

BUSINESS TAX CONSOLIDATION - MITIGATION OPTIONS FOR LIMITED BENEFIT NON-PROFIT ORGANIZATIONS

EXECUTIVE SUMMARY

Property and business tax exemptions are an indirect subsidy of certain organizations, paid for by taxable property and business owners. Currently, there are different policy rationales and resulting legislation and bylaws for property tax and business tax exemptions. The consolidation of business tax revenues with the non-residential property tax is expected to result in increased property tax related costs for some organizations that are currently exempt from business tax but not exempt from property tax. These organizations can generally be described as limited benefit non-profit organizations and bingos. In response to concerns expressed by some of these organizations, Administration included a recommendation in Report PFC2012-35 to extend the effect of business tax exemptions through a property tax refund program for the 2014 and 2015 tax years. On 2012 April 09, Council adopted this recommendation and further directed Administration to review mitigation options for the affected organizations.

In developing the list of mitigation options, Administration solicited feedback from non-profit organizations known to be affected by the consolidation process. All those that responded to this request for feedback were given individualized attention by City staff. Administration determined that the option to fulfill the objective of mitigation, which is to give more time to organizations that are exempted from business tax through the *Business Tax Bylaw* to plan and budget for the effects of consolidation, is to follow through on Council's 2012 April 09 direction in PFC 2012-35 and extend the effect of business tax exemptions for the 2014 and 2015 tax years. As adopting this option, which is option 1 in this report, requires no change to Council's 2012 April 09 direction, Administration is recommending this report be received for information.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2012 April 09, Council approved the Report PFC2012-35 *Business Tax Consolidation Framework and Associated Plans* and the following recommendations are relevant to the issue of business tax exemptions:

2. (e) for the properties, or portions thereof, occupied by non-profit organizations, and listed in Attachment 5, the effect of a zero per cent transfer of business tax to the non-residential property tax will be continued and applied for the 2014 and 2015 years; this to be implemented by way of a property tax refund, approved by Council through the annual status report referenced in recommendation #4.
4. Direct Administration to provide the following consolidation reports to Council, through the Priorities and Finance Committee:
 - (a) an implementation readiness report in 2012 September,
 - (b) annual status reports, including any business tax consolidation related budget implications, by no later than April in each of the 2013-2019 years, and

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- (c) a final report by no later than 2019 July.
5. Direct Administration to review mitigation options for the non-profit organizations listed in Attachment 5, and to return with a report to the Priorities and Finance Committee no later than 2012 June.

Council passes the *Business Tax Bylaw* annually which includes provisions for business tax exemptions in Section 18. The *2012 Business Tax Bylaw* was passed as part of FCS 2011-29 on 2011 November 09. These business tax exemption provisions are a product of Council's *Business Tax Exemptions Policy* which was passed as part of Report FCS2009-16 on 2009 April 08.

BACKGROUND

As a result of concerns raised by limited benefit non-profit organizations at the Priorities and Finance Committee on 2012 March 20, Council direction #5 was added to the Business Tax Consolidation Report (PFC2012-35), directing Administration to review mitigation options.

Exempt Organizations and the Business Tax Consolidation Process

Revenue that is currently raised by the business tax will be generated in the future by the non-residential property tax. The transfers of business tax revenues to the non-residential property tax will proceed according to the following schedule:

- a 0 per cent transfer in 2013,
- a 10 per cent transfer resulting in an estimated 2.8 per cent non-residential property tax increase from 2012 levels in each of 2014 and 2015, and
- a 20 per cent transfer resulting in an estimated 5.6 per cent non-residential property tax increase from 2012 tax levels in each of the years from 2016 to 2019.

The consolidation period of seven years will see the business tax rate continue to decline until it is eliminated, while the non-residential property tax rate would increase in accordance with the business tax decline until all business tax revenue is generated by the non-residential property tax (a total of just over a 28 per cent increase in non-residential property tax over 2012 tax levels). This process will be revenue neutral, as The City will raise no more or less revenue due to consolidation.

Organizations with both a property and business tax exemption (approximately 930) will remain exempt from property tax and thus will not be affected by the consolidation process (for an explanation of property and business tax exemptions see Attachment 1). Limited benefit non-profit organizations (approximately 211 having 220 accounts) that are exempt from business tax but not exempt from property tax will experience a property tax increase starting in 2016 [due to the mitigation option already provided through Council recommendation 2(e)], and are the subject of this report. These organizations are structured to benefit their members rather than the city at large, thus the term limited benefit non-profit.

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If the affected organization owns the property they occupy this increase will be paid directly to The City. If the affected organization is a tenant, then the property tax increase would generally be paid through their landlord.

As detailed in the following table, there are four categories of limited benefit non-profit organizations and bingos that are exempt through the *Business Tax Bylaw* that will be affected by consolidation. Examples include fraternal clubs, recreational organizations, organizations that promote the interest of an industry or profession and trade unions. Bingos are not limited benefit non-profits in that they are open to everyone and distribute revenue to other non-profits but are specifically excluded from property tax exemption in the *Community Organization Property Tax Exemption Regulation*. The table has been updated to reflect information as of 2012 April 09, the date of Council’s decision to consolidate.

BUSINESS TAX EXEMPTIONS AFFECTED BY CONSOLIDATION	
<i>Exemption Category</i>	<i># of Accounts</i>
Bingos operated under a Bingo Facility License by a non-profit organization pursuant to the <i>Gaming and Liquor Act</i>	3
Any business established as a non-profit organization pursuant to promote the interests of an industry, profession, or trade including education and research (e.g., associations representing accountants or the mining industry)	107
Premises occupied by a trade union where the activities of a trade union are conducted	48
Organizations that would qualify for a property tax exemption but for the restrictions in the <i>Community Organization Property Tax Exemption Regulation</i> (e.g., recreational properties with restricted access like golf clubs, ethno-cultural or fraternal organizations that restrict access to their properties)	62
Total	220*
* Updates as of 2012 April 09 included - 11 accounts were added to the total number of accounts due to new businesses qualifying between the writing of Report PFC2012-35 and prior to Council’s 2012 April 09 decision to consolidate, and 12 were removed because they are likely to qualify for a property tax exemption, reflecting a net change of one account from the table presented in PFC2012-35.	

As a result of previous engagement and consultation with the limited benefit non-profits and bingos, Administration included a mitigation program for these organizations in its recommendations to the Priorities and Finance Committee in the *Business Tax Consolidation and Associate Plans* (Report PFC2011-35). The proposed mitigation program provided relief for these organizations from consolidation related tax increases until the 2016 taxation year, allowing them more time than other businesses to plan and budget for the transition. This time frame provides three years of relief from tax change implications, which is two years in addition to the one year (2013) applicable to all properties and businesses. At the Priorities and Finance Committee meeting on 2012 March 20, representatives from The Canadian Society of Club Managers (Alberta Branch), expressed concerns with the proposed additional mitigation program.

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Council adopted the recommended mitigation program for limited benefit non-profit organizations and bingos in recommendation #2(e) of the Report, and also further directed Administration to review the mitigation options for the affected organizations through Council direction #5.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

To follow through on Council's 2012 April 09 direction to review the mitigation options for the limited benefit non-profit organizations, Administration continued to engage and consult with affected stakeholders.

Stakeholder Engagement and Consultation

Administration invited each of the 211 organizations (with 220 assessments accounts as summarized in the table above and detailed in Attachment 2) affected by consolidation to participate in an engagement and consultation process, by way of a letter sent on 2012 April 12. Stakeholders were invited to contact Assessment to better understand consolidation and/or give their feedback regarding mitigation options via telephone, email or through one on one meetings with Assessment staff by 2012 May 04. On 2012 April 28, a second letter was sent to organizations that had not yet responded to the first request for feedback. Of the 211 that were contacted, 22 responded to these letters.

Among the 22 that contacted The City with respect to the effect of consolidation, seven were interested in knowing the impact of consolidation and did not communicate dissatisfaction with the proposed mitigation program, five were interested in pursuing a property tax exemption through the existing property tax exemption framework and ten communicated some level of dissatisfaction and their intention to conduct further advocacy activity on the issue. Of the two organizations that suggested further mitigation, proposals included a longer time frame and a delay in making a final decision with respect to the mitigation program for limited benefit non-profit organizations.

In addition, Administration identified 12 organizations listed in Attachment 5 of Report PFC2012-35 that may qualify for a property tax exemption and suggested that they apply as detailed in a letter on 2012 April 09 (these organizations are listed in Attachment 3). At the time of writing this report, five of the organizations had either applied or were otherwise satisfied with their current property tax situation. The other organizations that were invited to apply had either not contacted The City at the time of writing this report or were not interested in applying at this time because they were moving in the next year and would consider applying after their move. Administration will continue to follow up with these organizations to ensure that their applications are filled out and exemptions are granted, where applicable.

Further, there was extensive consultation and engagement with The Canadian Society of Club Managers (Alberta Branch), to discuss their concerns and additional mitigation options. Similar to the original development of the 2014-2015 additional mitigation "extension" approved by Council on 2012 April 09, Options 2 and 3, in this report, were developed through this input and the input of other organizations.

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During the report writing process, the Calgary Airport Authority (CAA) approached Administration, asking that they be included in the list of organizations eligible for tax relief under any mitigation program adopted by Council. The CAA is unique in that there is a specific business tax exemption for regional airport authorities in the *Municipal Government Act*. They were contacted in early February about the implications of consolidation on their property. The CAA was not part of the list of limited benefit non-profit organizations in both Attachment 5 of Report PFC2012-35 and Attachment 2 of this report, because these lists only included organizations exempt from business tax through the Council enacted *Business Tax Bylaw*.

Mitigation Options

Administration, through stakeholder engagement and consultation, presents four options in this report, summarized in Attachment 4. Options 1 and 4 were included in Report PFC2012-35 and option 1 is the direction adopted by Council on 2012 April 09. Options 2 and 3 were added as a direct result of the most recent round of engagement and consultation with affected organizations.

Option 1- Implement a property tax refund program to continue the effect of the business tax exemption for 2014 and 2015 tax years

Continuing the effect of business tax exemptions temporarily could be accomplished through providing Council-approved property tax refunds. This option was initially developed and recommended by Administration in response to concerns raised in the consultation process for Report PFC2012-35 by The Canadian Society of Club Managers (Alberta Branch). This option was adopted by Council in the 2012 April 09 approval of that Report and its recommendations. The purpose of this mitigation strategy is to allow more time for affected organizations to plan and budget for consolidation related tax changes, while seeing no tax implications during the additional two year (2014-2015) mitigation period.

Under this program, Administration would seek Council approval to refund increases in the amount of non-residential property tax due to consolidation for the property, or portions thereof, occupied by limited benefit non-profit organizations and bingos for each of the 2014 and 2015 tax years. Council approval for the property tax refunds would be sought through the annual status reports on the consolidation process scheduled for April of each of 2014 and 2015.

Organizations that own the property they occupy would receive the benefit directly. For organizations that lease the space they occupy, Administration would ask for a letter from the landlord stating that any benefit from the property tax refund would be passed on to the qualifying tenant.

In 2016, when the mitigation program is no longer available, there would be an estimated 11.2 per cent increase in non-residential property tax related costs over 2012 tax levels for these organizations. This increase is a result of the deferral of tax increases due to consolidation (2.8 per cent in 2014 and 2.8 per cent in 2015) and the scheduled increase of 5.6 per cent in 2016. In 2017-2019, as with all taxable non-residential property accounts, an estimated 5.6 per cent increase in non-residential property tax related costs is expected each year. This results in a total increase of 28 per cent by 2019, over 2012 levels.

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Only the organizations listed in Attachment 2 will qualify for the property tax refund. This will be contingent on:

1. No change to the organization's status as a non-profit,
2. No change to the location,
3. A letter from property owner to confirm that they will pass on the benefit of the refund to the non-profit.

If a non-profit organization listed in the table changes their non-profit status, or the location of their operation, the refund would be pro-rated for the portion of the year that they were a non-profit or that the location is unchanged.

Any property omitted from the list in Attachment 2 in error, may be added if approved by Council as part of the annual status update reports.

In order to qualify to be added to the list, organizations must:

- Be in existence on the day that consolidation was directed by Council,
- Meet the business tax exemption criteria in the *Business Tax Bylaw* on the date consolidation was directed by Council, and
- Apply before 2014 December 31.

Cost Implications

- Estimated total cost of \$450,000 consisting of \$150,000 in 2014 and \$300,000 in 2015 to be financed through an increase in the non-residential property tax rate.

Policy Setting Considerations

- Would allow more time for eligible limited benefit non-profit organizations and bingos to plan and budget for consolidation, without tax change implications during a three year period ending in 2015.

Option 2 – Implement a property tax refund program to continue the effect of the business tax exemption for 2014, 2015 and 2016 tax years

This option would be structured the same way as option 1 above. Under this program, however, Administration would seek Council approval to refund increases in the amount of non-residential property tax due to consolidation for the property, or portions thereof, occupied by limited benefit non-profit organizations and bingos for each of the 2014, 2015 and 2016 tax years. Council approval for the property tax refunds would be sought through the annual status reports on the consolidation process scheduled for April of each of 2014, 2015 and 2016.

In 2017, when the mitigation program is no longer available, there would be an estimated 16.8 per cent increase in non-residential property tax related costs over 2012 tax levels for these organizations bringing them in line with other taxable non-residential properties. This increase is a result of the deferral of tax increases due to consolidation (2.8 per cent in 2014, 2.8 per cent in 2015 and 5.6 per cent in 2016) and the scheduled increase of 5.6 per cent in 2017. In 2018-2019, as with all taxable non-residential property accounts, an estimated 5.6 per cent increase

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in non-residential property tax related costs is expected each year. This results in a total increase of 28 per cent by 2019, over 2012 levels.

Cost Implications

- Estimated total cost of \$1,050,000 consisting of \$150,000 in 2014, \$300,000 in 2015 and \$600,000 in 2016 to be financed through an increase in the non-residential property tax rate.

Policy Setting Considerations

- Would allow more time for eligible limited benefit non-profit organizations and bingos to plan and budget for consolidation, without tax change implications during a four year period ending in 2016.

Option 3 – Implement a property tax refund program to continue the effect of the business tax exemption until 2019

This option would be structured the same way as option 1 and 2 above but the program would be extended for the entire seven year transition period. As stated earlier, this option is the result of consultation with The Canadian Society of Club Managers (Alberta Branch) and other limited benefit non-profit organizations since Council's direction on 2012 April 09.

In 2020, when the mitigation program is no longer available, and the tax increases due to consolidation would have been deferred for the entire seven year transition period, these organizations would see a 28 per cent increase in non-residential property tax related costs over 2012 tax levels.

Cost Implications

- Estimated cost is a cumulative \$4.7 million over six years, starting in 2014 with \$150,000, \$300,000 in 2015, \$600,000 in 2016, \$900,000 in 2017, \$1.2 million in 2018, and ending in 2019 with \$1.5 million financed through an increase in the non-residential property tax rate.

Policy Setting Considerations

- Would satisfy some stakeholders who engaged in the consultation process.
- Goes beyond the rationale of providing additional time for organizations to plan and budget for the change.
- May be perceived by some organizations as establishing a precedent for ongoing subsidies beyond the seven year transition period.
- The total cost of this option to non-residential taxpayers would be much greater than in option 1 and 2.
- Would be a significant budget adjustment (28 per cent) for organizations to make in 2020.

Option 4 – Implement a permanent tax exemption program by bylaw

Section 364 of the *Municipal Government Act* allows Council to exempt property held by a non-profit organization to any extent it sees fit via a municipal bylaw. In order for the appropriate subsidy to be applied, any bylaw that Council passes would need to limit an exemption to the "business tax portion" of the consolidated property tax. The new property tax exemption bylaw could mirror some of the exemption classes in Section 18 of the current *Business Tax Bylaw*.

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Pursuing this option would require providing an exemption policy and framework over and above that which is already provided by provincial legislation.

To grant an exemption from tax is to grant an exception to a burden that is nearly universal, and any policy resulting in an exemption should clearly demonstrate the reason for this exception. The organizations that advocated for this option believed that, through the services they offer, they relieve The City of some service provision and thus confer a sufficient benefit to the city as whole to warrant a partial exemption from property tax. An exemption program designed exclusively to mitigate the effects of consolidation on organizations that are currently exempt from business tax would, over time, raise concerns about equity of the exemption. This is because organizations performing the same functions and using property for the same purpose would receive different tax treatment. Administration believes that, if an exemption program were to be implemented it should include classes of exempt property rather than identifying individual organizations for the purposes of mitigation. This type of exemption program would allow additional organizations to apply.

An exemption program would result in an indirect subsidy by non-residential property taxpayers to eligible organizations, estimated in the amount of \$4.7 million over the seven year transition period plus any additional amount for new organizations that would qualify. After the transition period there will be an annual subsidy of \$1.5 million based on 2012 information and the current number of eligible organizations.

Should Council elect to implement this option, Administration would recommend that Administration be directed to report back to Council, in approximately 6 months, with a policy and bylaw framework.

Cost Implications

- Estimated capital costs of \$1 million for adjustments to assessment and taxation software.
- This exemption program would not result in direct refunds to the eligible organizations as options 1, 2 and 3 therefore there would be no direct cost implications to The City budget.

Policy Setting Considerations

- The effect of business tax exemptions would continue for current and new limited benefit non-profit organizations.
- Administration currently administers a similar business tax exemption program for those that would be affected.
- The share of taxes from which eligible organizations / properties are exempted would be shifted to non-residential taxpayers.
- A permanent program would include those organizations outlined in Attachment 2 as well as any new organizations that would qualify within the new policy and framework, further adding to its cost.
- Might create demand for more categories to be added to the program in subsequent years.
- New property tax exemption categories will mean more risk in the administration of property tax exemptions because exemption decisions are reviewable by the Assessment Review Board.

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- Current assessment and taxation software applies a 100 per cent exemption from tax to a given space and does not support an exemption from tax of less than 100 per cent. These systems will require upgrading in order accommodate an exemption program of this sort.

Summary and Conclusion

While each of the options presented above are feasible, they come with different policy setting considerations. In sorting through the options, it may be helpful to consider the goal of the mitigation program and the associated costs.

If the goal is solely to mitigate the tax change effects of business tax consolidation, then Administration suggests the most appropriate options are option 1 or 2. These options do not continue the business tax exemptions, rather they are refunds that delay the increased property tax related costs due to consolidation.

Option 3 extends for seven years, longer than most planning and budget cycles, and means that in 2020, organizations will be facing a significant increase in their property tax related costs. This significant 2020 increase may prompt calls for yet further mitigation.

Option 4 not only mitigates the increased property tax related costs but would also lead to a new exemption program that is based on the previous and unassociated business tax exemption program. If The City were to proceed with an exemption bylaw, it is suitable to proceed with the clear purpose of creating an exemption, complete with the policy rationale for doing so, rather than creating an exemption program for the purposes of mitigating tax changes associated with consolidation.

In addition, both options 3 and 4 come with much higher cost implications to other non-residential taxpayers as the tax rate would have to increase to sustain either a longer term refund program or an exemption program. In the case of option 3 the cost would remain relatively static whereas with option 4, new organizations would be allowed to qualify, further inflating the cost to taxable non-residential property owners. In addition to the ongoing cost of an exemption program via City bylaw (i.e., option 4), there would also be capital costs associated with changes to The City's assessment and taxation software.

The differentiating factor between option 1 and 2 is the increased cost of implementing a property tax refund program for an additional year. The cost will be borne by non-residential property taxpayers and so, in making a decision, a balance between ensuring that the non-residential property tax is fairly distributed and ensuring that the limited benefit non-profit organizations and bingos are not unduly affected by the decision to consolidate. The fairest outcome from the typical non-residential property taxpayer's perspective is likely that all properties be treated equally meaning no additional mitigation for any property type, but this does not recognize the special situation of the limited benefit non-profits and bingos. The appropriate balance would be achieved when the time frame for mitigation is no longer than necessary for the affected organizations to plan and budget for the change. Administration

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believes that a mitigation program extending refunds for the 2014 and 2015 tax years achieves this objective.

In consideration of the above, and for the following reasons, Administration is recommending that option 1, being the same as Council's 2012 April 09 direction, continue as the mitigation program for limited benefit non-profit organizations. This option would provide limited benefit non-profit organizations, listed in Attachment 2, three years (2013-2015) of full tax relief, or two years (2014-2015) beyond the one year provided to all properties and businesses, due to business tax consolidation.

- Council's current direction achieves a balance between fairness to all non-residential property owners and ensuring that the affected organizations are not unduly affected by consolidation.
- This mitigation achieves the policy goal of giving more time to plan and budget for consolidation without establishing a precedent of ongoing subsidies to the affected organizations.
- Once the mitigation program is complete, property tax exemptions will be administered through the applicable provincial property tax legislation.

As Administration's recommendation is the same as the 2012 April 09 decision already made by Council, Administration is recommending this report be received for information.

Administration's inventory of limited benefit non-profit organizations, eligible for mitigation, as originally presented in Attachment 5 to PFC2012-35, and presented again with some changes as Attachment 2 to this report, will continue to be monitored, updated as necessary, and presented to Council as part of the annual status report, and until 2015, the last year of the mitigation program.

Stakeholder Engagement, Research and Communication

As detailed in the section entitled "Stakeholder Engagement and Consultation Process" above, Administration made a substantial effort to solicit feedback and engage with affected organizations. Administration sent two letters to the affected organizations detailing Council's direction and asking for feedback via telephone, email or face to face meetings. Every response to these letters was individualized, responding directly to the issues raised by the affected organizations. There were also meetings held with organizations who requested an opportunity to provide their input through discussions with Administration.

Of the 22 stakeholders that contacted Administration with respect to the consolidation issue, 15 were industry or trade organizations, three were ethno-cultural organizations, two were bingos and two were representatives of private recreational facilities.

A majority of the stakeholders that contacted Administration were looking for clarification and understanding of how the consolidation process would affect their organization. These organizations did not want any change to the current status quo but few presented any alternative options. The Canadian Society of Club Managers (Alberta Branch) did put forward a

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proposal of 15 years with the option to have Council consider the issue again at the end of that period. Upon further consultation The Canadian Society of Club Managers (Alberta Branch) indicated that a seven year transition period may be acceptable.

Strategic Alignment

Options 1, 2 and 3 would result in one standard for the majority of tax exemptions in Calgary (i.e., the provincial property tax exemption legislation). Option 4 would mean a new approach to property tax exemptions by establishing a new property tax exemption bylaw in addition to the administration of provincially mandated property tax exemptions.

The recommendation (option 1), which extends the effect of exemptions described in the *Business Tax Bylaw* for 2014 and 2015, creates an exception designed to mitigate the effects of consolidation specifically for the affected eligible organizations. The temporary nature of the mitigation ensures that Council's decision to eliminate the business tax, as directed in the adoption of Report PFC2012-35, does not result in the continuation of business tax exemption policy into a property tax only policy environment.

Social, Environmental, Economic (External)

Property tax exempt organizations will not be affected by consolidation. Limited benefit non-profit organizations and bingos will be affected by consolidation; the degree to which they will be affected will depend on the direction of Council.

Financial Capacity

Current and Future Operating Budget:

Option 1 is free of budget implications as Council has already directed the implementation of the program. The additional refund amounts in options 2 and 3 would be financed through an increase in the non-residential property tax rate and paid to eligible organizations by The City. Option 4 would have less of a budgetary impact though the effect on non-residential property taxpayers would be similar.

Current and Future Capital Budget:

There are no capital budget implications for options 1, 2 or 3. Option 4 would require an upgrade to current assessment and property tax systems at an estimated cost of \$1 million.

Risk Assessment

Risks associated with option 1 and 2 are marginal because though there are considerations made to limited benefit non-profit organizations and bingos, the policy rationale for these considerations is clear, to allow them more time to plan and budget for tax changes due to consolidation. Option 3 would further increase risk because it establishes a precedent of ongoing special property tax treatment for limited benefit non-profit organizations and bingos, and may result in a future request to Council for the continuation of the mitigation program when it is scheduled to end in 2019. Options 1, 2 and 3 may have additional costs associated with them due to additional organizations meeting the eligibility criteria as of 2012 April 09 and not currently listed in Attachment 2. This risk is mitigated by the requirement to have applied to the program by 2014 December 31. Option 4 presents the greatest risk to The City because it

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establishes a precedent for broad based property tax exemptions and may result in increased requests for Council to establish more exemption categories.

REASON(S) FOR RECOMMENDATION(S):

- As Administration's recommendation is the same as the 2012 April 09 decision already made by Council, Administration is recommending this report be received for information.
- Council's current direction achieves a balance between fairness to all non-residential property owners and ensuring that the affected organizations are not unduly affected by consolidation.
- It achieves the policy goal of giving more time to plan and budget for consolidation without establishing a precedent of ongoing subsidies to the affected organizations.
- Once the mitigation program is complete, property tax exemptions will be administered through the applicable provincial property tax legislation.

ATTACHMENTS

1. Explanation of Property and Business Tax Exemptions
2. Non-Profit Organizations Eligible for Mitigation as of 2012 April 09
3. Non-Profit Organizations Originally Listed in Attachment 5 of Report PFC2012-35 Likely to Qualify for Property Tax Exemption as of 2012 April 09
4. Summary of Mitigation Options

EXPLANATION OF PROPERTY AND BUSINESS TAX EXEMPTIONS

In Alberta, property tax exemptions are generally legislated by the provincial government through the *Municipal Government Act* (MGA) and the *Community Organization Property Tax Exemption Regulation* (COPTER), which is then administered by municipalities. Business tax exemptions are generally part of the annual *Business Tax Bylaw* passed by Council, though there are provincially mandated statutory exemptions for businesses operated by the Crown and airports and a regulatory exemption for offices of members of the legislative assembly.

When a property or business tax exemption is granted by The City of Calgary, the remaining property or business taxpayers must pay the taxes that would have otherwise been paid by the exempt property or business owner. This is due to the way in which the property and business tax rates are calculated (i.e., dividing the amount of revenue required by the taxable assessment base as in Figure 1).

Figure 1

$$\frac{\text{revenue required}}{\text{taxable assessment base}} = \text{tax rate}$$

Any previously taxable property or business that is rendered exempt by virtue of ownership and/or use is removed from the taxable assessment base. As shown in Figure 2, this results in an increase to the tax rate. This effect is small on an individual basis but is substantial when all exempt properties and businesses are considered.

Figure 2

$$\frac{\text{revenue required}}{\text{taxable assessment base} \downarrow} = \text{tax rate} \uparrow$$

Therefore, the overall effect of a property or businesses tax exemption is that the remaining tax payers provide an indirect subsidy to organizations that are exempt from taxation.

Current provincial property tax exemption legislation does not exempt organizations that, though non-profit, are structured to benefit their members (i.e. limited benefit) rather than the greater community. These types of organizations are, however, generally exempt from business tax due to provisions in the *Business Tax Bylaw*.

In approaching this issue, it is useful to look at the rationale for property and business tax exemptions. The Government of Alberta has produced a guide for property tax exemption and included in the guide are the principles on which property tax exemptions are based. They are:

- advancement of 'public benefit', in terms of charitable and benevolent purposes, community games, games, sports, athletics, recreation, and educational purposes;
- recognition of the 'volunteer contribution and fund raising component' that most often characterizes 'not for profit' status organizations;
- advancement of youth programs and community care for the disadvantaged; and,
- appropriate access to non-profit facilities.

The limited benefit non-profit groups that do not qualify for property tax exemption generally advance a 'limited benefit' because of the purpose of their organization (e.g. to advance the interest of a defined group) or their operational practices (e.g. restricting access to their facilities to members and their guests only). That being said these limited benefits are provided to members of the organizations, generally citizens of Calgary, on a non-profit basis.

Business tax exemptions are determined through Section 18 of The City's annual *Business Tax Bylaw*. The current exemption provisions were established through the business tax exemption policy process in 2009. The stated purpose of the business tax exemption policy "is to foster a business tax exemptions framework that:

- a) is largely consistent with the property tax exemptions policy under the MGA because both are municipal taxes;
- b) relieves certain businesses, that provide a specified benefit to Calgary and its residents, of the obligation to business tax; and
- c) promotes a level playing-field for all business entities with commercial activities."

The issues arising from consolidation occur where property taxes and business taxes are not consistent. In addition, because they provide benefits to their members these organizations do provide benefits to Calgary and its residents but not the public at large. Through its *Business Tax Exemptions Policy* The City has chosen to recognize the limited benefits of non-profits in the form of a business tax exemption.

Another important rationale for an exemption of limited benefit non-profits is the character of their "business". The subject organizations conduct their operations without a profit motive, meaning that they would not ordinarily be thought of as a business. Indeed, the previous Alberta assessment and taxation legislation (the *Municipal Taxation Act*) excluded the vast majority of non-profits from the business tax process, and it was only with the introduction of the MGA in 1994 that non-profits were explicitly included in the definition of "business". The *Business Tax Exemptions Policy* achieved the objective of excluding these "businesses" as long as they did not compete directly with businesses in the for-profit sector.

NON-PROFIT ORGANIZATIONS ELIGIBLE FOR MITIGATION AS OF 2012 APRIL 09

No.	Organization	Address	Roll Number
1	4TH STREET BUSINESS REVITALIZATION ZONE	201 501 18 AV SW	080100803
2	ACTRA ALBERTA	602 7015 MACLEOD TR SW	111102505
3	AEDARSA	209 264 MIDPARK WY SE	201015542
4	ALBERTA BALLET SCHOOL OF DANCE	341 17 AV SW	079001095
5	ALBERTA BARLEY COMMISSION	3601 21 ST NE	032030306
6	ALBERTA BEEF PRODUCERS	320 6715 8 ST NE	009004193
7	ALBERTA BOILERS SAFETY	1212 31 AV NE	048045900
8	ALBERTA CARPENTERS TRAINING CENTRE	2600 PORTLAND ST SE	078075702
9	ALBERTA CATTLE FEEDERS ASSOCIATION	6 11010 46 ST SE	201393733
10	ALBERTA EGG PRODUCERS BOARD	101 90 FREEPORT BV NE	201014255
11	ALBERTA EQUESTRIAN FEDERATION SOCIETY	251 MIDPARK BV SE	156118903
12	ALBERTA FOOD PROCESSORS ASSOCIATION	4760 72 AV SE	116025891
13	ALBERTA GOLF ASSOCIATION	22 11410 27 ST SE	201106929
14	ALBERTA GYMNASTICS FEDERATION	5800 2 ST SW	101030401
15	ALBERTA MEDICAL ASSOCIATION	708 11 AV SW	067092700
16	ALBERTA MORTGAGE BROKERS ASSOCIATION (THE)	207 4954 RICHARD RD SW	201287372
17	ALBERTA PRINTMAKERS SOCIETY	2010F 11 ST SE	078001609

No.	Organization	Address	Roll Number
18	ALBERTA REAL ESTATE ASSOCIATION	4954 RICHARD RD SW	201287372
19	ALBERTA ROOFING CONTRACTORS ASSOCIATION	2380 PEGASUS RD NE	032042301
20	ALBERTA SOCIETY OF RESPIRATORY	6715 8 ST NE	009004193
21	ALBERTA SQUASH RAQUETS	3415 3 AV NW	060071503
22	ALBERTA TEACHERS ASSOCIATION	3016 5 AV NE	054011606
23	ALBERTA UNION OF PROVINCIAL	1301 16 AV NW	200589109
24	ALBERTA UNION OF PROVINCIAL	600 1816 CROWCHILD TR NW	200922672
25	AMALGAMATED TRANSIT UNION LOCAL #1374	1C 416 MERIDIAN RD SE	200894574
26	AMALGAMATED TRANSIT UNION LOCAL #1374	5C 416 MERIDIAN RD SE	200894616
27	AMALGAMATED TRANSIT UNION LOCAL #1374	6C 416 MERIDIAN RD SE	200894624
28	APPRAISAL INSTITUTE	495 36 ST NE	054015722
29	ASSOCIATION OF PROFESSIONAL ENGINEERS GEOLOGISTS & GEOPHYSICIST	700 2 ST SW	068232305
30	ASTECH FOUNDATION	126 3553 31 ST NW	037180205
31	B C & T WORKERS UNION	205 7907 FLINT RD SE	112142708
32	BETTER BUSINESS BUREAU	7330 FISHER ST SE	112144308
33	BINGO BARN	1107 33 ST NE	054013503
34	BINGO PALACE	2600 35 AV NE	031007297
35	BOW RIVER MUSICAL INSTRUMENT RESEARCH CLUB	3 111 2 AV SE	068018308
36	BOWMOUNT MASONIC HALL	7704 39 AV NW	040026601
37	BRICKLAYERS & ALLIED	5325 1A ST SW	101021905

No.	Organization	Address	Roll Number
	CRAFTSMAN LOCAL 2		
38	BUILDING OWNERS & MANAGERS ASSOC (BOMA)	4954 RICHARD RD SW	201287372
39	BURC INTERCULTURAL CENTRE	2937 19 ST NE	048041404
40	CALGARY & DISTRICT AMATEUR SOFTBALL ASSOCIATION	204 809 MANNING RD NE	201632197
41	CALGARY AIR CONDITIONING & SHEET METAL	2725 12 ST NE	047041603
42	CALGARY CHINATOWN DEVELOPMENT	128 DAQING AV SW	068013853
43	CALGARY CHINESE HERBAL MEDICINE ASSOCIATION	200 114 3 AV SE	068020205
44	CALGARY CONSTRUCTION	2725 12 ST NE	047041603
45	CALGARY CO-OPERATIVE ASSOCIATION	1135 10 AV SW	200456077
46	CALGARY DISTRICT NEW DEMOCRATE HOUSE	321 3132 26 ST NE	049500606
47	CALGARY DISTRICT PIPE TRADESBENEFIT PLANS	2635 37 AV NE	031006588
48	CALGARY DOWNTOWN BRZ	304 8 AV SW	068079508
49	CALGARY ELKS LODGE AND GOLF CLUB	2502 6 ST NE	047040001
50	CALGARY FIREFIGHTERS ASSOCIATION	538 7 AV SE	068067800
51	CALGARY FIREFIGHTERS ASSOCIATION	526 7 AV SE	068068204
52	CALGARY GOLF & COUNTRY CLUB	5515 14 ST SW	103085205
53	CALGARY HOME BUILDERS ASSOCIATION	100 7326 10 ST NE	009022104
54	CALGARY JIANG ZHE SHANGHAI	208 114 3 AV SE	068020205
55	CALGARY MASONIC TEMPLE LIMITED	330 12 AV SW	068134204

No.	Organization	Address	Roll Number
56	CALGARY MINOR BASKETBALL	107 809 MANNING RD NE	201632197
57	CALGARY MUSICIANS ASSOCIATION	606 MEREDITH RD NE	201633286
58	CALGARY PETROLEUM CLUB	319 5 AV SW	068053602
59	CALGARY PIPING INDUSTRY	5649 BURBANK RD SE	100005602
60	CALGARY POLICE ASSOCIATION	421 5 AV SE	068061209
61	CALGARY POLICE ASSOCIATION	423 5 AV SE	068061308
62	CALGARY POLICE ASSOCIATION	513 RIVERFRONT AV SE	068061704
63	CALGARY POLICE ASSOCIATION	428 6 AV SE	068062009
64	CALGARY POLICE ASSOCIATION	428 6 AV SE	068062009
65	CALGARY PUBLIC TEACHERS ASSOCIATION	212 3016 5 AV NE	054011606
66	CALGARY RESIDENTIAL RENTAL	4653 MACLEOD TR SW	090510108
67	CALGARY SEPARATE TEACHERS	214 3016 5 AV NE	054011606
68	CALGARY UNITED SOCCER	183 2880 GLENMORE TR SE	115069106
69	CALGARY WINTER CLUB	4611 14 ST NW	201568037
70	CANADA BEEF EXPORT FEDERATION	6715 8 ST NE	009004193
71	CANADA MASONRY DESIGN	210 2725 12 ST NE	047041603
72	CANADA WEST EQUIPMENT	2435 PEGASUS RD NE	032041600
73	CANADIAN ANGUS	6715 8 ST NE	009004193
74	CANADIAN ASSOCIATION OF GEOPHYSICAL CONTRACTORS	1015 4 ST SW	067094706
75	CANADIAN ASSOCIATION OF OILWELL DRILLING	540 5 AV SW	067230409

No.	Organization	Address	Roll Number
76	CANADIAN ASSOCIATION OF PETROLEUM LAND ADMINISTRATORS	628 138 4 AV SE	068036706
77	CANADIAN ASSOCIATION OF PETROLEUM LANDMEN	500 5 AV SW	067024802
78	CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS	350 7 AV SW	068077395
79	CANADIAN BAR ASSOCIATION	1725 311 6 AV SW	068077601
80	CANADIAN CATTLEMEN'S ASSOCIATION	6715 8 ST NE	009004193
81	CANADIAN CHAROLAIS ASSOCIATION	2320 41 AV NE	032027104
82	CANADIAN CHIROPRACTIC EXAMINING BOARD	230 1209 59 AV SE	100010313
83	CANADIAN CONGRESS OF NEUROLOGICAL SCIENCES	7015 MACLEOD TR SW	111102505
84	CANADIAN ENERGY PIPELINE	1860 205 5 AV SW	068054303
85	CANADIAN ENERGY PIPELINE (STORAGE ONLY)	250 6 AV SW	068054295
86	CANADIAN FEDERATION OF INDEPENDENT BUSINESSES	410 237 8 AV SE	068101591
87	CANADIAN GELBVIEH ASSOCIATION	109 2116 27 AV NE	048040893
88	CANADIAN HEREFORD ASSOCIATION	5160 SKYLINE WY NE	024009003
89	CANADIAN LIMOUSIN ASSOCIATION	13 4101 19 ST NE	032506800
90	CANADIAN LLAMA & ALPACAS	2320 41 AV NE	032027104
91	CANADIAN MAINE-ANJOU	5160 SKYLINE WY NE	024009003
92	CANADIAN PETROLEUM INSTITUTE	1010 202 6 AV SW	068054402
93	CANADIAN SIMMENTAL ASSOCIATION	13 4101 19 ST NE	032506800
94	CANADIAN SOCIETY FOR UNCONVENTIONAL GAS	237 8 AV SE	068101591

No.	Organization	Address	Roll Number
95	CANADIAN SOCIETY OF PETROLEUM GEOLOGISTS	640 8 AV SW	067074609
96	CANADIAN UNION OF POSTAL WORKERS	5621 11 ST NE	024500803
97	CANADIAN UNION OF PUBLIC EMPLOYEES	3015 5 AV NE	054009493
98	CANADIAN UNION OF PUBLIC EMPLOYEESLOCAL 37	5112 3 ST SE	101002608
99	CANADIAN UNION OF PUBLIC EMPLOYEESLOCAL 709	5112 3 ST SE	101002608
100	CANYON MEADOWS GOLF & COUNTRY CLUB	12501 14 ST SW	200693497
101	CAW-TCA CANADA	20A 6120 2 ST SE	101035301
102	CEMENT MASONS UNION LOCAL 222	B 5649 BURBANK RD SE	100005602
103	CENTRE FOR INNOVATION STUDIES (THE)	3553 31 ST NW	037180205
104	CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION	100 325 MANNING RD NE	201394145
105	CHRISTIAN LABOUR ASSOCIATION OF CANADA	236 2333 18 AV NE	048530828
106	CHRISTIAN LABOUR ASSOCIATION OF CANADA	232 2333 18 AV NE	048530844
107	COAL ASSOCIATION OF CANADA	205 9 AV SE	068229905
108	COMMERCE CAFE	100 6 AV SW	068055300
109	COMMERCIAL ENERGY & PAPERWORK UNION LOCAL 773	145 2880 GLENMORE TR SE	115069106
110	CONSTRUCTION LABOUR RELATIONS AN ALBERTA ASSOCIATION	2725 12 ST NE	047041603
111	COUNTRY CLUB OF THE HAMPTONS	69 HAMPTONS DR NW	200746261
112	COUNTRY HILLS GOLF CLUB	1334 COUNTRY HILLS BV NW	445030505

No.	Organization	Address	Roll Number
113	CUFF N BILLY CLUB CHARITYORGANIZATION	428 6 AV SE	068062009
114	CUPE LOCAL 3421 LABOUR ORGANIZATION AND BUILDING SOCIETY	7239C FLINT RD SE	112506902
115	CUPE LOCAL 38 UNION	1439 9 AV SE	069049005
116	CUPE LOCAL 40	105 811 MANNING RD NE	055502306
117	DIRECTOR'S GUILD OF CANADA (THE)	2526 BATTLEFORD AV SW	087034914
118	EARL GREY GOLF CLUB	6540 20 ST SW	103085106
119	ECO CANADA	308 11 AV SE	068117506
120	ENERGY RESOURCES CONSERVATION BOARD	333 31 SUNPARK PZ SE	200283539
121	ENFORM CANADA	5055 11 ST NE	024024507
122	F L T BUILDING SOCIETY	1507 14 AV SW	066084807
123	FITNESS PLUS	2 1709 8 AV NE	055511240
124	FITNESS PLUS	10401 BRAESIDE DR SW	128072600
125	FIVE STAR BINGO	4980 25 ST SE	093167906
126	FOREST LAWN MOOSE #1691	4885 HUBALTA RD SE	075192906
127	FREEHOLD PETROLEUM & NATURAL GAS OWNERS	1403 12 ST SW	067157206
128	GENERAL TEAMSTERS UNION	1200 58 AV SE	100013804
129	GENOME ALBERTA	115 3553 31 ST NW	037180205
130	GIMBEL EYE FOUNDATION (THE)	450 4935 40 AV NW	200355790
131	GLENCOE CLUB	636 29 AV SW	080207301
132	GS1 CANADA	720 28 ST NE	054012604
133	HIGHLAND GOLF & COUNTRY CLUB	4304 3 ST NW	034169003

No.	Organization	Address	Roll Number
134	HUMAN RESOURCES ASSOCIATION OF CALGARY	805 5 AV SW	067044693
135	HUMAN RESOURCES INSTITUTE OF ALBERTA	1111 11 AV SW	067107409
136	I A T S E (LOCAL #212)	208 57 AV SW	101027803
137	I.N.A.S. (CANADA)	201A 4 ST NE	057100208
138	INCA SENIOR CITIZENS SOCIETY	4821 WESTWINDS DR NE	027501923
139	INGLEWOOD B R Z MAIN STREET PROJECT OFFICE	1230 9 AV SE	069031201
140	INSURANCE INSTITUTE OF SOUTHERN ALBERTA	833 4 AV SW	067027995
141	INTERNATIONAL ASSOCIATION OF HEAT & FROST WORKERS LOCAL 126	3804 MACLEOD TR SE	090091109
142	INTERNATIONAL BROTHERHOOD OF BOILERMAKERS	11055 48 ST SE	200921328
143	INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS	3615 29 ST NE	031011802
144	INTERNATIONAL UNION OF PAINTERS & ALLIED TRADE LOCAL 177	4656 WESTWINDS DR NE	027500743
145	INTERNATIONAL UNION OF OPERATING ENGINEERS	1212 31 AV NE	048045900
146	INVESTMENT DEALERS ASSOCIATION	2300 355 4 AV SW	068227305
147	IRON WORKERS LOCAL 725	6111 36 ST SE	098014806
148	IRONWORKERS SHOPMAN'S LOCAL 805	4310 17 AV SE	072047954
149	KENSINGTON B R Z ASSOCIATION	301 10 ST NW	058185992
150	KING GEORGE MASONIC TEMPLE	2323 OSBORNE CR SW	081238701
151	KOREAN CANADIAN	5718 1A ST SW	200466761

No.	Organization	Address	Roll Number
	BUSINESSMEN		
152	LAW SOCIETY OF ALBERTA	919 11 AV SW	067102517
153	LEGAL AID OF ALBERTA - YOUTH DIVISION	665 8 ST SW	067059303
154	LEGAL AID SOCIETY OF ALBERTA	639 5 AV SW	067049205
155	LEGAL AID SOCIETY OF ALBERTA-YOUTH OFFICE	444 5 AV SW	068052802
156	LIVESTOCK IDENTIFICATION SERVICES	264 MIDPARK WY SE	201015526
157	LYCEUM SOCIETY OF CALGARY	2419 54 AV SW	103087003
158	MACCABBEES INTERNATIONAL FRATERNAL SOCIETY (THE)	2236 29 ST SW	082149097
159	MARTINIQUE BRIDGE	2419 54 AV SW	103087003
160	MECHANICAL CONTRACTORS ASSOCIATION OF ALBERTA	2725 12 ST NE	047041603
161	MEMORANDUM OF ASSOCIATION OF SHUI MING TONG FOUNDATION	116 108 3 AV SW	201041142
162	METIS NATION ALBERTA	4001A 19 ST NE	032027302
163	METIS URBAN HOUSING CORPORATION	5301 21A AV SE	074003708
164	MULTICULTURAL SENIORS SOCIETY OF ALBERTA	1803 35 ST SE	076051507
165	MUTUAL FUND DEALERS ASSOCIATION	800 6 AV SW	067045203
166	NATIONAL SPORTS DEVELOPMENT	7475 FLINT RD SE	112105358
167	PEMBINA INSTITUTE	219 19 ST NW	059076802
168	PETROLEUM SERVICES ASSOCIATION	800 6 AV SW	067045203
169	PETROLEUM TECHNOLOGY ALLIANCE CANADA	500 5 AV SW	067024802

No.	Organization	Address	Roll Number
170	PROPANE GAS ASSOCIATION OF CANADA	717 7 AV SW	067072009
171	PUBLIC SERVICE ALLIANCE OF CANADA	301 14 ST NW	059155606
172	RANCHMEN'S CLUB (THE)	710 13 AV SW	067236703
173	RCGA - FOUR SEASONS GOLF CENTRE	7100 15 ST SE	114247000
174	REAL ESTATE COUNCIL	350 4954 RICHARD RD SW	201287372
175	RINGETTE CALGARY ASSOCIATION	2815 12 ST NE	047041405
176	ROCKY RIDGE RANCH HOMEOWNER'S ASSOCIATION	10709 ROCKY RIDGE BV NW	438006801
177	ROYAL CANADIAN GOLF ASSOCIATION	7110 15 ST SE	113000640
178	SANREMO SOCIAL CLUB	428 35 AV NE	034114603
179	SHAW ROCKET	210 2421 37 AV NE	200798478
180	SHEET METAL WORKERS LOCAL #8	820 26 ST NE	201190881
181	SILVER SPRINGS GOLF & COUNTRY CLUB	1625 VARSITY DR NW	018018002
182	SMALL EXPLORERS AND PRODUCERS ASSOCIATION	717 7 AV SW	067072009
183	SOUTHERN ALBERTA COOPERATIVE HOUSING	2526 BATTLEFORD AV SW	087034914
184	SUNDANCE LAKE RESIDENTS ASSOCIATION	63 SUNCREST WY SE	756066486
185	TEAMSTERS CANADA RAIL CONFERENCE	101 10820 24 ST SE	200705069
186	TEAMSTERS UNION 36V 987	5663 BURLEIGH CR SE	100004803
187	TECTERRA	306 5940 MACLEOD TR SW	101008001
188	TELECOMMUNICATIONS RESEARCH LABORATORIES	7777 10 ST NE	201506052
189	TRANSIT LOCAL #583	5325 1A ST SW	101021905

No.	Organization	Address	Roll Number
190	TRANSPORTATION DISTRICT LODGE 140	3515 27 ST NE	031003809
191	TUSCANY RESIDENTS ASSOCIATION	212 TUSCANY WY NW	487029209
192	UNION OF CALGARY COOPERATIVE EMPLOYEES	420 35 AV NE	034114801
193	UNITED COMMERCIAL TRAVELERS (THE)CANADIAN HEAD OFFICE	901 CENTRE ST NW	057207003
194	UNITED FOOD & COMMERCIAL WORKERSLOC 401	2635 37 AV NE	031006588
195	UNITED FOOD & COMMERCIAL WORKERSLOCAL 373A (UFCW)	3700 78 AV SE	116009192
196	UNITED NURSES OF ALBERTA	300 1422 KENSINGTON RD NW	058167305
197	UNITED STEEL WORKERSOF AMERICA	2880 GLENMORE TR SE	115069106
198	UNITED UTILITY WORKERS' ASSOCIATION	1207 20 AV NW	045127206
199	UPLANDS IN HAWKWOOD HOMEOWNER'S ASSOCIATION (THE)	20 HAWKSIDE RD NW	176162709
200	UPTOWN 17 BUSINESS REVITALIZATION ZONE	908 17 AV SW	067209403
201	URBAN DEVELOPMENT INSTITUTE	999 8 ST SW	067232504
202	VICTORIA CROSSING BRZ	1202 CENTRE ST SE	068139005
203	WEST RIVERSIDE RECREATIONAL SOCIETY	110 POINT MCKAY CR NW	061063301
204	WESTERN WOOD TRUSS ASSOCIATION	3916 64 AV SE	097006902
205	WORLD PROFESSIONAL CHUCKWAGON ASSOCIATION	2828 18 ST NE	048502900
206	ALBERTA CENTRE FOR ADVANCED MNT PRODUCTS	3, 1480 28 ST NE	054010608
207	ALBERTA MUNICIPAL HEALTH AND SAFETY ASSOCIATION	17, 5720 SILVER SPRINGS BLVD NW	018023002

No.	Organization	Address	Roll Number
208	CALGARY WOMEN'S SOCCER ASSOCIATION	206, 4441 76 AV SE	116008608
209	ARCHITECTURAL WOODWORK MANUFACTURERS ASSOCIATION OF CANADA	2A 4803 CENTRE ST NW	034124404
210	CANADIAN CATTLE IDENTIFICATION AGENCY	300 5735 7 ST NE	024023905
211	HON HSING SOCIETY	308 CENTRE ST SE	068035906
212	LEE ASSOCIATION	132 2 AV SW	068013853
213	SHI KU-KAI KARATE ASSOCIATION	201 6036 3 ST SW	101010007
214	SUE YUEN ASSOCIATION	206C CENTRE ST SE	068017706
215	WONGS, AFFINITY	A 308 CENTRE ST SE	068035906
216	YEE FUNG TOY SOCIETY	202B CENTRE ST SE	068017300
217	SHON YEE BENEVOLENT SOCIETY CALGARYCALGARY BRANCH	A 109 2 AV SE	068018209
218	GEE HOW OAK TIN BENEVOLENT SOCIETY	201 123 2 AV SE	068018605
219	ALBERTA AMATEUR SOFTBALL ASSOCIATION	132 1711 10 AV SW	066114398
220	3879 ALBERTA SOCIETY	200 119 2 AV SE	068018506

**NON-PROFIT ORGANIZATIONS ORIGINALLY LISTED IN ATTACHMENT 5 OF REPORT
PFC2012-35 LIKELY TO QUALIFY FOR PROPERTY TAX EXEMPTION
AS OF 2012 APRIL 09**

No.	Organization	Address	Roll Number
1	AFRICAN FESTIVAL AND PRESENTATION SOCIETY OF CALGARY	1640 - 16 AVE NW	044183507
2	ALCOHOLICS ANONYMOUS	200L HADDON RD SW	124178856
3	ALCOHOLICS ANONYMOUS (GLENMORE GROUP)	2719 HOCHWALD CO SW	087034914
4	CAPPUCCINO SINGERS	1247 - 38 AVE NE	033040502
5	CURIOSLY CANADIAN IMPROV THEATRE	2405 MACLEOD TR. SW	201341716
6	ENGINEERING MINISTRIES INTERNATIONAL	4626 BOWNESS RD NW	042112706
7	FURTHER EDUCATION SOCIETY OF ALBERTA	52, 3033 - 34 AVE NE	031019599
8	HEART OF JESUS PORTUGUESE PHILHARMONIC	216, 3132 - 26 ST NE	049500424
9	L'ARCHE ASSOCIATION OF CALGARY	307 - 57 AVE SW	101504124
10	PURE NORTH S'ENERGY FOUNDATION	800, 326 - 11 AVE SW	200705143
11	QUICK DRAW ANIMATION SOCIETY	201, 351 - 11 AVE SW	068132208
12	WORLD VISION	350, 2891 SUNRIDGE WAY NE	049017809

SUMMARY OF MITIGATION OPTIONS

No.	Description	Cost Implications & Policy Setting Considerations
1	Implement a property tax refund program to continue the effect of the business tax exemption for 2014 and 2015 tax years	<ul style="list-style-type: none"> • Estimated total cost of \$450,000 consisting of \$150,000 in 2014 and \$300,000 in 2015 to be financed through an increase in the non-residential property tax rate. • Would allow more time for eligible limited benefit non-profit organizations and bingos to plan and budget for consolidation, without tax change implications during a three year period ending in 2015.
2	Implement a property tax refund program to continue the effect of the business tax exemption for 2014, 2015 and 2016 tax years	<ul style="list-style-type: none"> • Estimated total cost of \$1,050,000 consisting of \$150,000 in 2014, \$300,000 in 2015 and \$600,000 in 2016 to be financed through an increase in the non-residential property tax rate. • Would allow more time for eligible limited benefit non-profit organizations and bingos to plan and budget for consolidation, without tax change implications during a four year period ending in 2016.
3	Implement a property tax refund program to continue the effect of the business tax exemption until 2019	<ul style="list-style-type: none"> • Estimated cost is a cumulative \$4.7 million over six years, starting in 2014 with \$150,000, \$300,000 in 2015, \$600,000 in 2016, \$900,000 in 2017, \$1.2 million in 2018, and ending in 2019 with \$1.5 million financed through an increase in the non-residential property tax rate. • Would satisfy some stakeholders who engaged in the consultation process. • Goes beyond the rationale of providing additional time for organizations to plan and budget for the change. • May be perceived by some organizations as establishing a precedent for ongoing subsidies beyond the seven year transition period. • The total cost of this option to non-residential taxpayers would be much greater than in option 1 and 2. • Would be a significant budget adjustment (28 per cent) for organizations to make in 2020.
4	Implement a permanent tax exemption program by bylaw	<ul style="list-style-type: none"> • Estimated capital costs of \$1 million for adjustments to assessment and taxation software. • This exemption program would not result in direct refunds to the eligible organizations as options 1, 2 and 3 therefore there would be no direct cost implications to The City budget. • The effect of business tax exemptions would continue for current and new limited benefit non-profit organizations. • Administration currently administers a similar business tax exemption program for those that would be affected. • The share of taxes from which eligible organizations / properties are exempted would be shifted to non-residential taxpayers. • A permanent program would include those organizations outlined in Attachment 2 as well as any new organizations that would qualify within the new policy and framework, further adding to its cost. • Might create demand for more categories to be added to the program in subsequent years. • New property tax exemption categories will mean more risk in the administration of property tax exemptions because exemption decisions are reviewable by the Assessment Review Board. • Current assessment and taxation software applies a 100 per cent exemption from tax to a given space and does not support an exemption from tax of less than 100 per cent. These systems will require upgrading in order accommodate an exemption program of this sort.

EXPECTED % INCREASE OVER 2012 PROPERTY TAX LEVELS DUE TO CONSOLIDATION					
Year	No Mitigation	Option 1	Option 2	Option 3	Option 4
2013	0	0	0	0	0
2014	2.6	0	0	0	0
2015	2.6	0	0	0	0
2016	5.6	11.2	0	0	0
2017	5.6	5.6	16.8	0	0
2018	5.6	5.6	5.6	0	0
2019	5.6	5.6	5.6	0	0
2020	0	0	0	28	0
Total	28	28	28	28	0