had various impacts on The City's economic resilience. For qualifying non-residential property taxpayers, the PTPs provided direct financial relief from tax responsibility, supporting their ability to pay and providing greater tax predictability. These effects also supported property taxpaying businesses, though may have missed a small portion of businesses who are not responsible for property tax payment through their leasing structure (e.g., a fixed-rate lease).

[19] City of Calgary Corporate Economics – Annual Economic Indicators (Open Calgary)

	For those who benefitted from the PTPs, the reduced financial hardship likely supported business retention and freed up funds to be allocated to other expenses and business needs, promoting economic resilience, though lack of data makes this difficult to quantify in the context specific to PTPs. The PTPs had a negative impact on The City's corporate financial stability through reduced reserves, lost reserve investment income, and significant administrative resources that detracted from other initiatives, including those to improve efficiencies in Finance and the Taxation service line at the time, which may have reduced costs in the future.

Conclusions

The 2017-2021 Non-Residential PTPs were initially constructed as a rapid response to address significant tax implications arising from market changes that had real economic impacts to Calgarian businesses and taxpayers. They were part of several measures undertaken by The City, some of which were approved in the same reports to Council as the PTPs over the 5-year period they were active, including the eventual move towards Tax Share Shifts to move tax responsibility away from the non-residential base to the larger residential base.

PTPs were not the only measure considered in the property tax context to support businesses, and different options were evaluated at various times during the five years the PTPs were used (e.g., C2017-0057; PFC2018-0045, Attachment 1). Notably, starting in 2019, structural changes in the tax system were implemented in the form of "tax share shifts" – allocating tax responsibility overall away from the non-residential base to the residential base, to better align with the significantly larger residential assessment base – which form a longer-term solution to some of the tax fairness problems addressed by the PTPs.

Evaluating the PTPs against the 6 tax policy principles and reviewing their economic impacts provides five key conclusions in understanding the success of the program and to inform the future exercise of similar policy options:

1. The PTPs were effective at mitigating year-over-year spikes in property tax responsibility for eligible taxpayers but were one-time and short-term fixes to a structural issue. Benefits of the programs were skewed toward owners of high-value properties rather than toward businesses with the greatest financial need and may not have passed through to businesses who lease property but were still negatively impacted by the economic downturn experienced at the time.

2. The administrative effort required to implement the PTPs proved to be substantial, demanding thousands of staff hours over the five-year duration of the programs. While the extent of this effort may not have been anticipated in the original program design, it placed considerable pressure on internal capacity and, at times, drew resources away from other priority initiatives.

3. The property assessment and taxation systems are already difficult to communicate, which is worsened by a program with complex criteria and impacts such as the PTPs – including the tax impacts felt when the last of the market-value-related tax impacts are phased in as the program(s) end – undermining transparency and understanding of both tax responsibility and its connection to property assessment.

4. The PTPs likely helped maintain Calgary's economic competitiveness to some degree by reducing property taxpaying businesses' operating costs with tax relief, but did not improve alignment of tax responsibility with taxpayers who had a greater ability to pay, or who benefitted more from City services.

5. Wherever possible, structural changes – such as tax share shifts – should be contemplated instead of one-time relief measures such as the PTPs. Future use of one-time relief measures should be approached with clear targeting.

Appendix 1: 2017 – 2021 PTP Approvals - Council Direction

Date	Report Number	Direction/Description
2021 March 1	PFC2021-0060	**2021 Non-Residential Phased Tax Program** That with respect to Report PFC2021-0060, the following be adopted, as amended: That Council direct Administration to implement a non-residential Phased Tax Program with a 10 per cent non-residential municipal property tax cap for 2021 with an estimated cost of $13 million; 1. Approve $3 million from unused funds previously allocated for prior years' Phased Tax Programs; and 2. Approve $10 million originally approved for the 2021 Property Tax Rebate. Further, approve $30 million ($8 million from the originally approved 2021 property tax rebate and $22 million from the Fiscal Stability Reserve) for directed relief to businesses impacted by COVID-19. Direct Administration, through the COFLEX program, with input from the Business Advisory Committee, to develop options for how best to deploy these funds, returning directly to Council on 2021 March 22.
2020 February 3	PFC2020-0015	**2020 Non-Residential Property Tax Relief Options** That with respect to Report PFC2020-0015, the following be adopted: That Council: 1. Direct Administration to implement Option 2; "Modified PTP Calculation Using Actual After PTP Taxes (PTP Applied)", with a 10 per cent non-residential municipal property tax cap for 2020; 2. Approve $10,624,755 from unused funds previously allocated for PTP and $19,402,901 from the Fiscal Stability Reserve generated from anticipated year end 2019 Corporate Program savings for the 2020 PTP; 3. Direct Administration to come back with options for a transitional non-residential Phased tax program for 2021 if required to the Priorities and Finance Committee in Q1 2021 due to uncertainties relating to future market conditions and the 2021 assessment values; and 4. Direct that Attachment 8 remain confidential pursuant to section 27 (Privileged information) of the *Freedom of Information and Protection of Privacy Act* to be reviewed by 2035 January 21.
2019 June 10	C2019-0782	**Notice of Motion RE: Immediate Tax Relief for Calgary Businesses** That with respect to Notice of Motion C2019-0782, the following be adopted, as amended:

1. Council reconsider and rescind its motion on May 27, 2019 “That Council direct Administration to commit $70.9 million of one time funding ($44 million from the Fiscal Stability Reserve and $26.9 million within the Budget Savings Account) for strategies related to short term mitigation measures or potential long term solutions for business in Calgary, to be determined through the work of the Financial Task Force (to be formed once the Terms of Reference are approved) and/or the working group, with options to be recommended to Council through Priorities and Finance Committee no later than November 2019”;
2. Administration identify permanent budget reductions of $60 million for the 2019 tax year and report back to Council, no later than July 31, 2019, with the details of the proposed reductions for approval, which may include, but are not limited to, reductions and/or the elimination of programs, services and staffing positions and voluntary wage roll-backs;
3. Administration implement a 2019 Phased Tax Program (PTP), in a manner consistent with 2018, using the $70.9 million as identified in 1 above and the $60 million as identified in 2 above to provide immediate one-time relief to eligible non-residential property tax accounts. This combined amount of $130.9 million (one-time) will be used to create a minimum 10% reduction in non-residential municipal property taxes from 2018 to 2019, excluding the effects of the final year of Business Tax Consolidation (approximately 4.2% increase), excluding any 2018 PTP credit, and excluding properties that are subject to non-market changes like property upgrades and expansions;
4. Administration to make available to the eligible non-residential property owner the impact of the 2019 PTP on or before June 28, 2019 on a best effort basis. Administration will ensure eligible PTP participants will see the monthly amount adjusted no later than August 1, 2019, and payment for any remaining qualifying accounts with an outstanding credit balance will be made no later than July 31, 2019;
5. Administration be directed to use the $60 million in 2019 permanent savings as identified in 2 above to reduce the non-residential tax rate impact for 2020 and beyond to achieve a shift from the non-residential assessment base to the residential base;
6. Council requests the Mayor to send a letter to our partners in the provincial government requesting to engage in discussions regarding taxation and assessment reform.
7. Council leads by example in reducing expenses by adopting a 15% reduction (and subsequent freeze) between $11,900 and $14,000 in their respective office expense accounts for the duration of the One Calgary 2019 – 2022 Service Plans and Budget, and the corresponding amount (15%) from the Mayor’s office account.

2018 March 19	PFC2018-0045	**2018 Tax Relief Option Report** That Council approve the Administration Recommendations contained in Report PFC2018-0045. *ADMINISTRATION RECOMMENDATION:* *That the Priorities and Finance Committee recommend that Council:* *1. Direct Administration to implement option 3A; the 2018 Municipal Non-Residential Phased Tax Program (PTP);* *2. That Report PFC2018-0045 be forwarded to the 2018 March 19 Combined Meeting of Council; and* *3. Direct that Attachment 3 remain confidential pursuant to sections 23, 24 and 27 of the Freedom of Information and Protection of Privacy Act.*
2017 January 23	C2017-0057	**Municipal Non-Residential Phased Tax Program (PTP)** ADOPT, Moved by Councillor Woolley, Seconded by Councillor Sutherland, that the Administration Recommendations contained in Report C2017-0057, be adopted, after amendment, as follows: That Council: 1. Approve the Municipal Non-Residential Phased Tax Program (PTP) as outlined in Attachment 1; 2. Approve $45 million from the estimated 2016 intentional savings in Corporate Programs be transferred to the Community Economic Resiliency Fund for the PTP; 3. Direct that Attachment 2 remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(b) and 27(1)(a) of the Freedom of Information and Protection of Privacy Act; and 4. Direct that the In Camera discussion remain confidential pursuant to Sections 23(1)(b) and 27(1)(a) of the Freedom of Information and Protection of Privacy Act.

Bylaws, Regulations, Council Policies

Section 347(2) of the *Municipal Government Act* RSA 2000, c M-26 states Council “may phase in a tax increase or decrease resulting from the preparation of any new assessment.” This was the legislative tool utilized for the PTPs.

Additional legislation, bylaws, and Council Policies are broadly relevant to the property assessment and taxation system, including how property is assessed in accordance with market value, how tax rates are calculated and set, and how The City approaches its budgeting process. These are detailed further in Attachment 1 of this Report EC2025-0587, and the Property Tax Policy Handbook.

Appendix 2: Program Evaluation Method and Criteria

The PTP was developed in direct response to the issue of economic hardship experienced by businesses in Calgary. For that reason, the focus of this evaluation is on the program's outcomes, but it will also take into consideration the underlying program design and processes as well as the goals of the program's outputs.

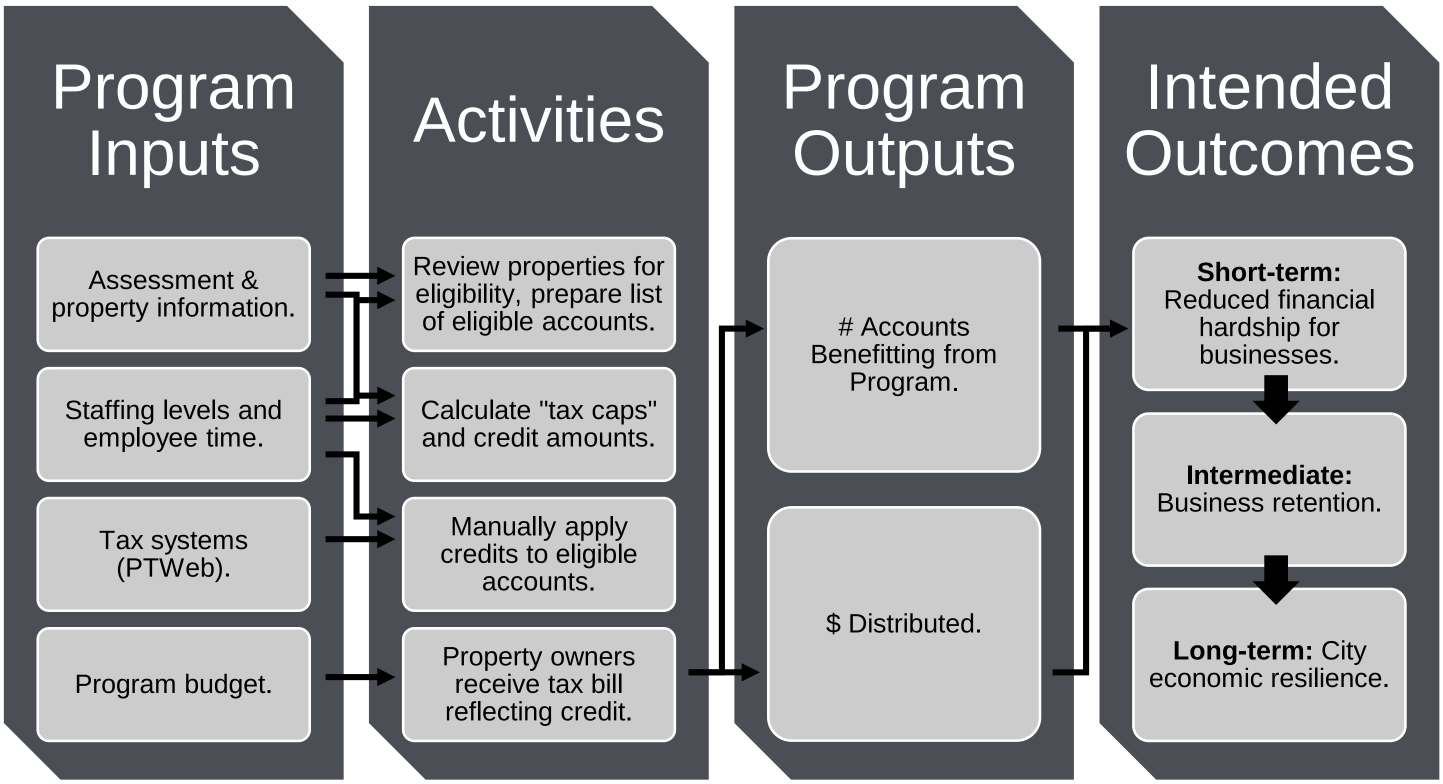

Figure 1: PTP Program Model

The Financial Task Force recommended, and Council approved, 6 principles for evaluating property tax systems and reforms to be considered when different programs or policies are being evaluated. These are Fairness (Ability to Pay) and (Benefits); Neutrality; Stability & Predictability; Accountability, Simplicity & Transparency; and Efficiency & Ease of Administration.

While the PTPs did not include specific performance measures or targets to evaluate against, their general economic impact can be evaluated. Because the nature of the problem the PTPs were designed to solve was unique to Calgary, a comparative analysis of the programs' effectiveness relative to other jurisdictions' approaches is not possible.

Based on these criteria, below are the questions and areas of focus this evaluation will analyze to measure the effectiveness of the 2017-2021 Non-Residential Phased Tax Programs.

Table 4: Evaluation Model

Evaluation Criteria	Evaluation Question(s)
Fairness (Ability to Pay)	1. Did the PTPs improve vertical and/or horizontal equity in taxpayers' ability to pay?
Fairness (Benefits)	2. Did the PTPs better align tax responsibility with beneficiaries of City programs or services?
Neutrality	3. Did the PTPs improve Calgary's tax competitiveness?
Stability & Predictability	4. Did the PTPs improve the stability of The City's revenue sources? 5. Did the PTPs improve the predictability of taxpayers' tax responsibility?
Accountability, Simplicity & Transparency	6. Did the PTPs encourage a clear logical connection between tax responsibility and taxpayers? 7. Were the PTPs, their goals, and their impact easily explained in plain language to taxpayers?
Efficiency & Ease of Administration	8. Were the PTPs easy to administer, with minimal compliance costs to taxpayers and administrative costs to The City?
Economic Impact	9. Did the PTPs mitigate the financial hardship experienced by businesses in 2017 – 2021? 10. Did the PTPs encourage business retention through the relief of financial hardship? 11. Did the PTPs improve Calgary's economic resilience?