



## Non-Profit Tax Mitigation Engagement Plan

# Engagement Plan



THE CITY OF  
**CALGARY**  
CUSTOMER SERVICE &  
COMMUNICATIONS

## Project

---

Non-profit organizations that own and operate property for non-profit purposes are exempt from municipal property tax under the Municipal Government Act (MGA). However, under the current legislature, taxes are not exempt while the property is under construction or under renovation.

The issue with the current process is that not all applications for tax exemptions are heard as it is dependent on the discretion of individual Councilors to bring each case forward, so in essence it is not equitable to those who are not successful at having their case brought forward or are even aware of the current process. In addition, the funding for the exemptions comes from a fund that is established to address inaccuracies in assessments and is not for the specific purpose of subsidizing non-profit organizations. As such, there is no transparency to citizens on this as it is not a budgeted item in The City.

### **What is the question to be asked or decision to be made?**

At the direction of Council, Assessment was asked to come up with options and recommendations for mitigating property taxes associated with properties owned or held by non-profit organizations. Assessment has developed five options for addressing this issue. Stakeholders will be engaged to provide their input as to the advantages and disadvantages of each of the options. Council will be making the final decision on which of the five options to adopt, however Assessment will be bringing a recommendation forward based on stakeholder involvement.

### **What decisions have been made that are not open to stakeholder input? Why?**

Final decision as to the selected option is a Council decision. The recommended option brought forward will be developed by Assessment and will be based on stakeholder input.

## Project Background

---

The current process for non-profit property owners to receive a tax exemption on properties under construction depends on individual Councillors bringing forward a Notice of Motion regarding a specific property for Council approval. This process has been identified as neither equitable nor transparent, and as such, Council has directed Planning, Development & Assessment to:

*“bring a report, including key stakeholder feedback, to the Priorities and Finance Committee no later than June 2014 with options and recommendations for mitigating property taxes associated with properties owned or held by non-profit organizations that, but for the fact that improvements to the property are under construction, would typically qualify for a property tax exemption.”*

## Goals/Objectives

---

### 1. What are the goals of engagement? Specify outcomes.

#### Primary

- Educate stakeholders on options that have been developed and why.
- Understand stakeholders' views (by exploring benefits and concerns of each option) about the options that have been developed.

#### Secondary

- Understand stakeholder concerns with current process (will come out in Option 1)
- Learn about stakeholders' current or planned projects (is part of Non-Profit Tax mitigation Feedback form)

## Options Developed by Assessment and Stakeholder Feedback

---

- Option 1: Council initiated tax cancellations (status quo)  
Option 1 would be to continue tax cancellations of non-profits with improvements under construction on a case by case basis, depending on what groups approach Councillors for mitigation and, in turn, which Councillors are willing to bring a Notice of Motion to the floor of Council.
- Option 2: Council Tax Cancellation Policy  
This option would provide a near automatic cancellation of property tax for properties that are held by a non-profit, under construction and intended to be used for an exempt purpose. The program would require another report to Council to finalize a Council policy.
- Option 3: Property Tax Exemption Bylaw  
This option would result in a property tax exemption for properties that are held by a non-profit, under construction and intended to be used for an exempt purpose (under the current legislation). An exemption for this type of property would require that a bylaw be passed by Council.
- Option 4: Mitigation through Current Grant System  
Option 4 would be to provide mitigation for property tax incurred on properties through the current grants system. This would mean that when The City negotiates a granting agreement any grant amount would be understood to include property tax mitigation.

# Engagement Plan



THE CITY OF  
**CALGARY**  
CUSTOMER SERVICE &  
COMMUNICATIONS

This option would use the current funding envelope for capital grants to mitigate property taxes.

- Option 5: Capital Grant Program

This option takes a different approach and allows Council to set up a direct capital grant program for non-profit organizations that are planning to build facilities that are intended to be used for exempt purposes. Parameters of the program would be dependent upon the level of subsidy that Council wishes to provide and the program need not be limited to property tax mitigation, though any grant administered through the program would negate the need for a further subsidy for property tax mitigation purposes. The exact parameters of the grant program (i.e., the circumstances and types of organizations that would qualify for a grant) would need to be detailed in advance.

## Engagement Background

---

**What is not negotiable? (e.g. Timeline, policy, budget, decision making, etc.)**

- Final decision rests with Council.
- Assessment will bring forward a recommendation based on stakeholder input
- Timeline for consultation has a deadline in order to analyze the data and bring recommendations forward.

**What do we want to avoid?**

- This is not a vote or a majority rules decision on which of the options and or recommendation to bring forward to Council. Stakeholders will also need to understand that Council may choose not to adopt any of the options, so the project team will need to manage expectations regarding a change of the current process.

## Risks/Sensitivities/Impacts

---

### 1. What is the sensitivity of the project? (Political, time, resources, stakeholders)

The communication around this engagement project is being sent during budget discussions and as property assessments are being mailed out.

Risks include not identifying all impacted stakeholders and therefore excluding some from participating, and Council making a decision that does not reflect input from stakeholders.

# Engagement Plan



In addition, the project team has identified a tight timeline to meet with stakeholder groups. Stakeholder engagement was initially scheduled during the Action Plan 2015-2018 but had to be postponed to avoid stakeholder exhaustion, as Action Plan Engagement would have encompassed some of the non-profits identified in our stakeholder groups.

## 2. What promises have been made to stakeholders about their involvement?

Promise has been made to include stakeholder's comments in a report to Council.

## Engagement Strategy/Techniques

---

This public engagement plan is designed within The City of Calgary's engage! Policy. The overall level of engagement for this project was at the CONSULT level. Promise to the non-profit stakeholders: We will consult with the non-profits and internal stakeholders to obtain feedback and ensure their input is considered and incorporated to the maximum extent possible. We undertake to advise how consultation impacted the decision and outcomes.

Stakeholders will be divided in groups according to their class and relationship to the MGA act. These groups are, in no particular order: religious groups, charitable/housing, MSI, Civic Partners, miscellaneous and we also plan to have a catch all session which will be a combination of stakeholders that belong to more than one group or classification in the MGA act.

Stakeholder engagement sessions will be held on different days of the week and in different times to accommodate stakeholders with different schedules. All sessions are scheduled to run for two hours in length and all were held at Ad Valorem Building. During the sessions, assessment will first present the history of this project and will tell a story of how we got to where we are at currently. Second, assessment will introduce how the tax system works, explain the different types of subsidies offered by the city and give stakeholders Assessments evaluation criteria for the recommendation that will be put forth to the Council. After assessment presents an option together with an example, Engage! Consultant will then lead the stakeholders in a discussion on three questions that will help guide the decision making and final recommendation to council: 1. "What is the benefit of this option?" 2. "What is the concern with the same option?" There will be a total of 5 options presented each time we have stakeholder session. We are also asking one final open ended question before the end of the sessions to give stakeholders an opportunity to talk about and provide us with a different solution to the problem that assessment did not think of and might later take into an account when presenting the options to council. The final question we ask after all five options were presented and feedback/input gathered was: 3. "Are there any other options we should be considering?"

---

# Engagement Plan



## External Stakeholders

• Stakeholders	• Directly/Indirectly Affected	• Why are they being engaged	• What are their interest/positions / values	• Level of Engagement
Non-profit organizations that own property and use it for non-profit purposes and are currently exempt, non-profit property owners who currently have property/properties under construction, or are considering construction or renovation of a property	Directly affected	Council's decision will have a financial impact to these organizations. The City wants to learn about their current or planned construction projects, understand their views about the four proposed options, and to hear about ideas for further options that may have not been identified.	Non-profit organizations will be interested in a process that recognizes their limited funding and is equitable to all organizations.	Consult
Umbrella organizations or agencies that represent non-profit groups	Indirectly affected	They represent organizations that are directly affected and will have an interest in the outcome. They are also a conduit for reaching directly affected organizations.	They will have an interest in the outcome and may lobby for outcomes that best support their members	Consult

## Internal Stakeholders

• Departments with a relationship to the non-profit community and business units involved in the operation of the tax system

• Stakeholders	• Directly/Indirectly Affected	• Why are they being engaged	• What are their interest/positions / values	• Level of Engagement
• Law	Directly affected	The council decision may	Ensuring the bylaw is	Consult

# Engagement Plan



THE CITY OF  
**CALGARY**  
CUSTOMER SERVICE &  
COMMUNICATIONS

• Stakeholders	• Directly/Indirectly Affected	• Why are they being engaged	• What are their interest/positions / values	• Level of Engagement
		require a new bylaw	appropriate	
• Finance	Directly affected	Council decision will have an impact on the budget and funding	Ensuring resources are appropriately assigned	Consult
• Community & Neighbourhood Services	Indirectly affected	They have an existing relationship with non-profit organizations	They will want to be aware of the discussions taking place in the community	Communicate and Inform
• Recreation	Indirectly affected	They have an existing relationship with non-profit organizations	They will want to be aware of the discussions taking place in the community (might it affect their use of facilities?)	Communicate and Inform
• Mayor and City Council		They will make the final decision and need to have an understanding of the project and engagement results	They will be interested in a process that is flexible such that it can be amended or cancelled in alignment with Council priorities. They also want to know what non-profits think about the options presented.	Communicate and Inform
• PDA Communications team	Indirectly affected	They will need to be involved in outreach and may need to lead further communication efforts once the	Planning for work; meeting communications objectives	Consult

# Engagement Plan



THE CITY OF  
**CALGARY**  
CUSTOMER SERVICE &  
COMMUNICATIONS

• Stakeholders	• Directly/Indirectly Affected	• Why are they being engaged	• What are their interest/positions / values	• Level of Engagement
		Council decision has been made		

## Schedule of Engagement Session

### Engagement Sessions:

April 14, 2014 Religious Groups (2-4 pm)

April 15, 2014 Miscellaneous Group (9-11am)

April 15, 2014 Charitable/Hosing (2-4 pm)

April 17, 2014 MSI (2-4 pm)

April 24, 2014 Catch All (9-11 am)

**May 2, 2014 Internal session (CSPS)\* addition to Engage Plan!**

\*In addition to external engagement sessions the project team recognized the need for a more formal internal engagement session to provide internal business units with a formal opportunity to voice their concerns and benefits for each of the options that Assessment has brought forward. A subsequent internal session was added to our overall engagement plan. The internal session was held on May 2, 2014, between 9:00 a.m. to 11:00 p.m. at Ad Valorem Building with Assessment and two stakeholders from CSPS, Civic Partners and Community Partnerships in Community Neighbourhood Services attended that session. Their comments and feedback was included in the general feedback with the rest of the stakeholders feedback.

## Alignment

### Council's Fiscal Plan for Calgary

As further background, the previous Council has spoken to how it is going to approach the funding of non-profit organizations in Calgary. One of the previous Council's objectives in Council's *Fiscal Plan for Calgary (2012-2014)* was to "Invest in great communities and a vibrant urban fabric". Under this pillar the following statements are relevant to the current discussion:

1. a. Continue operating budget support for Arts and Culture, and

# Engagement Plan



THE CITY OF  
**CALGARY**  
CUSTOMER SERVICE &  
COMMUNICATIONS

- b. Continue operating budget support for Sport organizations.
2. Support Calgary Arts Development Authority (CADA) in the implementation of its arts spaces plan.

It is important to note that operating budget support for the non-profit sector was the main objective of the previous Council.

## Evaluation

---

### **The engagement will be deemed successful if:**

- a representative number of organizations participate
- participants understand the decision to be made and decision-making process, and how the decision impacts them,
- The City understands stakeholders positions on each of the options
- the feedback is useful for Council to aid in their decision-making
- participants understand how their input was used.

### **How are you going to evaluate during your engagement?**

Participants will be surveyed after engagement activities to gauge how effective the engagement was and determine if a different approach is needed moving forward.

### **How are you going to evaluate the success of your plan?**

Debrief with the project team to measure against the engagement objectives. Monitor questions that come from ALT and Council to check their understanding of stakeholder views.

## Reporting

---

Stakeholder sessions will be transcribed and reported back separately to the session attendants from each of the sessions (both internal and external). Assessments will bring the report forward to the PFC on June 4<sup>th</sup>, 2014. Engagement Plan and outcome will be shared with the Project Manager in Assessment BU and will be available to Council if they wish to review the Engagement Plan.