

Taxation

Led by: Director of Assessment & Tax

Description

Taxation service ensures property taxes are properly billed, effectively collected, and that customers receive timely and accurate information on property tax matters.

Value and benefits

We address The City of Calgary's need for reliable revenue via the timely and accurate billing and collection of property taxes. This revenue is used to fund the provision of public services. Proactive and innovative collection efforts ensure the risk of uncollectible revenue remains low and the use of the Tax Instalment Payment Plan (TIPP) program provides The City with stable and predictable cash flow.

From the property tax account holders' perspective, the Taxation service is important as we provide confidence that they are paying their fair share of taxes. The TIPP program provides property tax account holders with a convenient payment option that makes their budgeting easier due to certainty in their monthly property tax expenditures.

Customers

Our customers can be summarized into five main groups:

- Property tax account holders
- Business Improvement Areas
- Law firms, property managers, and financial institutions
- The City of Calgary
- The Government of Alberta

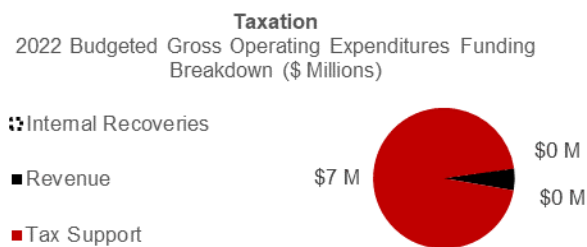
What we deliver

The main outputs of our service are annual property tax billings.

Partners

Our primary partners are The City of Calgary business units including, but not limited to: Customer Service & Communications; Finance; and Law.

545,525	2022 property tax accounts
99.0%	2021 service requests closed on-time
160,000	2021 annual customer interactions
\$2.9 billion	2022 municipal and provincial tax billed



Note: Internal recoveries is how The City accounts for the costs of goods or services between services

Key assets

Key pieces of Taxation specific software include the Business Tax OnLine System (BTOOLS) and Property Tax Web Application (PTWeb).

What we have heard & what we are watching

What we have heard

The 2023-2036 One Calgary Service Plans and Budgets Service Value Dimensions Survey noted that 43 per cent of respondents have contacted, accessed, or used the Taxation service. Most cited key elements of our service are reliability, accuracy, fairness and accessibility.

The Perception of the Tax Instalment Payment Plan (TIPP) Program Survey held in the Spring of 2021 indicated that:

- 63 per cent of property owners in Calgary are enrolled in TIPP.
- 80 per cent of program users are very satisfied with TIPP and the remaining 20 per cent are somewhat satisfied.
- 91 per cent of program users say that it makes budgeting easier.
- 82 per cent of program users say that the program is easy to understand.
- 78 per cent of program users are satisfied with the enrolment process overall.

What Council has directed

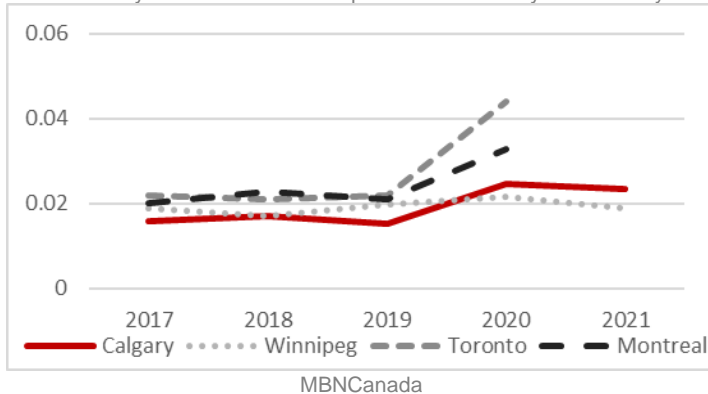
We will work to implement “Council’s Strategic Direction 2023-2026” with attention provided to each of the three foundational elements – economic resilience, social resilience, and climate resilience. The guiding principles that are the most impactful for Taxation are to strengthen relationships with Calgarians, deliver the right services, and finance our future. The main focus area for 2023-2026 will be modernizing government to provide faster and better service to Calgarians but efforts to contribute to downtown revitalization and social equity will also be made. Additionally, throughout the timeframe of this service plan there will be an emphasis on staying nimble and responsive to additional Council ad-hoc requests.

What we are watching

Our service regularly does environmental scans to identify trends of note. 2023-2026 will see a specific concentration on staying responsive to unexpected requests, making things easier for customers, and on the digital shift across society. Moving more to digital platforms and channels should enhance service delivery options, create efficiencies, and align better with customer expectations. Other trends to be tracked will be climate change, equity, diversity, inclusion and belonging. Our efforts will continue to contribute to The City of Calgary’s Long Range Financial Plan and we will be monitoring and responding to the following key risks as appropriate:

- Replacement of end-of-life primary property tax system called PTWeb
- Upgrade of older system called City Ownership OnLine (COOL) that interfaces with Alberta Land Titles and allows Taxation to receive feeds of ownership changes
- Development and succession management of key talent

Current year’s tax arrears as a per cent of current year’s tax levy



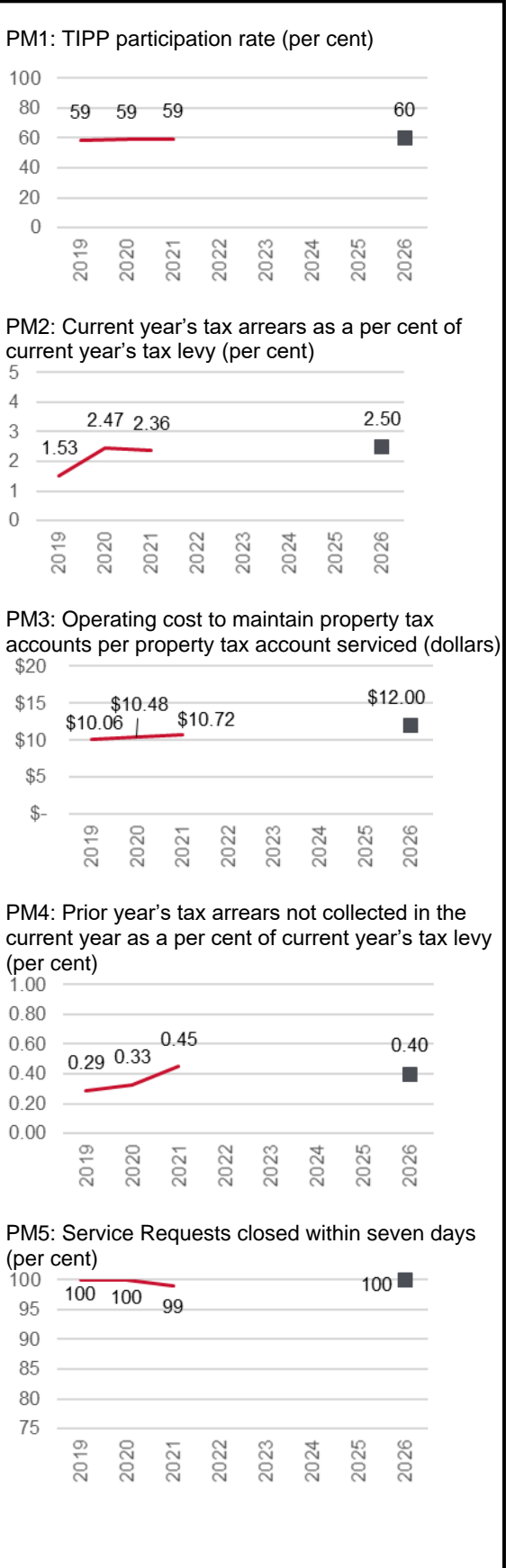
Comparing our service

Calgary ranks second best in Canada in this widely used benchmark and the ability to maintain a low current year receivable balance speaks to Taxation's ability to meet expectations for a reliable and responsive service. The proportion of the current year's property tax levy not collected as of year-end is impacted by several factors including: the accuracy and timeliness of annual and supplementary property tax billings, payment processing speed, ability to communicate effectively with taxpayers and resolve their inquiries, and the ability to collect outstanding property taxes.

Measuring performance & where we want to go

For Council Approval

— Actuals ■ Expected Future Performance



Story behind the curve

The TIPP participation rate is impacted by a number of factors including the general economic environment, program visibility, and trust in the municipality. While the participation rate has remained steady for several years, it has done so while The City has seen an increasing number of property tax accounts. The goal is to maintain or increase TIPP participation as the number of accounts grows by ensuring the benefits of the program remain visible to Calgarians and the Taxation service continues to maintain the trust and confidence of Calgarians.

The current year's tax arrears as a per cent of the current year levy is indicative of the overall health and effectiveness of the Taxation service. It is supported by the accuracy and timeliness of annual and supplementary billings; speed with which payments are processed; ability to communicate effectively with taxpayers; ease of understanding of taxpayer obligations; payment options; due dates; penalties; ability to collect outstanding taxes; responsiveness of systems and resources to increasing capacity demands; and maintaining low current year tax arrears.

The operating cost to maintain property tax accounts per property tax account serviced has stayed fairly flat in the recent past but it is expected to rise over the 2023-2026 timeframe to reflect the investment that Council is making in this important service. This rise will still likely place Calgary near the lowest result for this performance measure in Canada but will allow Calgary to further leverage technology, enhance efficiency and productivity, and better address requests from Council and administration.

The prior year's tax arrears not collected in the current year as a per cent of current year's tax levy measure shows the proportion of prior years' tax arrears not collected as of the year end. Economic conditions and the strength of a local economy, as well as collection practices, may impact tax arrears, collections, and penalty and interest charges. The City of Calgary is consistently much lower than all other participants in the MBNCanada program and the goal will be to maintain this position.

The per cent of Service Requests closed within seven days is a common performance measure for services that utilize 311 for when Calgarians make inquiries via the phone. Seven days is the current service standard for Taxation and in the past this performance measure result commonly sat at 100% until 2021 which saw a drop to 99%. The goal will be to turn the curve and return results to the 100% level within the 2023-2026 timeframe.

What we plan to do

Result for 2023-2026

We will ensure that Calgarians receive accurate and timely property tax information and provide a significant and reliable property tax revenue stream for The City of Calgary while maintaining strong operational performance and making continuous improvements.

How we are going to get there

Ensure Calgarians have access to their accurate and timely property tax bills by following billing best practices.

Improve the customer experience by focusing on improving Calgarian's understanding and providing more online services and self-service options.

Provide The City with a significant and stable source of property tax revenue by effectively and efficiently collecting property taxes.

Help Calgarians in need of financial assistance by offering compassionate property tax relief-based programs under certain circumstances.

Support Council's Guiding Principle of Building Strong Communities by improving Business Improvement Area (BIA) engagement and relationship building.

Better serve Council and Calgarians by smoothly transitioning the Property Assessment and Taxation services into the Assessment & Tax business unit.

Make the Taxation service a more attractive long-term career choice by focusing on staff attraction, development, and retention.

Pursue future efficiency and effectiveness gains by continuously investing in technology and process improvements.

Support evidence-based decision-making across The City and the industry by providing taxation information to internal and external data requesters.

Address the climate emergency by supporting the Clean Energy Improvement Program and reducing Taxation's carbon footprint using both technological and process related tools.

Advance equity efforts at The City by making decisions after first considering all Equity, Diversity, Inclusion, & Belonging implications.

Increase resilience and consider how best to operate in a future that is increasingly volatile, uncertain, complex, and ambiguous by proactively preparing for unexpected challenges.

Operating budget needed to achieve results

For Council Approval

Breakdown of net operating budget (\$000s)

	2023		2024		2025		2026	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Previous Year's Net Budget	6,538		6,789		7,033		7,203	
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		-		-		-		-
Revenue Changes	-	-	-	-	-	-	-	-
Internal Recoveries Changes	-	-	-	-	-	-	-	-
Inflation	37	-	37	-	41	-	39	-
Operating Impact of Previously Approved Capital	-	-	-	-	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	-	-	-	-	-	-	-	-
Service Increases	214	6	207	3	129	3	-	-
Transfers to/(from) reserves	-	-	-	-	-	-	-	-
Transfers to/(from) services	-	-	-	-	-	-	-	-
Total net budget	6,789	6	7,033	3	7,203	3	7,242	-

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditures	6,880	7,131	6	7,137	7,375	3	7,378	7,545	3	7,548	7,584	-	7,584
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	(342)	(342)	-	(342)	(342)	-	(342)	(342)	-	(342)	(342)	-	(342)
Net	6,538	6,789	6	6,795	7,033	3	7,036	7,203	3	7,206	7,242	-	7,242

Note: Figures may not add up due to rounding.

Capital budget needed to deliver service

For Council Approval

Activity	Investment Name	2023 Request (\$000s)	2024 Request (\$000s)	2025 Request (\$000s)	2026 Request (\$000s)	2027+ Request (\$000s)	Total Request (\$000s)
Annual Investment Program(s)							
		-	-	-	-	-	-
Program(s)							
480100	Tax System Modernization	3,500	4,333	4,333	3,334	-	15,500
Projects(s)							
		-	-	-	-	-	-
Sub-Total (New Budget Requests)		3,500	4,333	4,333	3,334	-	15,500
Previously Approved Budget Remaining		-	-	-	-	-	-
Total Capital Investment		3,500	4,333	4,333	3,334	-	15,500

Explanation of capital budget requests

Program(s)

Activity 480100: Tax System Modernization

PTWeb is the primary property tax system and COOL interfaces with Alberta Land Titles and allows Taxation to receive feeds of ownership changes. Replacement of end-of-life tax system called PTWeb and upgrade of older system called City Ownership OnLine (COOL) to provide required functionality

Funding From: Lifecycle Maintenance & Upgrade Reserve (\$3,000 thousand) Pay-As-You-Go (\$12,500 thousand)

Contributing Services: Appeals and Tribunals, Building Safety, Bylaw Education and Compliance, Citizen Information and Services, City Planning and Policy, Community Strategies, Data Analytics and Information Access, Development Approvals, Financial Support, Fire and Emergency Response, Fire Inspection and Enforcement, IT Solutions and Support, Legal Services, Neighbourhood Support, Police Services, Property Assessment, Real Estate, Streets, Waste and Recycling, and Water Treatment and Supply

Operating Impact: None