

## Property Tax Exemption Request - 5000 & 5800 Armour Road

<b>Date</b>	May 13, 2020
<b>To</b>	Finance and Administration Committee
<b>From</b>	Financial Strategy & Sustainability
<b>Service Area</b>	Assessment, Tax & Utility Billing
<b>Item No.</b>	FA20-7

### RECOMMENDATION

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The Finance and Administration Committee recommends that City Council:

1. Exempt the properties identified as 5000 & 5800 Armour Road from property taxes in accordance with the percentages outlined in Option 1 of Appendix C of this report.
2. Direct the City Solicitor be instructed to prepare the necessary bylaw to provide for the additional tax exemptions described in Recommendation 1.
3. Approve these recommendations at its May 27, 2020 meeting.

### ISSUE

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On March 19, 2020 the City has received a request for additional property tax mitigation (Appendix A) on two properties affected by the 2014 Boundary Alteration. The request was to receive a partial property tax exemption for 2020 – 2023 to keep the property tax at rural municipal levels.

These are agricultural properties in the New Neighbourhood (300k population) category. Under the original property tax mitigation policy, agricultural properties in the New Neighbourhood (300k population) category received a five-year tax mitigation, where taxes remained at the rural municipality levels for 2014 to 2018 and became fully taxable at City of Regina rates in 2019.

## IMPACTS

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### Financial Impact

The financial impact of the recommended option is a municipal exemption of approximately \$3,076 annually or \$12,306 over the four-year period and \$27,688 over the nine-year period.

The cost of the exemption is not reflected in the 2020 budget. Annually, Administration sets aside funding to cover potential losses in taxation revenue from assessment appeals. This variance will cover the cost of the recommended tax cancellation for the 2020 budget.

The cost of the exemptions would be included in future budgets.

### Policy/Strategic Impact

The recommendation contained in this report is consistent with Council decisions in Reports CR19-95, CR19-118, and CR20-18. If option one is chosen, additional property owners may come forward to request the same consideration.

### Other Impacts

The education portion of the tax is subject to *The Education Property Tax Act* which specifies that any exemption of education tax that is \$25,000 or greater in any given year, must be approved by the Government of Saskatchewan.

## OTHER OPTIONS

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Administration has reviewed all agricultural properties in the New Neighbourhood (300K Population) category and identified three options for Council's consideration. Each option is discussed below with a summary of the financial impacts shown in Appendix C.

### **Option 1 – Provide Mitigation for the agricultural properties 5000 Armour Road and 5800 Armour Road in the New Neighbourhood (300k Population) category. (Recommended Option)**

With this option, two properties (listed in Option 1 of Appendix C), would receive mitigation. Taxes for these properties will remain at RM levels for the years 2020-2023. This option provides the property owners with four years of mitigation and aligns with previously approved exemptions. In 2024, mitigation may, at Council's discretion, be extended for an additional five years to 2028. This option recognizes the request of these property owners and is consistent with Council decisions in Reports CR19-95, CR 19-118, and CR20-18. These reports dealt with property owners who made similar requests and received additional tax mitigation over a four or five-year term during 2019-2023.

**Option 2 – Provide Mitigation for all agricultural properties affected by the boundary alteration in the New Neighbourhood (300k Population) category.**

There are 31 agricultural properties affected by the boundary alteration. Council approved extending mitigation for three properties in Report CR19-95, two properties in Report CR19-118, and one property in Report CR20-18. With this option, the additional 25 properties (listed in Option 2 of Appendix C) including 5000 & 5800 Armour Road, would receive mitigation. Taxes for these properties will remain at RM levels for the years 2020-2023. In 2024, mitigation may, at Council's discretion, be extended for an additional five years to 2028. This option treats all agricultural properties affected by the boundary alteration in the New Neighbourhood (300k population) category equally.

The financial impact of option two is a municipal exemption of approximately \$31,411 annually or \$125,645 over the first four-year period and \$282,701 over the nine-year period.

**Option 3 – Provide No Additional Mitigation for properties affected by the boundary alteration in the New Neighbourhood (300k Population) category.**

With this option, no further agricultural properties within the New Neighbourhood (300k population) category will receive additional mitigation and the requested property will remain fully taxable in 2020. This option is not consistent with Council decisions in CR19-95, CR19-118, or CR20-18.

**COMMUNICATIONS**

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All owners of the affected lands received communication with respect to the resolutions previously passed by City Council regarding exemptions for lands within the Boundary Alteration area.

The property owner requesting this exemption will be informed of this report.

**DISCUSSION**

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Recommendations for boundary alteration were approved by City Council in 2013. All lands affected by the boundary alteration are outlined on page one of Appendix B.

The report contained the following tax mitigation principles:

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 mitigation tools applied to each category, beginning in 2014, are shown in Table 1: Previously Approved Tax Mitigation Tools. The levels of mitigation applied to each category were designed to reflect the levels of services that the property received over the period. All properties receiving mitigation are subject to mill rate increases.

**Table 1: Previously Approved Tax Mitigation Tools**

Category	Tax Mitigation
Commercial Corridor	<ul style="list-style-type: none"> <li>▪ Five-year tax mitigation, which phases in the City taxation levels on the commercial properties, at a rate of 20% per year.</li> <li>▪ Fully taxable at City of Regina mill rates in 2018.</li> </ul>
New Neighbourhood (300k population) *	<ul style="list-style-type: none"> <li>▪ Five-year tax mitigation whereby the taxes would remain at RM levels.</li> <li>▪ Fully taxable at City of Regina mill rates in 2019.</li> </ul>
Future Long-Term Growth (500k population)	<ul style="list-style-type: none"> <li>▪ Five-year tax mitigation, whereby the taxes would remain at RM levels which may be extended to 10 and then 15 years.</li> <li>▪ This recognized that longer-term growth areas would not be eligible for development and servicing under the growth plan and would remain as largely rural lands zoned as urban holdings for longer term.</li> </ul>

\*Agricultural properties within the Commercial Corridor were identified as New Neighbourhood (300k population) category as they were not identified as employment lands in the OCP.

Properties where the tax difference between the 2013 rural taxes and the 2014 estimated municipal tax was less than \$10 do not receive tax mitigation. There are some linear properties, such as pipelines and railways, within the boundary alteration area crossing through the city that did not receive tax mitigation.

The commercial properties in the Commercial Corridor category became fully taxable at City of Regina rates in 2018 and all properties in the original New Neighbourhood (300k population) category became taxable at City of Regina rates in 2019. As properties in the approved mitigation area are developed, they are removed from mitigation.

## DECISION HISTORY

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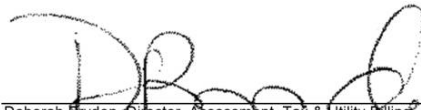
Council approved the following reports granting a partial property tax exemption for agricultural properties in the New Neighbourhood (300k population) category that requested additional mitigation:


- CR19-95 was approved in October 2019
- CR19-118 was approved in January 2020
- CR20-18 was approved in February 2020

The recommendations contained within this report require City Council approval.

Respectfully Submitted,

Respectfully Submitted,

  
Deborah Bryden, Director, Assessment, Tax & Utility Billing 4/21/2020

  
Barry Lacey, Exec. Director, Financial Strategy & Sustainability 4/27/2020

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## ATTACHMENTS

Appendix A - Request Letter

Appendix B - Tax Mitigation Areas

Appendix C - Annexation - West Corridor Armour RD