

April 10, 2018

To: Members  
Finance & Administration Committee

Re: Boundary Alteration - 2018 Property Tax Exemption

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**RECOMMENDATION**

1. That the property tax exemptions as listed in Appendix A and B be approved subject to the Government of Saskatchewan approving the exemption or partial exemption of the education portion of the taxes for amounts that are \$25,000 or greater.
2. That the City Solicitor be instructed to bring forward the necessary bylaw to provide for the property tax exemptions listed in Appendix A and B.
3. That the Executive Director, City Planning and Development or her delegate be authorized to apply to the Government of Saskatchewan on behalf of property owners for any exemption of the education portion of the taxes that is \$25,000 or greater as outlined in Appendices A and B.
4. That this report be forwarded to the April 30, 2018 meeting of City Council for approval.

**CONCLUSION**

The exemptions outlined in Appendix A and B are consistent with the recommended tax mitigation principles outlined in Boundary Alteration Report CM13-14 approved by City Council on November 6, 2013. Accordingly, the Administration recommends that the exemptions in Appendix A and B be approved.

**BACKGROUND**

Unless specifically exempted, all property in a municipality is subject to assessment and taxation pursuant to *The Cities Act*. There are specific exemptions provided in subsection 262(1) of *The Cities Act*. Further, City Council may, by bylaw, exempt from taxation the whole or part of any land or improvement designated in the bylaw. City Council may also enter into agreements, on any terms and conditions, to exempt property from taxation for no more than five years.

Effective January 1, 2018 *The Education Property Tax Act* came into effect. Under *The Education Property Tax Act*, when a property owner seeks an exemption for the education portion of the property taxes that is \$25,000 or greater, the exemption must be approved by the Government of Saskatchewan (Government).

The purpose of this report is to provide exemptions for properties impacted by boundary alteration in 2013.

## DISCUSSION

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.

The tax mitigation tools approved in the same report are:

- a) For those properties where the main property use is commercial or industrial in the Commercial Corridor: Five-year phase-in – For the properties where the main current property use is commercial or industrial in the commercial corridors on Victoria Avenue East and Dewdney Avenue East. Since these properties are in the imminent development area, tax mitigation should include a phase-in of the tax change between Rural Municipality (RM) tax levels to City tax levels over five years. The amount of exemption will then decrease each year by 20 per cent so that in year five the property will not have an exemption and will pay taxes based on the City tax levels in 2018.
- b) For lands within the 300,000 population growth plan (Appendix A): Five-year tax mitigation – These properties received an exemption in 2014 that set the first year property taxes to what they would have paid in the RM. This exemption amount (percentage) will be applied for the five years and serve as the base for taxation in years two to five. After five years, the exemption will expire, and the properties will be subject to property taxation based on the City tax levels. The properties in this growth plan will not have an exemption and will pay taxes based on the City tax levels in 2019.
- c) For lands beyond the 300,000 growth plan: Long-term 15-year Administration. Recommended tax mitigation (Appendix B): For long-term agricultural land, a long-term remedy is proposed - These properties received an assessment exemption that set the first year property taxes to what they would have paid in the RM. This exemption amount (percentage) will be applied for five years and serve as the base for taxation in years two to five. A similar exemption would continue to be recommended on an annual basis for up to 15 years following the boundary alteration. Eligibility for any exemption will expire

either over the suggested time frame, when development occurs on a particular property or otherwise at the annual discretion of City Council.

The levels of mitigation applied to the property reflect the levels of services that the property receives. Existing uses of the land will continue until the land is planned for development. Development will occur in a staged approach consistent with growth management policies in the current *Design Regina: The Official Community Plan 2013-48* (OCP) and development regulations in the *Regina Zoning Bylaw No. 9250* to ensure an orderly transition from primarily agricultural land to urban development.

There are some linear properties, such as pipelines and railways, within the annexed area crossing through the city that are not receiving tax mitigation. Properties where the tax difference between the 2013 rural taxes and the 2013 estimated municipal tax is less than \$10 will not receive tax mitigation.

Under the City Council approved mitigation plan properties described in the commercial corridor a) received a partial phased tax exemption each year from 2014 to 2017 but will pay regular property taxation levels commencing 2018.

The estimated total municipal share of all the exemptions in Appendices A and B is approximately \$218,388.

Under *The Education Property Tax Act*, any exemptions of education property taxes that are \$25,000 or greater are now subject to the additional approval of the Government. Applications can be made by the municipalities on behalf of property owners once City Council approves a bylaw for the exemption. If City Council approves this recommendation, Administration will apply to the Government on behalf of any properties where the exempt education property taxes are \$25,000 or greater. Administration will notify property owners once the Government provides a decision on the application.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

The property tax exemptions listed in Appendices A and B total approximately \$350,900 in foregone tax revenue. The City's share of this foregone revenue is approximately \$218,388. All exemptions listed in this report are incorporated in the 2018 budget.

### Environmental Implications

None with respect to this report.

### Policy and/or Strategic Implications

None with respect to this report.

### Other Implications

Changes to provincial legislation are beyond the control of the City. *The Education Property Tax Act* and *The Education Property Tax Regulations* came into effect January 1, 2018 and govern the application and administration of education property tax exemptions.

### Accessibility Implications

None with respect to this report.

### COMMUNICATIONS

All affected land owners received communication with respect to the resolutions previously passed by City Council regarding assessment exemptions for lands within the Boundary Alteration area. The exemptions outlined in this report will be reflected on the 2018 Property Tax Notices for the affected properties.

Copies of the report will be provided to the Regina Public Library Board.

### DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



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Assessment & Taxation

Respectfully submitted,



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