



Tax Share

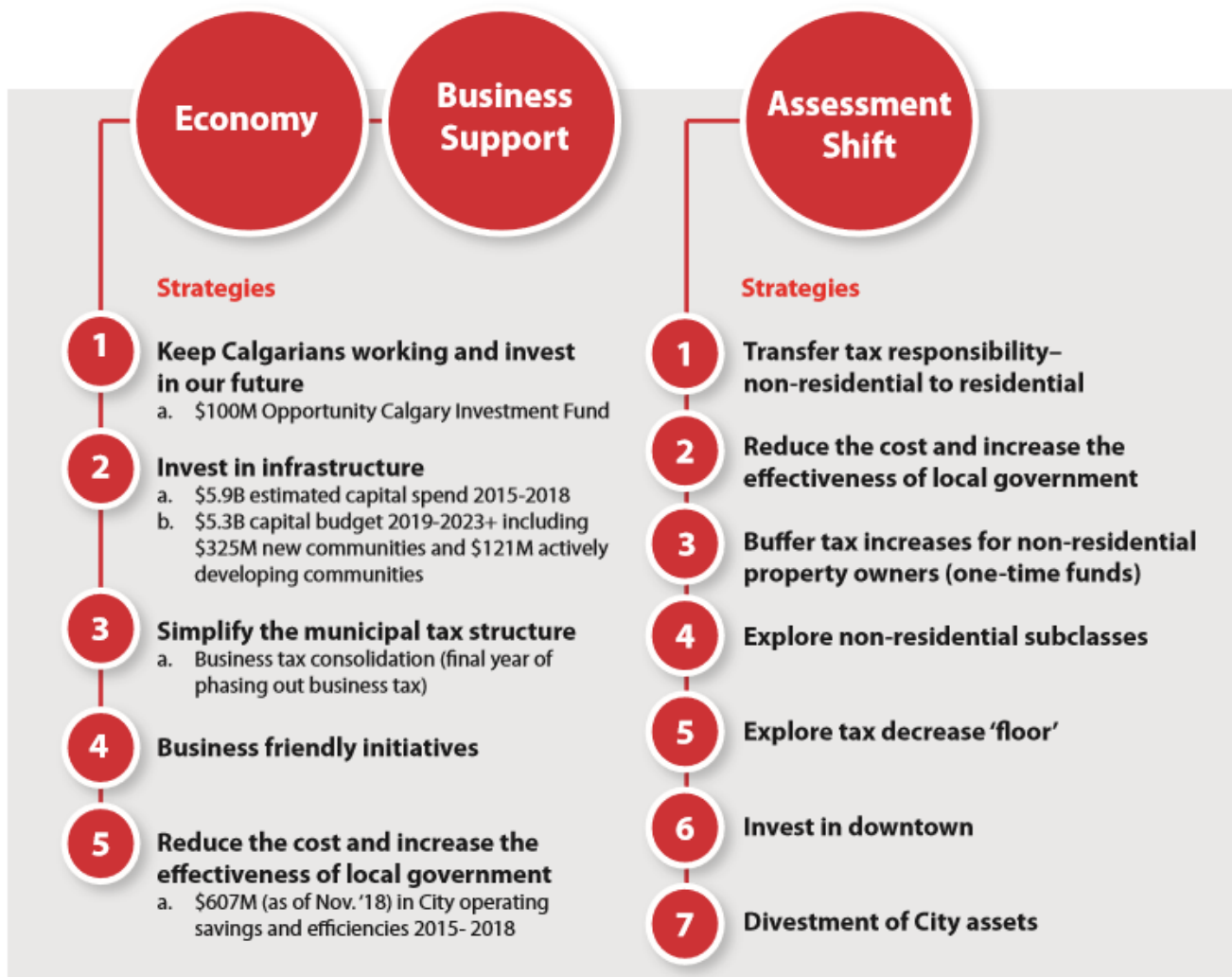
The Past: An overview of what's happened

Defining the Problem

A steep and rapid decline in the market value of a small number of very high valued non-residential properties redistributed property taxes (\$250M from 2015-2018) to other non-residential properties such that some non-residential properties have suffered untenable property tax increases. It is estimated that, with all things equal, more than half of non-residential property owners will experience increases greater than 10% over last year. The City is exploring tax share mitigation options to support business and sustain long-term economic health for all Calgarians.

Key Focus Areas

The issue has three focus areas: [the Economy, Business and the Assessment Shift](#). Work is underway in each of these areas to solve the problem and support long-term economic recovery. The infographic below highlights some of the work that has already been done and is currently underway.



Engagement and Research

Representatives from The City and Heuristic Consulting Associates (“Heuristic”) have held interactive workshops with key stakeholders and representatives from a variety of organizations to share ideas and options about the tax shift problem, including:

- Calgary Economic Development
- Chamber of Commerce
- Calgary Municipal Land Corporation
- Commercial Real Estate Advisory Committee of Calgary
- a variety of Business Improvement Areas (*outreach to small business included all 12 BIAs and BRZs*)
- Calgary Commercial Real Estate services (CBRE)
- Real estate investment trusts (including RioCan and Choice Properties)
- BILD Calgary Region
- Professional associations and companies in the development industry along with construction companies
- Canadian Federation of Independent Business (CFIB)
- MNP – one of the largest full-service chartered accountancy and business advisory firms in Canada
- Altus and AEC – the largest property tax advisory companies in Calgary
- University of Calgary School of Public Policy

Heuristic has completed this phase of stakeholder engagement representing the real estate industry, economic development, small business and other groups to understand the community’s comprehension of the problem as well as to identify a range of possible solutions for further consideration.

Heuristic has identified five key themes from the stakeholder engagements held to date:

- Adjust residential and non-residential tax rates so a larger proportion of property tax is borne by the residential assessment base;
- Reduce the overall size of The City’s budget by reducing costs and gaining efficiencies;
- Review alternate revenue sources, including selling City assets;
- Review measures to reduce property tax volatility; and
- Grow the tax base and invest in the future.

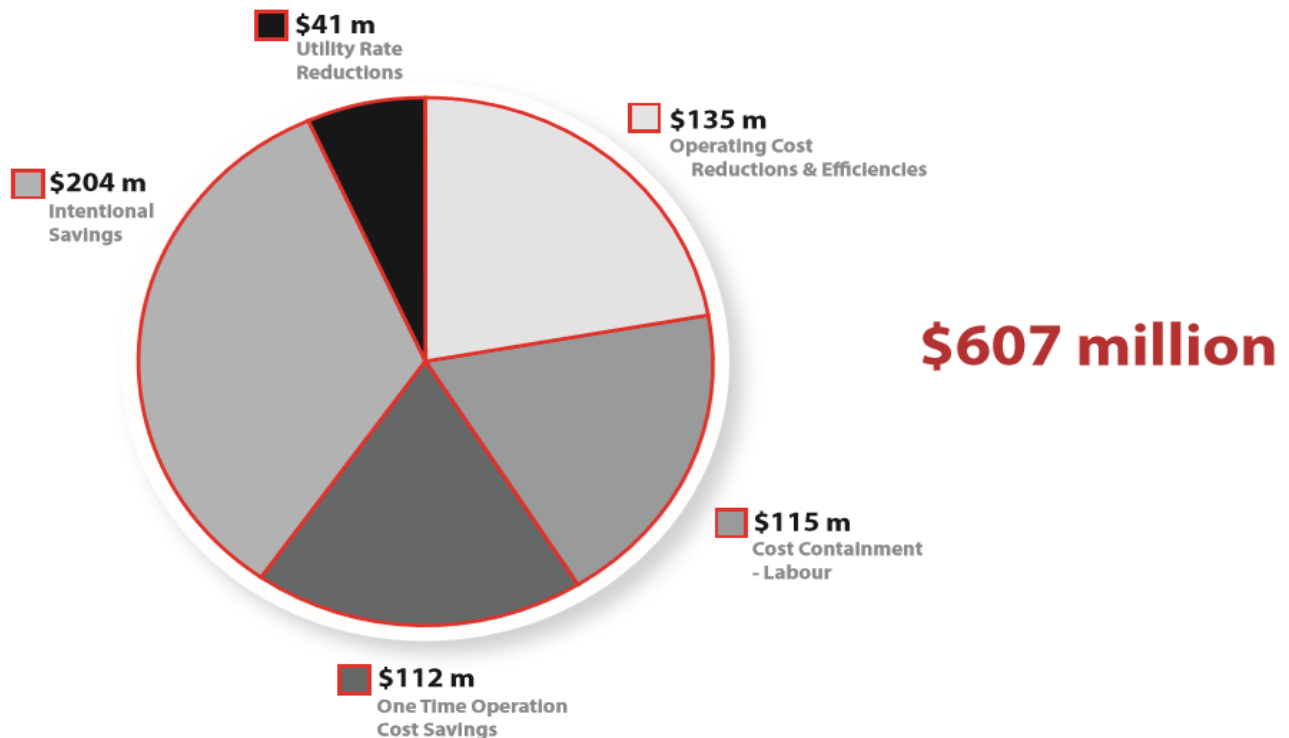
Residential property owners were extensively engaged for their input through the [One Calgary](#) planning and budgeting process 2019-2022.

As the City looks beyond 2019 to mid-and long-term strategies, stakeholders will continue to be informed and engaged.

Savings, Efficiencies and Reductions 2015-2018

[Intentional Management](#) is a process The City’s Leadership has adopted and implemented to realize significant savings in three key areas: cost reductions and efficiencies, cost containment and operating cost savings. Savings found through intentional management are redirected to allow The City to deliver services within our means and provide benefits such as tax relief, fee relief, offsetting revenue shortfalls to avoid tax implications, and community support (social programs, affordable housing, etc.).

Tax Share



From 2015-2018, The City identified \$607 million in savings, efficiencies and reductions (as of Nov. '18) including the following selected contributions:

- \$135 million base savings achieved through reductions in business unit budgets, corporate and manageable costs to reduce the original approved business plans and budget tax rate increase to respond to the change in economic conditions. Furthermore, fee freezes and reductions to landfill services implemented were used to offset other revenue shortfalls.
- \$115 million in reductions for lower than budgeted union settlements, lower than budgeted increases for exempt employees and workforce management. These savings were used to reduce previously approved tax rate increases and to offset projected revenue shortfalls with some available for future use.
- \$112 million has been contributed to the budget savings account reserve through one-time savings from delayed hiring and cost containment with another \$203 million in capital budget savings found and reallocated to projects that benefit Calgarians including - the Opportunity Calgary Investment Fund (OCIF), Calgary Transit, the Crowchild Trail short-term improvements project, Main Streets Program, and initiatives to lower the property tax rate, to name a few.
- \$204 million intentional cost savings was used to fund certain initiatives such as tax relief, community services, and the low income transit pass for Calgarians in need.