November 15, 2016

Action Plan Mid-Cycle Adjustments – Media Backgrounder

City Council will be making mid-cycle adjustments to The City's Action Plan starting on November 21. The adjustments build on the direction given by Council earlier this year.

Administration has undertaken extensive research, consultation and citizen engagement to understand how the current economic climate has impacted the wider community and the organization.

Citizens are more focused on the state of the local economy and less on growth and expanded services, and their willingness to bear property tax and fee increases has dropped.

The economic downturn has affected many Calgarians – both individuals and businesses. Your Council and City recognize the impact of the downturn and are taking action to ease taxes and fees to help you and our community. The City remains in a solid financial position.

The adjustments are a continuation of The City's response to the economy and expand on the strategy to benefit all Calgarians while targeting support to those most severely affected.

Citizens and business owners will benefit from initiatives in four broad areas:

- tax relief,
- fee relief in a number of areas,
- investments in selected initiatives targeted at areas of greatest need, and
- a Capital Investment Plan.

Recognizing the impact of the economic downturn, Council reduced the original 2017 property tax rate increase to 1.5 per cent and will provide a one-time rebate to all property owners to cover that increase. The rebate is being drawn from The City's reserve funds.

The proposed adjustments include approximately $183.3 million in total benefits that citizens will receive from relief in taxes and fees, savings, and targeted initiatives:

- Homeowners, transit riders, recreation users and business owners will benefit from relief in taxes and fees totaling approximately $65.9 million. Additional proposals would offset $35 million in revenue shortfalls.
- The City is managing our workforce and finding efficiencies so savings have minimal effect on services. Corporate funding sources, savings from operating efficiencies and service reductions will provide a total of $73 million in reductions.
- Initiatives are being targeted to those who are particularly hard hit by the economic downturn. Increased funding support for community and social programs; community events funding; support for affordable housing and initiatives to support new and existing businesses are proposed at $9 million.

The City's tax rate makes up only one part of your property tax bill.

- Property taxes are made up of two parts – the **municipal portion** that supports City operations and services and the **Provincial portion** set by the Alberta Government.
- The City has no control over the Provincial tax rate, which is set in the spring.
- In 2016, 60% of property tax went to The City and 40% to the Alberta Government.
- Changes in the Provincial tax rate or the assessment on your property also affect your bill.
- Your property assessment reflects your share of the property tax, relative to all properties in Calgary.
- The assessment process is the basis for how property taxes are distributed among all property owners to meet The City's budget needs.

The City continues to consolidate business tax and non-residential property tax in phases.

- The business tax will be eliminated in 2019.
- Consolidating the taxes into a single, easy-to-understand real estate-based assessment and tax system for non-residential property owners will make Calgary more competitive and attractive for business.
- Each year, business tax bills will go down but non-residential property tax bills will increase.
- When the economic downturn results in higher vacancies and lower market value in specific non-residential properties the taxes are redistributed among the rest of the non-residential property owners.

To help spur economic growth and diversification:

- The City has developed a proposed Capital Investment Plan to maximize investment to create jobs, build and maintain needed infrastructure and attract and retain people, business and investment to Calgary.
- It will be funded through existing capital sources (rather than through property tax).
- The plan is targeted to strengthen existing relationships and build new partnerships with the private sector and public institutions to align and optimize capital investments.
- This new approach positions The City of Calgary to take advantage of federal and provincial programs that have been recently announced.

Timelines & Activities:

- Mid-cycle adjustments released on the afternoon of November 15, 2016 @ www.calgary.ca
- Mid-cycle adjustments debate at Council begins on November 21, 2016 @ 9:30 a.m. in Council Chambers
  - Opening comments (Mayor)
  - Presentation by Administration
  - Public Submissions will be heard following direction from Council
  - General Q&A from Council
  - Detailed review/approval of proposed adjustments
  - Adoption of operating and capital budgets, as adjusted
  - Director presentations of 2017/18 business plans
- Public submissions
  - Verbal submissions from the public will be heard following the opening presentation.
  - Anyone wishing to address Council may do so for a maximum of five minutes and must bring 35 copies of any materials they wish to have distributed.