

March 8, 2016

To: His Worship the Mayor  
and Members of City Council

Re: Property Tax Exemption - Saskatchewan Multicultural Centre Association (SMCA)

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**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE  
- MARCH 8, 2016**

1. The Saskatchewan Multicultural Centre Association (SMCA) be provided a three year tax exemption for the property at 2144 Cornwall Street.
2. The Administration be directed to bring back a policy outlining how to effectively proceed with tax exemption requests from non-profit organizations including any criteria that can be used.
3. The City Solicitor be instructed to bring forward the necessary bylaw and agreement to provide for the property tax exemption for 2144 Cornwall Street.

*FINANCE AND ADMINISTRATION COMMITTEE – MARCH 8, 2016*

The following addressed the Committee:

- Girma Sahlu, representing Saskatchewan Multicultural Centre Association
- Mary Kolitsas, representing Saskatchewan Multicultural Centre Association; and
- Bob Frienrich, representing Multilingual Association of Regina

The Committee adopted the following resolution:

1. The Saskatchewan Multicultural Centre Association (SMCA) be provided a three year tax exemption for the property at 2144 Cornwall Street.
2. The Administration be directed to bring back a policy outlining how to effectively proceed with tax exemption requests from non-profit organizations including any criteria that can be used.
3. The City Solicitor be instructed to bring forward the necessary bylaw and agreement to provide for the property tax exemption for 2144 Cornwall Street.

Recommendation #4 does not require City Council approval.

Councillors: Wade Murray (Chair), Bryon Burnett, Shawn Fraser, Bob Hawkins, and Barbara Young were present during consideration of this report by the Finance and Administration Committee.

The Finance and Administration Committee, at its meeting held on March 8, 2016, considered the following report from the Administration:

### RECOMMENDATION

1. That the request from the Saskatchewan Multicultural Centre Association (SMCA) for a five year tax exemption for the property at 2144 Cornwall Street be DENIED.
2. That this report be forwarded to March 29, 2016 City Council meeting for consideration.

### CONCLUSION

The Saskatchewan Multicultural Centre Association (SMCA) has requested a property tax exemption starting in 2016. There is no existing City policy that supports an exemption for non-profit organizations. Having said that, historically there have been instances in which Council has provided exemption bylaws.

### BACKGROUND

A letter was received from the Saskatchewan Multicultural Centre Association (SMCA) requesting a property tax exemption for the property owned at 2144 Cornwall Street attached as Appendix A. City Council has the authority pursuant to subsection 262(3) of *The Cities Act* to exempt from taxation, in whole or in part, any land or improvements designated in the bylaw.

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*. City Council may enter into agreements, on any terms and conditions, to exempt property from taxation for not more than five years.

### DISCUSSION

SMCA is a non-profit organization which is responsible for managing a facility on behalf of its resident members, the Saskatchewan Organization for Heritage Languages Inc. (SOHL) and the Multilingual Association of Regina Inc.(MLAR).

SOHL was established in 1985 as a provincial cultural organization. Their membership includes eighty-four community-based heritage language schools and multicultural organizations throughout the province and twelve associate members which in 2016 will provide \$2,220 in membership revenues. The mission of SOHL is to preserve and promote languages in Saskatchewan through educational and cultural programs.

SOHL provided its financial statements for the year ending March 31, 2015. The statements show a net profit of revenue over expenses from operations of \$5,856 for 2015 with revenues totalling \$526,211 and expenses of \$520,355.

MLAR is a local non-profit organization whose membership also includes over 30 Regina-based heritage language schools. MLAR was founded in 1978 and Regina Multilingual School activities began in 1979. MLAR is committed to the retention and promotion of heritage languages in Regina. In the 2012-2013 school year, 30 Heritage Language Schools were in operation as members of MLAR, with enrollment of more than 1,300 students and three new

schools having requested access to classrooms to teach their language in the 2013-2014 school year. Many volunteer teachers are involved in teaching classes outside of regular school time. In addition to language instruction, heritage language schools celebrate the diversity of cultural traditions. MLAR helps students of its member schools celebrate their cultural heritage. In addition the support for instruction through workshops and in-service training for language teachers has been an ongoing focus of the MLAR.

MLAR provided its financial statements for the year ending March 31, 2015. The statements show a net profit of revenue over expenses from operations of \$8,183 for 2015 with revenues totalling \$53,235 and expenses of \$45,052.

SOHL, MLAR and the number of heritage language schools they support all provide services that play a role in strengthening Regina's economy. They also contribute to the retention of immigrants in our city and province by helping people to maintain their culture, identity and traditions, while simultaneously learning about Canadian ways of life.

SMCA is requesting a property tax exemption on the property they own known as 2144 Cornwall Street. 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, Council may enter into agreements, on any terms and conditions, to exempt property from taxation for not more than five years.

The assessed values are calculated by the Assessor in accordance with provincial legislation. The 2013 reassessment updated values from a base date of June 30, 2006 to a base date of January 1, 2011. Over that time frame, there was significant change in the value of properties. The 2013 assessed value was \$242,000 compared to the 2012 assessed value of \$121,800. In 2015 the City's Assessment Branch did a review of commercial properties which were formally residential houses within the City of Regina. From this review it was identified that this property, as well as other similar properties had been incorrectly assessed and the assessments were updated for 2016. For 2144 Cornwall Street, the changes made resulted in an increase in assessed value to \$424,800 compared to the 2015 assessed value of \$297,800.

The property includes .143 acres of land which the 4,090 square feet building is situated. The records indicate SMCA has been the owner of the property since January 1, 1992. Assessment and property tax information since 2010 is shown in the following table:

<b>Tax Year</b>	<b>Assessed Value</b>	<b>Municipal Tax</b>	<b>Library Tax</b>	<b>School Tax</b>	<b>Phase-In</b>	<b>Total Tax</b>
2010	\$119,600	\$2,055.60	\$226.45	\$1,465.10	(\$164.02)	\$3,583.13
2011	\$119,600	\$2,137.83	\$234.07	\$1,465.10	-	\$3,837.00
2012	\$121,800	\$2,221.20	\$238.51	\$1,465.10	-	\$3,924.81
2013	\$242,000	\$2,716.84	\$287.99	\$2,005.41	(\$843.44)	\$4,166.80
2014	\$261,200	\$3,102.40	\$316.79	\$2162.73	(\$421.73)	\$5,160.19
2015	\$297,800	\$3,222.14	\$325.21	\$2,161.90		\$5,709.25
*2016	\$424,800	\$5,242.31	\$ 529.10	\$3,517.34		\$9,288.75

\*Estimated taxes based on 2016 assessed value and 2015 mill rates.

If the total property tax on this property was exempted for 2016 the estimated amount of the total tax exempted would be about \$9,288. The City share of the tax would be approximately \$5,242.

The Saskatchewan Multicultural Centre Association Inc. provided its financial statements for the year ending March 31, 2015. The statements show a net loss of revenue over expenses from operations of \$2,306 for 2015 with revenues totalling \$31,836 and expenses of \$34,142.

In 1992, Council approved a property tax exemption for the Saskatchewan Multicultural Centre Association for 1993 to 1996, along with 8/12 of the 1992 taxes, which was for the portion of the year that SMCA owned the property. At that time the report noted that given the City's involvement with the organization in attempting to provide space and in considering support for other "umbrella" organizations, tax relief was proposed. The two situations where Council considered a request from an "umbrella" organization was for Theatre Regina, which was provided a five year exemption as part of their acquisition of the Performing Arts Centre and the Optimist Gymnastics Association of Regina, which the exemption was denied.

CR349-92 Finance & Administration Committee report also stated that the Saskatchewan Multicultural Centre Association should be advised that further tax relief beyond 1996 would not be considered.

### RECOMMENDATION IMPLICATIONS

#### Financial Implications

If a property tax exemption were denied, there would be no financial implication.

If a property tax exemption is provided for this property the annual amount of the exemption would be approximately \$9,288.75 with the City share being \$5,242.31. A tax exemption for this property was not considered in the 2016 budget and would be a variance to the revenue in the 2016 budget for the City as well as the other taxing authorities.

#### Environmental Implications

None with regard to this report.

#### Policy and/or Strategic Implications

None with regard to this report.

#### Other Implications

None with regard to this report.

#### Accessibility Implications

None with regard to this report.

### COMMUNICATIONS

All affected parties will be provided with a copy of this report prior to the Committee and City Council meeting and will receive a letter advising of the final decision of City Council.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE

A handwritten signature in black ink, appearing to read 'Ashley Thompson', followed by a horizontal line.

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Ashley Thompson, Secretary