

Taxation

Led by: Director of Assessment & Tax

Service Description

Taxation service ensures property taxes are properly billed, effectively collected, and that customers receive timely and accurate information on property tax matters.

Service Updates

Key Service Results

The Taxation service's key service results for 2023 were:

- There were almost 555,000 annual bills mailed for a total of \$3.0B in budgeted provincial and City of Calgary property tax revenue and the City of Calgary portion of that makes up approximately 43 per cent of The City of Calgary's total revenue that is spent providing the important services that Calgarians use every day.
- The City of Calgary is very effective, collaborative, and compassionate in property tax collection as, despite having over well over half a million accounts, only five went to the actual tax sale auction on 2023 April 26, of which only one sold. As well, the 2023 property tax debit reminder notices as a percentage of property tax billed (0.98 per cent) is the lowest since at least 2013.
- The Taxation service helps non-profit organizations and citizens in need with property tax cancellation, reduction, or refunds through various programs. 2023's discretionary tax relief programs resulted in approximately \$2.2M in tax cancellations and included relief to organizations such as the Calgary Housing Company, Silvera for Seniors, and many others.

Service Challenges

The Taxation service's largest challenges faced in 2023 were:

- A very active real estate market and record high number of service requests has created workload issues that require careful management.
- The 2023 property market saw some instability with residential property values rising sharply and non-residential property values not showing that same increase. This arose due to reasons such as rising interest rates, high inflation, and various other market factors. For the Taxation service this resulted in decreased public trust, increased workload, and increased financial risk. Despite this difficult environment, Taxation staff worked collaboratively and compassionately with taxpayers and were able to maintain the lowest levels of unpaid property tax per account since tracking began. Taxation staff also were able to assist non-profit organizations and citizens in need with property tax cancellation, reduction, or refunds through various programs.

Trends & Potential Uncertainties

The largest trends and potential uncertainties for the Taxation services are related to ongoing economic uncertainty, rising property values, and increasing cost of living. In response to these identified risks the Taxation service increased its focus on property tax exemptions and tax relief programs and the Assessment & Tax business unit is updating its Business Continuity Plan and rewriting its entire internal business planning & reporting process to reflect the changes made as part of the Organization Realignment and meet industry best practices. The new 2024-2026 Assessment & Tax Strategic Plan has the following strategic goals: provide an integrated and exceptional customer experience; deliver excellent quality through expertise and governance; and be a great place to make a living.



Measuring Our Performance

Legend

— Actuals

■ Expected Future Performance

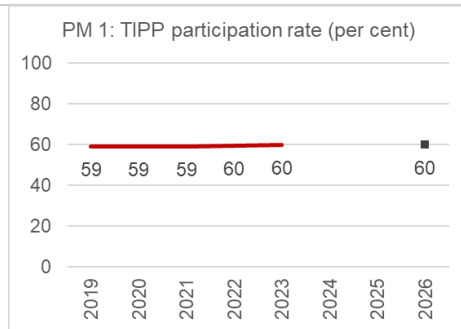
➔ Progressing as planned

⊖ Not progressing as planned

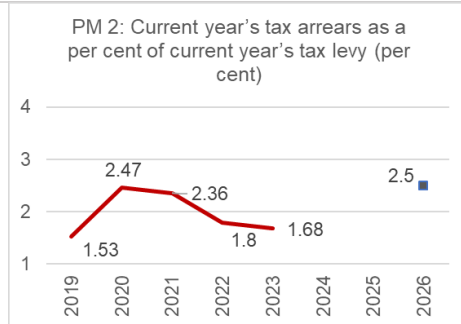
Performance Measures

Story behind the numbers

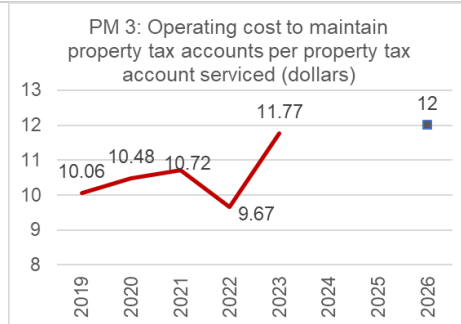
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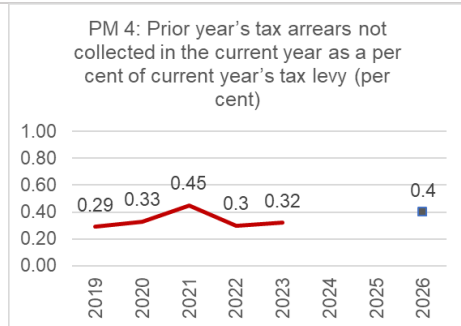
This performance measure was recently impacted by online registration, improved forecasting, better distribution of initial payment if joining after year beginning, and the removal of fees. While the participation rate has remained relatively steady for several years, it has done so while The City has seen an increasing number of property tax accounts. Over 306,000 accounts participate in The City of Calgary's Tax Instalment Payment Plan (TIPP), the TIPP rate is one of the highest in Canada, and the goal is to continue to be so.



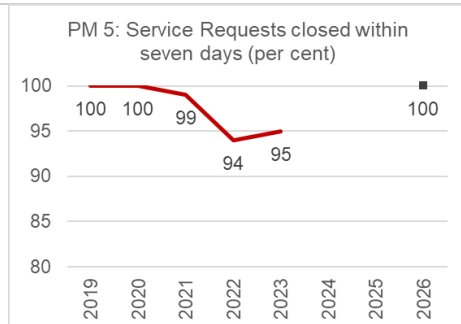
This performance measure indicates the overall effectiveness of the Taxation service. In 2022-2023, it dropped back below desired levels after rising in 2020-21 due to the impacts of the pandemic. It is influenced by the accuracy and timeliness of billings, payment processing speed, effective communication, payment options, due dates, penalties, outstanding tax collection, responsiveness of systems/resources, and maintaining low current year tax arrears.



This performance measure had generally trended downward between 2015-2019 due to operating budgets not keeping up with account growth. Calgary continues to have one of the lowest results for this performance measure in Canada but recent increased investment by Council has pushed it upwards. This will allow Calgary to further leverage technology, enhance efficiency and productivity, and better address requests from Council and administration.



The prior year's tax arrears not collected in the current year as a per cent of current year's tax levy measure shows the proportion of prior years' tax arrears not collected as of the year end. The cost of living, strength of the local economy, and collection practices may impact tax arrears, collections, and penalty and interest charges. When compared to other peers in the MBNCanada benchmarking program, The City of Calgary's results for this measure are consistently much lower and 2023 maintains that position.



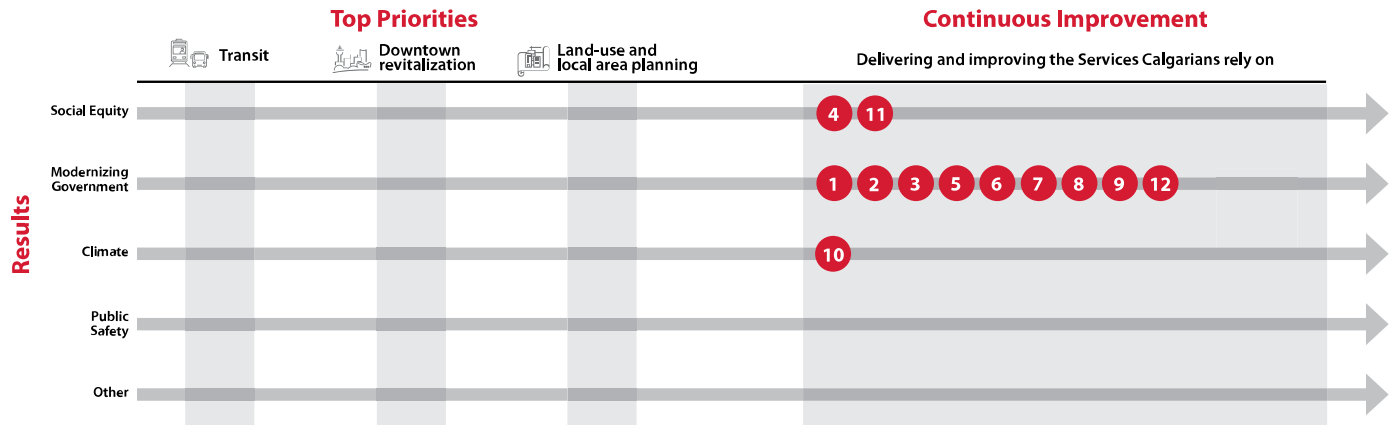
This performance measure is a key factor in increasing customer satisfaction and public trust in the Taxation service. Results are commonly at or near 100 per cent but occasionally unexpected events push results lower than desired levels. 2023 has seen every month over 98 per cent except April, November, and December when call volumes were high and staff assigned were low. This has dragged down the overall year-to-date results. Efforts are underway to improve forecasting so that staffing numbers can be high enough to deal with unexpectedly high call volumes.












Progress on Service Delivery

Alignment with Council Refined Priorities and Result Areas



- Legend**
- Completed
 - Progressing as planned
 - Not progressing as planned
 - Not started
 - Initiative number

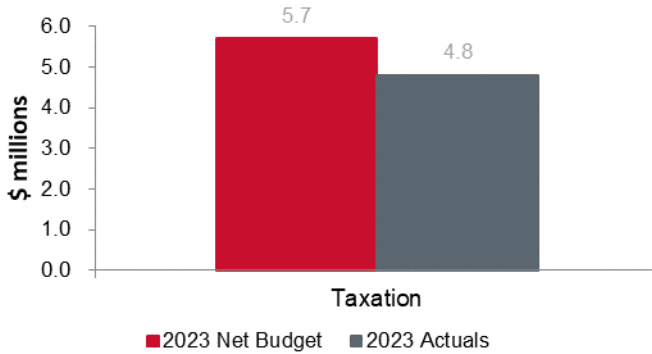
Initiative	Initiative Update	Status
1 Ensure Calgarians have access to their accurate and timely property tax bills by following billing best practices.	The 2023 Property Tax Bylaw was passed on by Council on 2023 March 14. The 2023 property tax bills were mailed out on 2023 May 25 with a due date of 2023 June 30. There were almost 555,000 annual bills mailed for a total of \$3.0B in budgeted provincial and City of Calgary property tax revenue and the City of Calgary portion of that makes up approximately 43 per cent of The City of Calgary's total revenue that is spent providing the important services that Calgarians use every day.	
2 Improve the customer experience by focusing on improving Calgarian's understanding and providing more online services and self-service options.	Tax Instalment Payment Plan (TIPP) participation continues to increase as can be seen by the over 306,000 active TIPP accounts and approximately \$159 million of revenue coming in each month. Additional customer service-related improvements have been already made or in the process of being made with the TIPP Self Service Registration project, Tax System Modernization program, further integration of processes and systems between the Taxation and Property Assessment services, exploration of providing copies of property tax bills online, etc.	
3 Provide The City with a significant and stable source of property tax revenue by effectively and efficiently collecting property taxes.	The City of Calgary is very effective and collaborative in property tax collection as, despite having over well over half a million accounts, only 4,546 Pre-Tax Notification properties were identified with 279 of those eventually being included on the Tax Sale listing. Staff compassionately worked with the owners of those properties and just five went to the actual tax sale auction on 2023 April 26, of which only one sold. As well, the 2023 property tax debit reminder notices as a percentage of property tax billed (0.98 per cent) is the lowest since at least 2013.	
4 Help Calgarians in need of financial assistance by offering compassionate property tax relief-based programs under certain circumstances.	The Taxation service helps non-profit organizations and citizens in need with property tax cancellation, reduction, or refunds through various programs. 2023's discretionary tax relief programs resulted in approximately \$2.2M in tax cancellations and included relief to organizations such as the Calgary Housing Company and Silvera for Seniors and programs such as the Non-Profit Tax Mitigation Policy, Compassionate Penalty Relief, the Property Tax Assistance Program, and the Tax Incentives for Renewable Power Generation Developments on Brownfield Sites Policy.	
5 Support Council's Guiding Principle of Building Strong Communities by improving Business Improvement Area (BIA) engagement and relationship building.	The 2023 Business Improvement Area budgets and enabling bylaws were passed by Council on 2023 January 24. The 2023 Business Improvement Area Tax Notices were mailed out on 2023 February 8 with a due date of 2023 March 31. There were almost 6,000 notices mailed for a total of \$5,153,856 in budgeted Business Improvement Area tax revenue.	

Initiative	Initiative Update	Status
6 Better serve Council and Calgarians by smoothly transitioning the Property Assessment and Taxation services into the Assessment & Tax business unit.	The merge of the Taxation and Property Assessment services into the Assessment & Tax business unit was successfully implemented and now there are a number of projects that have been completed or are in progress to optimize the new business unit. These projects include "Assess and Adjust"; improving property tax bills; integrating Taxation and Property Assessment tools, products, and processes; determining the ideal future workplace; renovating workspaces; realigning information storage; and moving a considerable number of Taxation staff to a new workspace.	
7 Make the Taxation service a more attractive long-term career choice by focusing on staff attraction, development, and retention.	Taxation only has access to a small pool of qualified staff and the 2023 overall turnover for the Assessment & Tax business unit is currently at over four per cent for core employees. Creating a "Transforming Learning" strategy is a 2023-2026 priority which is currently active and is aimed at improving all aspects of staff development.	
8 Pursue future efficiency and effectiveness gains by continuously investing in technology and process improvements.	The Tax System Modernization program was provided capital funding as part of the 2023-2026 service plans and budgets process and aims to update PTWeb and City Ownership OnLine (COOL). PTWeb is the primary property tax system and work will be initiated in 2024. COOL interfaces with Alberta Land Titles, allows Taxation to receive feeds of ownership changes, and development work is well underway. The TIPP Self Service Registration project was completed in 2023 and will result in multiple efficiency and effectiveness gains.	
9 Support evidence-based decision-making across The City and the industry by providing taxation information to internal and external data requesters.	As part of the 2023-2026 service plans and budgets process, the Taxation service received additional funding to hire new staff. Those new staff for 2023 have been hired and a part of their focus is on providing taxation information to external and internal data requesters to support priorities like the Downtown Strategy, Housing Strategy, and Citywide Growth Strategy.	
10 Address the climate emergency by supporting the Clean Energy Improvement Program and reducing Taxation's carbon footprint using both technological and process related tools.	Reducing mailing/printing, switching to no bleach envelopes, and having many Taxation staff working with a telework agreement have contributed to an unmeasured reduction in The City of Calgary's carbon footprint. Tax Instalment Payment Plan (TIPP) online went live late in the last quarter of 2023 and was quite successful with 45% of new TIPP sign-up done via the online form resulting in 3,063 accounts that didn't have to have a TIPP agreement either mailed or emailed to them. The Clean Energy Improvement Program (CEIP) is actively supported by the Taxation service.	
11 Advance equity efforts at The City by making decisions after first considering all Equity, Diversity, Inclusion, & Belonging implications.	After successfully applying to the "Equity in Service Delivery Fund" the Assessment & Tax business unit has \$70,000 to undertake the ProperTEA (Tax Equity Assessment) project which is expected to conclude by 2024 June 28. This project will see a partnership with the University of Calgary Department of Economics' research group. It will explore issues of equity in The City of Calgary's residential property assessment and tax system and develop targeted and operational refinements to better meet the needs of diverse Calgarians and to support greater equity.	
12 Increase resilience and consider how best to operate in a future that is increasingly volatile, uncertain, complex, and ambiguous by proactively preparing for unexpected challenges.	The Assessment & Tax Business Continuity Plan and the entire internal business planning & reporting process are in the process of being completely rewritten to reflect the changes made as part of the Organization Realignment and bring things up to industry best practices. While there is still more to do an early success in 2023 was the creation of the first ever multi-year Assessment & Tax Strategic Plan.	



Service Updates on Financial Performance

Net Operating Budget and Actuals as of December 31, 2023



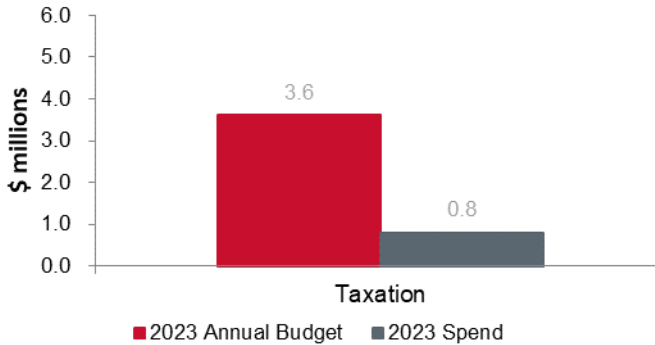
Operating Budget Updates - 2023 net operating budget vs actuals:

Taxation service line has a favourable variance of \$0.9 million. The main reasons that have contributed to the variance are higher than anticipated revenue of \$1.3 million mainly from City Online (e-commerce) as a result of increased real estate activities, savings in Property Tax Assistance Program (PTAP) of \$0.1 million; partially offset by unfavorable variance in salary and wages of (\$0.2) million and higher printing and postage expenses of (\$0.3) million.

In 2023, Taxation had a number of accomplishments achieved such as:

- Mailed a property tax notice to well over half a million accounts for a total of \$3,009 million in budgeted property tax revenue
- Passed the 300,000 active Tax Instalment Payment Plan (TIPP) accounts milestone
- Maintained an effective property tax collection process with only one property being sold at the 2023 tax sale auction
- Supplied strong customer service despite very high call volume
- Provided around \$1.7 million in discretionary tax relief to non-profit organizations and citizens in need
- Released a self-service process for Tax Instalment Payment Plan (TIPP) registration

Capital Budget and Spend as of December 31, 2023



Capital Budget Updates - 2023 total capital budget vs 2023 spend:

Taxation has spent 23.0 per cent of the 2023 approved capital budget.

The Property Tax Web (PTWeb) Uplift, which is a component of the Tax Management Sustainment initiative, has reached full completion. The City Ownership Online Upgrade (COOL), which interfaces with Alberta Land Titles and allows The City of Calgary to receive feeds of ownership changes, is approximately 75.0 per cent complete of its scheduled 2023/24 progress, due to be completed in Q4 2024. The initiation of the PTWeb replacement project has been scheduled to begin Q1-2024, predominantly due to constraints in resource availability.