

2014 BUSINESS TAX BYLAW

EXECUTIVE SUMMARY

Council approval is required to establish the 2014 Business Tax Bylaw, which authorizes The City to assess and tax businesses. The business tax is levied annually on any business that occupies space within the city of Calgary during the calendar year. This bylaw will be presented annually to Council for approval until the elimination of the business tax in 2019.

ADMINISTRATION RECOMMENDATION(S)

1. That the Priorities and Finance Committee recommends that Council give three readings to the proposed 2014 Business Tax Bylaw.
2. That Report PFC2013-0731 be forwarded as an item of Urgent Business to the 2013 December 16 Regular Meeting of Council.

PREVIOUS COUNCIL DIRECTION / POLICY

The City of Calgary annually generates municipal revenue through business taxes, most recently through the 2013 Business Tax Bylaw (1M2013). Council adopted Administration's recommendation to consolidate business tax revenues with the non-residential property tax starting in 2013, with the first (ten per cent) transfer of business tax revenues in 2014.

The Business Tax Bylaw will be presented annually to Council for approval until the elimination of the business tax in 2019. Business Tax Consolidation has no impact on the Business Tax Bylaw. However, the impact of consolidation will be reflected in the Business Tax Rate Bylaw and report from 2014 onward in the form of a declining business tax rate.

BACKGROUND

The *Municipal Government Act* (MGA) gives municipalities the option to levy a business tax. If Council chooses to levy a business tax, it must pass the Business Tax Bylaw prior to doing so.

The 2014 Business Tax Bylaw is being presented in 2013 December to provide sufficient preparation time for the planned 2014 January 03 mailing of the 2014 Business Assessment Notices.

The proposed 2014 Business Tax Bylaw is very similar to the 2013 Business Tax Bylaw with minor changes to reflect 2014 dates.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Business Tax Bylaw provides the ability for business taxes to be collected from businesses operating in premises within Calgary. It specifies the business assessment method, the basis for business taxes to be imposed and provides for exemptions from business tax.

The decision lies with Council as to whether or not business taxes are levied within a municipality. Council's 2013 business plan and budget adjustments included the business tax as a municipal revenue source.

If the 2014 Business Tax Bylaw is approved, the 2014 Business Tax Rate Bylaw will be presented to the Priorities and Finance Committee, and subsequently to Council, in January 2014. The 2014 Business Tax Rate Bylaw will include the 2014 business tax rate, to be

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prepared after the 2014 business assessment roll is established.

Business tax revenue requirements are established annually and form part of the 2014 business planning and budget adjustment process. 2014 Business Tax Notices are scheduled to be mailed in late January or early February 2014.

Stakeholder Engagement, Research and Communication

The annual process for preparing the Business Tax Bylaw Report includes staff members from the Finance and Supply, Law and Assessment business units.

Strategic Alignment

The recommendation is in alignment with the direction in Council's 2013-2014 Fiscal Plan for Calgary and the proposed 2014 business plans and budgets adjustments.

Social, Environmental, Economic (External)

Social

The proposed 2014 Business Tax Bylaw includes exemption provisions for businesses that meet eligibility provisions established in the bylaw.

Environmental

No implications were identified.

Economic (External)

The Business Tax Bylaw authorizes The City to assess and tax businesses. Passing the 2014 Business Tax Bylaw, and levying 2014 business taxes, is consistent with The City of Calgary's municipal tax policies in 2013 and prior years. It is also consistent with the proposed 2014 business plans and budgets adjustments.

Financial Capacity

Current and Future Operating Budget:

As reflected in the 2013 Business Tax Rate Bylaw report C2013-0092, the net 2013 business tax revenue was budgeted at \$206.7 million. Business tax revenues are a source of funding for current and future operating fiscal plans, with the business tax being fully consolidated in to the non-residential property tax by 2019.

Current and Future Capital Budget:

Business tax revenues are a source of funding for current and future capital fiscal plans, with the business tax being fully consolidated in to the non-residential property tax by 2019.

Risk Assessment

If Council does not pass the 2014 Business Tax Bylaw, The City will not be able to assess businesses and subsequently levy the business tax. This would significantly reduce the revenue available for City of Calgary operations and, in turn, services to Calgarians.

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REASON(S) FOR RECOMMENDATION(S):

The 2014 Business Tax Bylaw provides The City with the authority to mail 2014 business assessments in order to levy 2014 business taxes. Council's 2013-2014 Fiscal Plan for Calgary and the 2014 business plans and budget adjustments include and rely on the business tax as a municipal revenue source. Once a business assessment roll is established and Council establishes the 2014 business tax revenue requirement, the 2014 Business Tax Rate Bylaw will be presented to Council in 2014 January.

ATTACHMENT(S)

Proposed Wording for the 2014 Business Tax Bylaw