

Option 3: Details of the Municipal Non-Residential Phased Tax Program (PTP)

Summary

The effect of the PTP is to phase-in 2018 non-residential property tax increases (municipal portion only) by limiting the increase in 2018 to 5%. Eligible non-residential property owners will experience a maximum increase in the municipal non-residential property tax of 5% (not including the effect of the Business Tax Consolidation) resulting from the preparation of the 2018 market value assessment. PTP is a one-year program only.

Eligibility

1) Market Value Changes Only

This program is designed to phase-in only the non-residential property tax effects resulting from the preparation of the 2018 annual market value assessment. Thus, the focus is on market value changes only.

2) Non-Market Value changes

Properties which had physical changes that affected the 2018 assessment relative to the 2017 assessment or had changes due to other external non-market impacts (e.g. a zoning change, servicing, remediation, a change in taxable status, factual corrections, a change in assessment class) would be excluded from the PTP.

3) Regulated Rate Properties

Any non-residential property not valued on the market value standard is excluded; such as farmland and linear properties.

4) Other Criteria

To be included in the PTP, non-residential properties:

- Must have existed in 2017.
- Must have a tax status of "taxable".
- For properties assessed with more than one assessment class, only those properties where the non-residential component is 50% or higher will be included.
- Must have 2018 municipal non-residential property taxes greater than \$50.
- The amount to be phased-in exceeds \$25.

5) Business Tax Consolidation (BTC)

The City of Calgary is in the sixth year of the seven-year plan to eliminate the business tax and consolidate it with the non-residential property tax. All PTP options exclude the effect of BTC. Only the effect resulting from the preparation of the 2018 market value assessment is being phased in. BTC is intended to be revenue neutral so there is no need to phase-in or mitigate any municipal non-residential property tax increase from BTC, as the mitigation already occurs by a corresponding drop in the business tax.

6) Provincial Non-Residential Property Tax

PTP does not include any non-residential property tax effects from the provincial government. At this point, The City of Calgary has not been informed of the provincial requirements for property tax to be collected from the non-residential property group.

7) Impact of Filing an Assessment Complaint

In accordance with the *Municipal Government Act* property owners who disagree with their assessment have the right to file a complaint with the Assessment Review Board (ARB). PTP requires known and final assessment values to determine if the tax change is above or below the phase-in threshold (5%). Any non-residential property that has filed a 2018 complaint will not be included in the PTP until the decision of the ARB has been rendered, and any further appeals or reviews have been concluded. Any non-residential property that has an outstanding prior years' appeal or review will not be included in the PTP until the appeal or review is concluded. Once a final determination of the assessed value has been received, any resulting tax effect will be taken into consideration in accordance with the PTP.

8) Processing the Phase-in

There will be no application process required, and the tax effect of the phase-in will be applied on the annual non-residential property tax bill. Property tax accounts using the Tax Instalment Payment Plan (TIPP) will have the TIPP amounts accordingly adjusted.