

2018 Business Tax Rate Bylaw

EXECUTIVE SUMMARY

Council approval is required for the 2018 Business Tax Rate Bylaw.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that:

1. Council give three readings to the proposed 2018 Business Tax Rate Bylaw setting the 2018 Business Tax Rate at 0.0161.
2. This Report and Attachments be forwarded to the 2018 January 22 Public Hearing of Council as a matter of Urgent Business.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2018 JANUARY 16:

That Council:

1. Give three readings to **Bylaw 7M2018**, 2018 Business Tax Rate Bylaw setting the 2018 Business Tax Rate at 0.0161.

PREVIOUS COUNCIL DIRECTION / POLICY

Council approved PFC2017-1082, 2018 Business Tax Bylaw, on 2017 December 18 and gave three readings to the 2018 Business Tax Bylaw. With respect to business tax, Council approved C2017-1123 Action Plan 2018 Adjustments which included the 2018 business tax as a municipal revenue source with a "0 percent tax rate increase" for the twenty fifth year in a row.

Council approved the consolidation of business tax revenue into the non-residential property tax, based on the following schedule for the incremental transfer of budgeted business tax revenues, adjusted for physical growth and contingency amounts in future years, to the non-residential property tax:

- (a) zero per cent in 2013,
 - (b) 10 per cent in each of the years 2014 - 2015, and
 - (c) 20 per cent in each of the years 2016 - 2019,
- with the business tax, for business tax revenue purposes, eliminated in 2019.

BACKGROUND

The *Municipal Government Act* (MGA) requires the following for any municipalities to levy business tax:

- Section 247 – adopt the annual operating and capital budgets before adopting the annual business tax rate bylaw.
- Section 371 – pass a business tax bylaw; and
- Section 377 – pass a business tax rate bylaw.

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Council has adopted the Action Plan 2018 Adjustments (includes the 2018 business tax budget) and passed the 2018 Business Tax Bylaw.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

2018 business assessment notices were mailed on 2018 January 04. The 2018 business tax bill will reflect the phase out of 80 percent (10 per cent in each of the years 2014 - 2015, 20 per cent in each of 2016 - 2018) of the business tax revenue into non-residential property tax due to consolidation. The 2018 business tax bills are to be mailed on or before 2018 February 09 with taxes being due on 2018 March 30. 2018 will be the last year for business tax mailings as 2019 is the first year of full consolidation of Business Tax with the non-residential property tax. Current year penalty dates are 2018 April 01 and July 01.

Attachment 1 (Supporting Data - 2018 Business Tax Rate Bylaw) contains a summary of the business tax rates and revenue since 1999. This attachment also describes a number of factors in calculating the 2018 Business Tax Rate.

Stakeholder Engagement, Research and Communication

All business owners in Calgary have received their 2018 Business Assessment Notices. The City has continued to keep taxpayers informed throughout the business tax consolidation process through letters and inserts included with property and business assessment notices. In addition, Assessment offers a year-round Customer Inquiry Service to answer assessment and business tax consolidation related questions.

Strategic Alignment

The recommendation is in alignment with the direction in Council's Action Plan 2015-2018 for Calgary.

Social, Environmental, Economic (External)

The Business Tax Rate Bylaw will set the rate at which business premises will be taxed.

Financial Capacity

Current and Future Operating Budget:

The net 2018 business tax revenue is estimated at \$44.4 million and this has been incorporated in the Action Plan 2018 Adjustments adopted by Council on 2017 November 27.

Current and Future Capital Budget:

Business tax revenues along with the property tax revenues are part of the source of capital funding in Corporate Program (Capital Financing Costs).

Risk Assessment

Appropriate allowances and provisions have been established for reductions in assessment.

2018 business tax bills are to be mailed on or before 2018 February 09. From the Council meeting on 2018 January 22 to the scheduled mailing date, limited time is available to complete

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required activities. A delay in third reading of the bylaw could delay the mailing of business tax bills.

REASON(S) FOR RECOMMENDATION(S):

The 2018 Business Tax Rate Bylaw is need for The City to collect business taxes in 2018. Action Plan 2018 Adjustments for Calgary included and relied on the business tax as a municipal revenue source.

ATTACHMENT(S)

1. Attachment 1 – Supporting Data - 2018 Business Tax Rate Bylaw
2. **Attachment 2 – Bylaw 7M2018**

PROPOSED URGENT BUSINESS