2019 Municipal Non-Residential Phased Tax Program (2019 PTP)
June 10, 2019

Description
The decrease in the market value of a small number of high valued downtown properties has resulted in the redistribution of property taxes to other non-residential properties. Today, Council approved the 2019 Municipal Non-Residential Phased Tax Program (PTP) to mitigate the increase in non-residential property taxes due to the redistributive effect of 2019 property assessments.

The 2019 PTP will result in a minimum 10 per cent reduction in the municipal portion of non-residential property taxes caused by this redistributive effect, (not including the effect of Business Tax Consolidation (BTC)). It is expected to benefit owners of approximately 11,900 non-residential properties. It is the responsibility of non-residential property owners to distribute the economic benefit to their tenants (businesses contained within the non-residential properties).

The 2019 PTP is a separate, one-time program and not an extension of the 2018 Municipal Non-Residential Phased Tax Program (2018 PTP). This means it uses the same eligibility parameters as the 2018 PTP and is calculated using the 2018 municipal non-residential property tax before the 2018 PTP credit was applied.

Key Messages
- Council directed Administration to permanently reduce operating costs in 2019 by $60 million and immediately apply the savings to the 2019 PTP to help Calgary businesses. The impact of this reduction will be brought back to Council no later than July for approval. The proposed reductions may include, but are not limited to, reductions or elimination of programs, services, staffing positions and voluntary wage roll-backs. These permanent reductions will be used to reduce the tax burden on non-residential properties in the future.
- Council will also engage in discussions with the provincial government on taxation and assessment reform.
- The Council approved 2019 PTP will provide tax relief to non-residential properties which have experienced the highest increase in municipal non-residential property taxes resulting from the 2019 market value assessments.
- The approved 2019 PTP will result in a minimum 10 per cent reduction in the municipal portion of the 2019 non-residential property tax (excluding increases as a result of non-market changes like property upgrades and expansions) and before business tax consolidation impacts (approximately 4.2% increase).
- The 2019 PTP will positively impact approximately 11,900 non-residential properties and provide a material economic benefit to non-residential property owners. It is expected that, in turn, a positive economic benefit will be realized by business tenants contained within the non-residential properties when the PTP credit is passed on by property owners.
- The 2019 PTP is a separate, one-time program and not an extension of the 2018 Municipal Non-Residential Phased Tax Program (PTP). It uses the same eligibility parameters as the 2018 PTP. The 2019 PTP is calculated using the actual 2018 municipal non-residential property tax rate before the 2018 PTP was applied compared to the 2019 non-residential municipal tax rate before BTC.
- No application is required. Eligible non-residential accounts will see the impact of the credit by August 1.
- Non-residential property owners who have filed a complaint with the Assessment Review Board (ARB) will not see the PTP credit on their property tax account. Eligibility for PTP will be determined after the ARB has rendered a decision. To avoid a late payment penalty, the tax amount must be paid in full by June 28. If the property qualifies for the PTP after the ARB decision and all appeals and reviews have been concluded, the tax account will be adjusted appropriately.
FAQ

1. **What problem is the Municipal Non-Residential Phased Tax Program (PTP) designed to address?**
   The continued economic downturn has negatively affected the financial health of local businesses. The decrease in the market value of downtown non-residential properties is causing a tax shift, increasing the municipal property taxes for non-residential properties with a year-to-year change in assessed value greater than the typical market change. Council approved the 2019 Municipal Non-Residential Phased Tax Program (PTP) to mitigate the increase in municipal non-residential property taxes due to the redistributive effect of 2019 property assessments.

2. **What does this mean for non-residential property owners?**
   It means that non-residential property owners will experience a minimum 10 per cent reduction resulting from a change in the 2019 market value assessment (excluding increases as a result of non-market changes like property upgrades and expansions) and before the impact of business tax consolidation (approximately 4.2 per cent increase).

3. **How many non-residential property owners will be affected?**
   It is expected that approximately 11,900 non-residential properties will be affected.

4. **Will business owners who rent their space benefit from 2019 PTP?**
   It is the expectation of The City that non-residential property owners who benefit from the 2019 PTP will pass the economic benefit on to their business tenants.

5. **What properties will qualify for the PTP?**
   This one-year phase-in program applies to approximately 11,900 non-residential properties. The 2019 PTP approved by Council will give tax relief to non-residential properties that have experienced the highest increase in municipal non-residential property taxes resulting from the 2019 market value assessments. The 2019 PTP will result in a minimum 10 per cent reduction in municipal non-residential property taxes in 2019 (excluding increases as a result of non-market changes like property upgrades and expansions) and before business tax consolidation impacts (approximately 4.2% increase).

   Properties that have had physical enhancements or changes that affected the 2019 assessment relative to the 2018 assessment or had changes due to other external non-market impacts (e.g. a zoning change, servicing, remediation, change in taxable status, factual corrections, a change in assessment class) would not be eligible for the 2019 PTP.

6. **What other criteria will non-residential properties need to meet to qualify:**
   To be included in the PTP, non-residential properties:
   - Must have existed in 2018.
   - Must have a tax status of “taxable.”
   - For properties assessed under more than one assessment class, only those properties where the non-residential component is 50 per cent or higher will be included.
   - Must have 2019 municipal non-residential property taxes greater than $50.
   - The amount to be phased in exceeds $25.

7. **What is the impact of the Business Tax Consolidation on non-residential property owners in 2019?**
   In 2019, the final 20 per cent of the business tax was consolidated into the non-residential property tax leading to the elimination of business tax. As such, non-residential property taxes are increasing by approximately 4.2 per cent with the corresponding reduction in the business tax.

8. **What is the process for non-residential property owners to receive the PTP?**
   There will be no application process required. Eligible non-residential accounts will see a new reduced instalment amount starting August 1.
9. What amount do I need to pay by the June 28 payment deadline?

Property owners are required to pay the full amount of their property tax bill by the June 28 payment deadline to avoid a 7 per cent penalty. PTP credits will be applied to eligible non-residential properties on a best efforts basis by June 28. Administration will ensure eligible PTP accounts on TIPP will have their monthly instalment adjusted no later than August 1. Payments will be made to remaining eligible accounts with an outstanding credit balance no later than July 31, 2019.

Non-residential property owners who have filed a complaint with the Assessment Review Board (ARB) will not see the PTP credit on their property tax account. Eligibility for PTP will be determined after the ARB has rendered a decision. To avoid a late payment penalty, the tax amount must be paid in full by the due date.

10. How much is the program expected to cost and how will it be funded?

The cost of this one-time program is estimated to be $130.9 million. Funding for the program was approved June 10, 2019 in conjunction with one-time funding of $70.9 million ($44 million from the Fiscal Stability Reserve and $26.9 million within the Budget Savings Account). Administration has been directed to identify permanent budget reductions of $60 million to provide immediate relief to Calgary businesses for the 2019 tax year and beyond, and report back to Council no later than 2019 July with the details of the proposed reductions for approval. The proposed reductions may include, but are not limited to, reductions or elimination of programs, services, staffing positions, and voluntary wage roll-backs.

11. How do property owners know if they are getting a credit and when will they receive it?

There is no application process required. Non-residential property owners may visit calgary.ca/ptp after June 13, 2019 for information on eligibility and how to calculate an approximate amount of credit they can expect. Property owners can also contact Assessment at 403-268-2888 Monday to Friday from 8 a.m. to 4:30 p.m. if they have questions regarding eligibility requirements or general 2019 PTP questions.

The City will be sending a statement to non-residential property owners on a best efforts basis on or before June 28 showing their final calculated credit amount. Property owners should pay their property tax bill in full by June 28 deadline to avoid penalties, regardless if they are receiving a credit.

Full payment is required by June 28. Ten business days will then be required to account for recent payments, other charges and dishonoured payments that may impact individual property tax account balances. Refund cheque preparation will begin in mid-July for accounts which are calculated to have a credit amount after all payments have been received on June 28. Payments will be made to remaining eligible accounts with an outstanding credit balance no later than July 31, 2019. Administration will ensure eligible PTP accounts on TIPP will have their monthly instalment adjusted no later than August 1.