

## Community Non-Profit Tax Exemptions - 2021

<b>Date</b>	December 9, 2020
<b>To</b>	Executive Committee
<b>From</b>	Financial Strategy & Sustainability
<b>Service Area</b>	Assessment & Property Revenue Services
<b>Item No.</b>	EX20-35

### RECOMMENDATION

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The Executive Committee recommends that City Council:

1. Approve the property tax exemptions listed in Appendix B subject to the Government of Saskatchewan approving the exemption or partial exemption of the education portion of the property tax levies where required.
2. Authorize the Executive Director, Financial Strategy & Sustainability or his delegate to apply for the approval of the Government of Saskatchewan on behalf of property owners for any exemption of the education portion of the property tax levies payable to the Government of Saskatchewan that is \$25,000 or greater on an annual basis.
3. Direct the City Solicitor to prepare the necessary bylaw to authorize the property tax exemptions for 2021 for those properties that are receiving one-year tax exemptions as listed in Appendix B.
4. Approve these recommendations at its December 16, 2020 meeting.

### ISSUE

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Twenty-six organizations have applied for 2021 property tax exemptions under the *Community Non-Profit Tax Exemption Policy* (CNPTEP) (Appendix A) for a total of 36 properties. Administration is recommending 25 of these organizations (Appendix B) be approved for 2021 property tax exemptions and one organization be denied (Appendix C). The municipal portion of the recommended exemptions are approximately \$1,170,262.

The education portion of tax levies is subject to *The Education Property Tax Act*, which specifies that any exemption or cancellation and refund of education tax levies payable to the Government of Saskatchewan (Government) that is \$25,000 or greater in any given year, must be approved by the Government. Administration will apply to the Government for any exemptions and cancellations approved by City Council that require Government approval.

## **IMPACTS**

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### **Financial Impact**

The financial impact for granting the property tax exemptions listed in Appendix A is approximately \$1,993,125 in estimated foregone tax revenue. The City's share of this estimated foregone revenue is approximately \$1,170,262. This is under the \$1.2M maximum outlined in the CNPTEP which will be incorporated into the 2021 proposed budget.

### **Policy/Strategic Impact**

The recommendation contained in this report is consistent with the Council-approved *Community Non-Profit Tax Exemption Policy* (CNPTEP).

### **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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None with respect to this report.

## **COMMUNICATIONS**

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All affected parties will be provided with a copy of this report prior to the Executive Committee and City Council meetings. Notification of City Council's decision will also be provided to all affected parties.

Copies of the report will be provided to the Regina Public Library Board, Regina Roman Catholic Separate School Division No. 81, and the Government of Saskatchewan.

## DISCUSSION

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

Prior to the adoption of the CNPTEP, Administration made recommendations to Council for property tax exemptions for non-profit organizations as individual requests were received based on individual circumstances and past practice. The practice resulted in requests presented to Council at various times throughout the year from all different types of organizations.

In addition to providing non-profit organizations property tax exemptions, the City also provides grants through the Council approved Community Investment Grants Program (CIGP). The CIGP funds non-profit organizations to deliver programs and services to Regina residents that align with City priorities, have a clear community impact and respond to community needs.

The CNPTEP was developed as a result of a Council request that Administration create a policy for the non-profit and charitable sector which would guide the consistent review and evaluation of applications for permissive property tax exemptions while considering the financial impact of exemptions on the City's other property owners.

The CNPTEP was developed through engagement with Council, non-profit organizations and the general public and aligns with the goals and principles of *Design Regina: The Official Community Plan Bylaw No. 2013-48* and the CIGP. Some of the priorities of the Community Investment Grant Program that are also supported through the CNTEP include programs and services that support Truth and Reconciliation, social inclusion, safe communities, improved awareness and access to arts and culture, promotion of active and healthy lifestyles in children and youth and support to communities to address hunger and food security and access to housing.

The purpose of the Community Non-Profit Tax Exemption Policy is to:

- set the parameters under which the City of Regina will consider applications for property tax exemptions from organizations with financial need;
- provide fair, consistent treatment and consideration for all applicants providing non-profit and charitable services for the benefit of Regina residents; and
- support the services and organizations in financial need that further Council's priorities, as outlined in *Design Regina: The Official Community Plan Bylaw No. 2013-48*, and for

which the burden resulting from the tax exemption is a justifiable expense to the taxpayers of Regina.

To balance City Council's desire to be fair and consistent in the approval of exemptions and abatements, while considering affordability, Administration worked from City Council's vision and the Official Community Plan to develop five principles that underlie the policy. Each principle is supported by criteria that provide a way of determining whether the principle has been met in practice.

**Principle #1 – Compliance with Legislation, Municipal Policies, Plans, Bylaws, and Codes**

The Applicant must comply with all applicable legislation, municipal policies, plans, bylaws, codes.

**Principle #2 – Non-Profit Organization**

Applicants must be a non-profit or charitable organization in operation for at least one year prior to the date of application.

**Principle #3 – Alignment with the City's Plans and Programs**

The Applicant's main services, programs and activities must align with the cultural, health and safety and social development priorities and objectives outlined in the OCP.

**Principle #4 – Accessible to the Public**

The Applicant's services, programs and activities should be equally available to all residents of Regina.

**Principle #5 – Financial Need**

The Applicant must demonstrate the organization is in need of the City's support and that its operations would be significantly impacted without the tax incentive.

The CNPTEP was approved by Council in 2018 and came into effect January 1, 2019. In 2020 administration surveyed all CIGP Community Partners, including organizations that receive a CNPTEP exemption. The survey was aimed at gathering feedback and input on the application and reporting process for each program to improve customer service and/or build internal efficiencies.

As a result of the feedback from the survey administration will:

- continue to ensure there is no duplication between application processes for organizations applying to both programs.
- work to revise the tax exemption application for organizations that have been approved for a tax exemption under CNTEP in previous years; and
- continue the adjudication process which merged both the CIGP and CNTEP applications to support informed and aligned decision making.

## **Application Process**

2021 is the second-year organizations applied for property tax exemptions under the CNPTEP. Information about the CNPTEP and applications are available online and previous recipients were sent applications directly. The application deadline for 2021 was June 30, 2020. Recognizing the impacts of the pandemic on the community, administration assisted organizations to ensure applications were complete.

Administration worked collaboratively with Parks, Recreation & Cultural Services in administering an application and adjudication process like that of the Community Investment Grants Program (CIGP). For applicants receiving CIGP funding as a Community Partner, the CNPTEP application process was streamlined by the sharing of information between City departments.

## **Adjudication**

The adjudication committee was composed of Administration from Assessment & Property Revenue Services, Parks, Recreation & Cultural Services and Budget & Long-term Financial Planning. The committee reviewed all applications and reached recommendations on each based on the policy criteria.

## **Results**

To be eligible for a tax exemption, an organization must conform to all principles and meet all requirements of the policy. Administration is recommending 25 applicants receive approval for exemptions. A summary of the requests for approval are shown in Table 1. Detailed information for each organization recommended for approval is attached as Appendix B.

**TABLE 1 – Summary of recommended CNPTEP exemptions:**

	Estimated Municipal Levy	Estimated Total Levy
2021	\$ 1,170,262	\$ 1,993,125
2020	\$1,113,730	\$ 1,902,612

Administration is recommending one organization not be approved for a 2021 property tax exemption as it does not meet requirements of the CNPTEP. A summary of this request and adjudication results is attached as Appendix C.

## DECISION HISTORY

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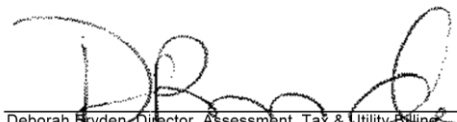

On December 17, 2018 Council approved CR18-22 Revised – Community Non-Profit Tax Exemption Policy (CNPTEP) and the policy became effective January 1, 2019.

On June 25, 2012 Council approved CR12-98 Community Grants Program.

2019 was the first year that organizations applied for exemptions under the new policy. On December 3, 2019 Council approved CR19-109 - Community Non-Profit Tax Exemption Policy approving exemptions for the 2020 tax year to twenty-three organizations totalling \$1,113,730 in municipal property taxes. At the same meeting Council also approved CR19-113 Community Non-Profit Tax Exemption Policy - Organizations not Recommended.

Respectfully Submitted,

Respectfully Submitted,

	
<small>Deborah Bryden, Director, Assessment, Tax &amp; Utility Billing 11/27/2020</small>	<small>Barry Lacey, Exec. Director, Financial Strategy &amp; Sustainability 12/1/2020</small>

Prepared by: Tanya Mills, Manager, Property Tax & Utility Billing

## ATTACHMENTS

Appendix A - Community Non-Profit Tax Exemption Policy

Appendix B - Properties Recommended for CNPTEP Exemption

Appendix C - Properties Not Recommended for CNPTEP Exemption