Saskatchewan Taxpayers ADVOCACY GROUP

DE16-21

Regina City Council Delegation – Tuesday, March 29, 2016

RE: Boundary Alteration – 2016 Property Tax Exemptions

Good evening ladies and gentlemen, my name is Chad Novak, and I am here representing the Saskatchewan Taxpayers Advocacy Group, which is a grassroots organization proudly standing up for the rights of individual taxpayers. The first item I would like to address this evening is the 2016 Property Tax Exemptions for properties that were included in the approved November 2013 Boundary Alterations.

A common theme you're going to hear from me this evening is the concept of providing fair and equitable treatment of *all taxpayers of Regina*. To that extent, I feel strongly that the overall concept of tax exemptions for properties brought into City boundaries is fair to an extent, as it can be quite a jump in property taxes going from an RM to a City the size of Regina. With that said, the question becomes just how much is fair, for how long, and **should it make a difference if the property owner *did not want to be annexed* versus those that had *explicitly requested to be annexed***.

Based on my research, the general consensus is the exemption amount and the time contained within this framework is more than fair, where the amount and length of exemption is dependent upon the anticipated timeline of when the affected lands may be used for City purposes rather than RM purposes. However, there is serious concern amongst taxpayers regarding property owners that specifically requested to be annexed versus those that were annexed against their wishes, as well as differentiating between commercial and residential property owners. Also, and we can't stress this enough, the ability to pay should be a major factor, and like is policy for other city services, it is felt that any affected property owners should have to demonstrate that ***the additional property taxes will cause "unreasonable financial hardship"*** as a result of the annexation. And, in fact, this clause was included within this very policy as you will see in Appendix A. We would be remiss to not mention the fact that, according to real estate experts, the mere act of annexation immediately increases the affected property's value because of the fact they are now within City jurisdiction and have access to City services. Keeping this in mind, it is a fact that a major property owner East of Tower Road very quickly flipped some of their affected lands to the Province for the Regina Bypass and to the City for the Pacers Ball Park relocation for upwards of 10x the value immediately prior to annexation. This was with absolutely no improvement by that property owner.

Further on the concept of "*unreasonable financial hardship*", it seems only reasonable that a homeowner who has lived in the RM for decades should be considered moreso for relief from the additional property tax versus, say, a giant multimillion dollar corporation who explicitly requested to be annexed into the City for undisclosed reasons, who ought to have anticipated and budgeted for the additional property taxes. A reasonable person would argue that they most certainly have the <u>*ability*</u> to afford the higher taxes, even before taking into account the financial benefits that is realized because of that annexation. As you can see in Appendix B, one of these companies, publicly traded AGT Foods on East Primrose Drive, which is amongst a group of companies associated with Alliance Pulse Processors, Long Lake Investment Inc. and Nutrasun Foods Ltd., is set to receive over $80,000 in property tax exemption this year alone. When factored over the anticipated 15 year life span of this exemption, barring any further extensions, that translates to over $1.2M in lost property taxes to the City of Regina and in turn, its residents. For a company with annual revenues nearing two billion dollars, as outlined in Appendix C, I would hardly consider them to have realized any "*unreasonable financial hardship*" due to annexation.

It is also important to note that the aforementioned properties were never previously included in any long-term (25 year) Official Community Plans prior to 2013. The question that a reasonable person would have to ask is – why then were these lands annexed and why did we not stick to the 25 year plans as previously designed up to 2011?

Thank you for your time this evening, and I will gladly answer any questions you may have.

Appendix A

On November 6, 2013, City Council approved the resolutions for boundary alteration, tax mitigation principles and tools for impacted landowners, as outlined in the body of report CM13-14. These tax mitigation principles are as follows:

1. Protect the property owner, whose land is annexed into the City of Regina from unreasonable financial hardship;

2. Balance the need to protect the City's financial viability with protecting its long-term growth needs;

3. Property tax mitigation will be applied through existing legislation; and

4. Property tax mitigation will expire over time either when the property is developed or when the time frame for the mitigation expires.

Appendix B

10269150	6000 E PRIMROSE GREEN DRIVE	ALLIANCE PULSE PROCESSORS INC.	5,100	50.59	18.06	23.65
10269053	6100 E PRIMROSE GREEN DRIVE	TRACER PRODUCTIONS INC.	167,800	6.49	138.82	242.88
10269151	6200 E PRIMROSE GREEN DRIVE	ALLIANCE PULSE PROCESSORS INC.	3,850,000	62.22	30,399.10	53,110.84
10268974	6201 E PRIMROSE GREEN DRIVE	NUTRASUN FOODS LTD.	2,717,600	50.89	17,630.13	30,844.64
MULTIPLE	2501 - 3201 TOWER ROAD	LONG LAKE INVESTMENT INC.	515,200	66.62	2,237.10	3,270.20
10269241	3601 TOWER ROAD	LONG LAKE INVESTMENT INC.	641,400	49.19	1,994.24	3,058.29

Appendix C

REGINA, March 21, 2016 /CNW/ - AGT Food and Ingredients Inc. (TSX:AGT) ("**AGT**" or the "**Company**") has announced its financial results for the three and twelve months ended December 31, 2015.

Results include:

Adjusted EBITDA* was $101.0 million for the year ended December 31, 2015, an increase of 16.1% over $87.0 million for the year ended December 31, 2014, and compared to $92.4 million for the trailing twelve months ended September 30, 2015.
Adjusted EBITDA* was $32.9 million for the unaudited three months ended December 31, 2015, an increase of 41.8% over $23.2 million from the unaudited three months ended September 30, 2015, and an increase of 34.8% over $24.4 million for the unaudited three months ended December 31, 2014.
Revenue was $1.70 billion for the year ended December 31, 2015 compared to $1.36 billion for the year ended December 31, 2014.