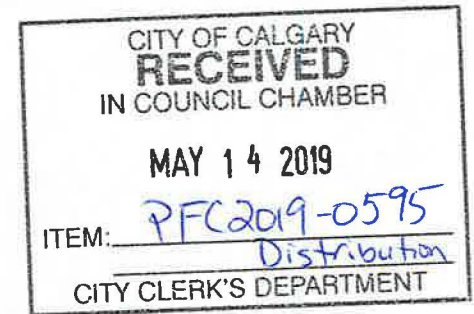


A composite background image. The top half shows the illuminated clock tower of the Calgary City Hall at night. The bottom half shows a long-exposure photograph of a city street at night, with light trails from cars and reflections on a wet pavement.

Business Tax Consolidation – 2019 Annual Status Update and Final Report

PFC2019-0595

Presentation



- I. Benefits of Consolidation
- II. Previous Direction
- III. Implementation Completion
- IV. Communications
- V. Final Reporting

Benefits of Consolidation Aligned with Value for Citizens

- **Improving how we do business** – efficiencies have allowed resources to be reallocated to enhance the customer experience of non-residential property stakeholders with a new collaborative approach
- **Reducing the cost of local government** – annual assessment notice and tax bill mailing requirements were reduced by 90% in 2019; business assessment-associated Assessment Review Board complaint filling were reduced by 95% in 2019 (2019 complaints are for BIA assessment only)
- **Addressing ongoing challenges, ensuring we plan for our future** – prior to tax consolidation, Calgary was the last in Alberta to levy two property-based non-residential taxes; moving to a single tax enhances transparency which will support Calgary's competitiveness and attractiveness to business investment going forward

Previous Direction: PFC2012-35 Business Tax Consolidation Framework and Associated Plans

- The full Council direction is included in the report Attachment and the report addresses each component of the implementation plan. Highlights of the direction given include:
 - Incrementally consolidate business tax revenues into the non-residential property tax, adjusting for physical growth and contingency amounts in future years; eliminate business tax, for business tax revenue purposes, in 2019
 - Continue Council's zero per cent business tax rate increase policy into the consolidated tax
 - Advocate for alternatives and prepare business assessments within BIAs until the Province provides alternatives
 - Report back annually on progress and with a final report prior to 2019 July



Implementation Completion

- The last 20% of business tax revenues have been transferred to the non-residential property tax. The 2019 non-residential property tax rate increased 4.3% as a result.
- There has been a cumulative 19% non-residential property tax rate increase since the first year of incremental transfers of the business tax in 2014, and a 100% reduction in the business tax.

Business Tax Transfer to Non-Residential Property Tax			
Year	Incremental Transfer (%)	Cumulative Transfer (%)	Non-Residential Property Tax Change
2013	0%	0%	0%
2014	10%	10%	2.3% (actual)
2015	10%	20%	2.2% (actual)
2016	20%	40%	4.0% (actual)
2017	20%	60%	3.8% (actual)
2018	20%	80%	4.6% (actual)
2019	20%	100%	4.3% (actual)
Total	100%	100%	19%

Implementation Completion

Key Actions for 2019 and Onwards

Zero Per cent Business Tax Rate Increase Policy

- Continuing application of Council's zero per cent business tax rate increase policy

Business Improvement Area (BIA) Financing

- Continuing to prepare business assessments within BIAs until Province provides alternative(s)
- Developing interim process for 2019 through a reprioritization of work; avoiding material implementation costs
- Adapting existing end of lifecycle systems for billing and collecting BIA tax, with on-going manual intervention for quality control
- Ensuring no negative BTC-related impacts on ability of businesses to jointly raise and administer funds for projects and promotional activities within their respective BIAs
- Continuing to provide quarterly reports, administrative support to BIAs

Implementation Completion

Key Actions for 2019 and Onwards

Grants in Lieu of Taxes

- Canadian Pacific Railway, and provincial and federal Crown continuing to pay grants on consolidated tax amount though not required to pay business tax previously

Rivers District Community Revitalization Levy (CRL)

- Continuing corrections to (1) ensure the CRL revenues do not include unintended funds due to BTC, (2) maintain compliance with the CRL regulation, and (3) keep The City's operating budget whole



Communications

Communications Since Last Annual Status Report

- 2019 Pre-Roll Consultation Period (October 02 - November 02 2018)
 - A new vision, strategy and customer promise: collaborative approach that is responsive to stakeholder needs and service expectations
 - Actively seeking input on assessed values; providing certainty to help non-residential property owners budget; helping to alleviate the need to appeal
- 2019 Business Improvement Area tax process details sent to BIA Executive Directors and Boards to assist in their communications to member businesses
- BTC website calgary.ca/btc updated to reflect conclusion of consolidation process and direct users to new BIA Tax website calgary.ca/BIAtax webpages and calgary.ca/BIA page

Final Reporting

- Administration reached its performance target to have 100 per cent of business tax revenue consolidated into non-residential property tax by 2019
- Associated administrative efficiencies support One Calgary efforts to deliver service value in a financially restrained environment
- Wherever possible the benefits and savings are being extended to non-residential property taxpayers
- Increased property assessment-related workload due to volume and complexity of issues related to non-residential assessment base has been absorbed using current resources



Final Reporting Continued

Reductions in assessment notice and tax bill mailing, administration, collection and enforcement requirements

- Assessment and tax years 2011 (BTC NoM) vs. 2018 (last update report) and 2019 (BTC implementation plan completion):

Annual Mailing*	2011	2018	2019	Change from 2011
Business Assessment Notices Mailed	25,532	26,848	0	-100%
Business Tax Bills Mailed	25,558	27,049	5,386 (BIAs only)	-79%
Total	51,090	53,897	5,386	-90%
*(excludes notices and bills prepared for business openings within the year)				

Next Steps

- Ensuring data quality in the Business Registry using existing resources:
 - Assessment's property assessment process of collecting tenant lists from building owners and Business License resources to obtain information about businesses on properties where owners do not voluntarily engage in Assessment's tenant list process
- Continuing advocacy for changes to provincial legislation that restrict BIAs to using business assessment as the basis for BIA taxes
 - Once the option becomes available, Administration will recommend to Council that The City collect BIA taxes through non-residential property base and systems
- Ensuring no negative impacts on ability of businesses to jointly raise and administer funds for projects and promotional activities within their respective BIAs

Recommendation

- That the Priorities and Finance Committee recommend that Council receive this report for information