

Policy Title: **Property Tax Principles and Indicators**
Policy Number: **CP2025-08**
Report Number: **EC2025-0587**
Adopted by/Date: **2025 June 24**
Effective Date: **2025 June 24**
Policy Owner: **Assessment & Tax**

1. POLICY STATEMENT

- 1.1 The City of Calgary (The City) will make decisions about property tax matters in an informed, transparent, fair and equitable manner.

2. PURPOSE

- 2.1 The purpose of this Council Policy is to:
- a) Support Council's decision-making regarding property taxes and the use of tax policy tools in accordance with the principles and approaches outlined in Schedule A;
 - b) Provide transparency and facilitate public understanding about the property tax system, including the options available to The City to influence property taxes; and
 - c) Establish indicators for Administration to monitor the property tax landscape in Calgary and report to Council with analysis and recommendations for interventions when appropriate.

3. DEFINITIONS

- 3.1 In this Council policy:
- a) **MGA** means the Municipal Government Act, RSA 2000 c M-26.

4. APPLICABILITY

- 4.1 This Council Policy applies to Council and City Administration.

5. LEGISLATIVE AUTHORITY

- 5.1 Pursuant to section 201(1)(a) of the MGA, Council is responsible for developing and evaluating the policies and programs of the municipality.
- 5.2 Pursuant to sections 201(1)(c) of the MGA, Council is responsible for carrying out the powers, duties and functions expressly given to it under the MGA or any other enactment.
- 5.3 Pursuant to section 353(1) of the MGA, Council must pass a property tax bylaw annually.

6. **PROCEDURE**

- 6.1 Council will consider the principles and adhering to the approaches outlined in Schedule A when making decisions regarding property taxes, including when setting tax share targets or making decisions on the use of tax policy tools.
- 6.2 City Administration will:
- a) Prepare an annual briefing for Council on the context of property tax exemptions and tax relief expenditures in The City;
 - b) Develop and maintain resources to provide plain language information about the property tax system for Council and Calgarians; and
 - c) Monitor indicators as outlined in Schedule B and, when appropriate, bring forward information or recommendations or both to Council to proactively address issues or take advantage of opportunities relating to property taxes.

7. **SCHEDULES**

7.1 Schedule A: Property Tax Policy Principles and Approaches

7.2 Schedule B: Property Tax Indicators

8. **AMENDMENTS**

Date of Council Decision	Report/By-Law	Description
2025 June 24	EC2025-0587	New Council policy approved.

9. **REVIEWS**

Date of Policy Owner's Review	Description

SCHEDULE A: PROPERTY TAX POLICY PRINCIPLES AND APPROACHES

Principles

The following principles form the basis of an effective framework for evaluating property tax systems and reforms. Each of these principles should be considered when different programs or policies are being evaluated.

1. **Fairness - Ability to Pay:** Fairness in the property tax system is based primarily on the ability to pay (measured by proxy using the market value of properties) and the ability to pay is based on the concepts of horizontal and vertical equity. Horizontal equity means that people in similar circumstances pay a similar amount of tax. Vertical equity means that people in differing circumstances with different abilities to pay, pay a different amount of tax.
2. **Fairness - Benefits:** Fairness is also related to the benefits principle, that people should pay taxes according to the benefits they receive from services (where the beneficiaries can be identified and where the service is not primarily redistributive in nature).
3. **Neutrality:** Taxes should impact economic and locational decisions as little as possible. This principle covers both The City of Calgary and the broader regional context. This means that, to the extent it is possible given the different service levels offered by different municipalities, The City should offer a competitive tax/service offering.
4. **Stability & Predictability:** Taxes should provide a stable and predictable revenue source for The City, with stability and predictability in changes to taxpayers' responsibilities. Taxpayers should be able to understand, and The City should telegraph as much as possible, the impacts that arise from reassessment.
5. **Accountability, Simplicity & Transparency:** The tax system should be designed in such a way that is clear to all interested parties which taxpayers pay the tax. Tax systems designed in such a way encourage more accountability from Council and Administration in their determination of the balance between service levels and taxation levels. Tax rules should be as clear and simple to understand as the complexity of the subject of taxation allows, so that taxpayers can anticipate in advance the tax consequences of a transaction including knowing when, where and how the tax is to be accounted.
6. **Efficiency & Ease of Administration:** The tax system should be easy to administer, resulting in minimized compliance costs for the taxpayer and minimized administrative costs for The City.

Approaches

In accordance with the MGA and Council direction, the following foundational approaches guide how The City sets property tax rates and the distribution of tax responsibility between classes of properties.

1. **Budget-Based Approach:** Council will approve The City's budgets in accordance with the Multi-Year Business Planning and Budgeting Policy for The City of Calgary, determining the total amount of revenue required to be raised through property taxation for each year (the "Tax Revenue Requirement").
2. **Tax Share Approach:** Council will consider changes to the percentages of the Tax Revenue Requirement to be apportioned to each property assessment class (the "Tax Share Targets") no more than once per year during the annual adjustment process outlined in the Multi-Year Business Planning and Budgeting Process for The City of Calgary. Tax Share Targets will be adjusted each year to account for the differential in physical growth (new or redevelopment) between the residential and non-residential assessment bases and otherwise will remain in place for future years, unless changed by Council.
3. **Tax Rate Calculations:** Tax rates for each property assessment class will be calculated by multiplying the Tax Revenue Requirement for that taxation year by the current Tax Share Target for the respective assessment class and dividing the product by the total assessed value of all taxable properties in the respective assessment class.

SCHEDULE B: PROPERTY TAX INDICATORS

Administration is responsible for developing indicators and thresholds for monitoring potential risks in Calgary's property assessment and property tax systems, and reporting to Council with analysis and recommendations for interventions when appropriate.

The following risks have been identified from corporate risk resources, including the Service Risk Register, Reporting on Risk Guidance, Social Considerations, Economic Implications, and Risk Profile for The City, and best practices identified in academic literature. The identified risks are specific to Assessment & Tax's scope.

Table 1: Property Tax Policy Risks		
Risk	Risk Definition	Related Principle
Affordability Risk	Impact on affordability for residents, including exceeding their ability to pay or causing undue financial strain.	Fairness - Ability to Pay
Business Climate Concern	Impact on businesses that may reduce jurisdictional competitiveness or discourage business investment, potentially leading to further risks and challenges such as unemployment, lower economic activity, and difficulties in recruiting and retaining talent.	Neutrality
Governance Risk	Impact on Council or Administration's decision-making ability, including constrained options. This may expose The City to legal action or affect its ability to comply with legislation.	Efficiency & Ease of Administration
Inequity Perception	Impact on residents' and business' opportunity to benefit equally from City services. This may include the presence or perception of horizontal or vertical inequity.	Fairness - Ability to Pay & Benefits
Market Concern	Impact on market values and stability resulting from unpredictable real estate market changes.	Neutrality
Over/Under Taxation	Impact on The City's ability to collect the required tax revenue to meet the needs of the organization.	Accountability, Simplicity & Transparency
Public Confidence	Impact on residents' trust and confidence in The City, potentially impacting public relations, customer satisfaction, community engagement, community expectations, and compliance.	Accountability, Simplicity & Transparency
Tax Revenue Instability	Impact on The City's capacity to fund tax-supported services, including unexpected changes in the assessment base or share, market volatility, or significant population changes.	Stability & Predictability

The indicators must address one or more of these risks, which are paired with their related key tax policy principle, as outlined in Table 1 above. The principles are defined in Schedule A. These indicators and thresholds must include:

- A mix of leading, coincident, and lagging indicators.
- Assessment indicators, taxation indicators, and other indicators.
- Thresholds for reporting to Council with analysis and recommendations.
- Municipal considerations only.

Administration will monitor the indicators and thresholds on an ongoing basis and report to Council when appropriate.