

March 26, 2018

To: His Worship the Mayor
And Members of City Council

Re: Delegation of Authority for Tax Agreement – Regina Roman Catholic Separate School
Division No. 81

RECOMMENDATION

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- MARCH 14, 2018**

1. That City Council delegate authority to the Executive Director, City Planning and Development or their delegate to finalize and approve a five-year agreement with the Regina Roman Catholic Separate School Division No.81 for collection and distribution of separate school education property taxes as further described in this report.
2. That City Council delegate authority to the Executive Director, City Planning and Development or their delegate to extend the initial five-year agreement on similar terms for a further five years should the terms continue to be satisfactory to the City of Regina.
3. That the City Clerk be authorized to execute the agreement with the Regina Roman Catholic Separate School Division in a form approved by the City Solicitor.

EXECUTIVE COMMITTEE – MARCH 14, 2018

The Committee adopted a resolution to concur in the recommendation contained in the report. Recommendation #4 does not require City Council approval

Mayor Michael Fougere, Councillors: Jason Mancinelli (Chairperson), Lori Bresciani (Teleconference), Sharron Bryce, John Findura, Jerry Flegel (Teleconference), Bob Hawkins, Joel Murray, Andrew Stevens and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at its meeting held on March 14, 2018, considered the following report from the Administration:

RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- FEBRUARY 14, 2018

1. That City Council delegate authority to the Executive Director, City Planning and Development or their delegate to finalize and approve a five-year agreement with the Regina Roman Catholic Separate School Division No.81 for collection and distribution of separate school education property taxes as further described in this report.
2. That City Council delegate authority to the Executive Director, City Planning and Development or their delegate to extend the initial five-year agreement on similar terms for a further five years should the terms continue to be satisfactory to the City of Regina.
3. That the City Clerk be authorized to execute the agreement with the Regina Roman Catholic Separate School Division in a form approved by the City Solicitor.
4. That this report be submitted to the March 26, 2018 City Council meeting for approval.

EXECUTIVE COMMITTEE – FEBRUARY 14, 2018

The Committee adopted a resolution to concur in the recommendation contained in the report.

Mayor Michael Fougere, Councillors: Lori Bresciani (Chairperson), Sharron Bryce, Jerry Flegel (Teleconference), Bob Hawkins, Jason Mancinelli, Mike O'Donnell, Andrew Stevens and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at the PRIVATE session of its meeting held on February 14, 2018, considered the following report from the Administration:

RECOMMENDATION

1. That City Council delegate authority to the Executive Director, City Planning and Development or their delegate to finalize and approve a five-year agreement with the Regina Roman Catholic Separate School Division No.81 for collection and distribution of separate school education property taxes as further described in this report.
2. That City Council delegate authority to the Executive Director, City Planning and Development or their delegate to extend the initial five-year agreement on similar terms for a further five years should the terms continue to be satisfactory to the City of Regina.
3. That the City Clerk be authorized to execute the agreement with the Regina Roman Catholic Separate School Division in a form approved by the City Solicitor.
4. That this report be submitted to the March 14, 2018 public meeting of the Executive Committee and the March 26, 2018 City Council meeting for approval.

CONCLUSION

This report contains the additional information received after report E18-1: Delegation of Authority for Tax Agreement was written.

The Regina Roman Catholic Separate School Division No.81 (RCSD) passed a bylaw enabling it to determine its own separate school division tax. As per *The Education Property Tax Act* (Act), if a separate school division determines its own separate school division tax, the municipality collecting the tax on its behalf must remit the taxes directly to that school division.

The agreement outlined in E18-1 will not cover the City of Regina's (City) obligations for taxes collected on behalf of and remitted to the RCSD. In addition to the agreement outlined in E18-1, administration will negotiate an agreement with the RCSD that will mirror the agreement with the Government of Saskatchewan (Government) for the collection and remittance of education property taxes. The Administration seeks the approval of City Council to delegate authority to the Executive Director of City Planning and Development to approve the agreement, including the authority to extend the agreement for a further five years.

BACKGROUND

As discussed in E18-1, *The Education Property Tax Act* (Act) governs the calculation, collection and payment of education property taxes. *The Education Property Tax Regulations* (Regulations) set out the details for the collection and payment of the taxes. This legislation came into effect on January 1, 2018.

The Act permits separate school divisions to pass a bylaw and to determine their own separate school division tax. Section 10(2) of the Act outlines the requirements for the collection and remittance of the separate school division tax if it is determined.

On January 16, 2018, the City received notice that the RCSD passed a bylaw enabling it to determine its own separate school division tax. This was done in accordance with the Act and means that, if a separate school division tax is determined by the RCSD, the City will collect and remit the separate school education property taxes directly to the RCSD as outlined in the legislation unless an agreement between the City and the RCSD is reached.

DISCUSSION

If a separate school division tax is determined administration will work with the RCSD to establish an agreement that will mirror the agreement with the Government outlined in E18-1. It is intended that the proposed agreement will allow the City to continue to use current processes of paying and reporting separate school education property taxes to the RCSD.

In summary, the Agreement with the RCSD would provide for the following:

- The City will provide the RCSD with the full amount of the education property taxes that are levied on their behalf;

- The City will remit the education property taxes to the RCSD on a monthly basis based on the previous year's collection pattern. This amount will be reconciled with the actual amount levied at the end of the year;
- In exchange for providing the RCSD with the full levy; the City will receive the benefit of retaining all penalties and interest collected by the City (normally the interest and penalties would be shared with the RCSD) and the City will retain all revenue received through the tax enforcement process including revenue received on the sale or lease of any land;
- The City will not be required to separately record and report on interest and penalties for the education property taxes as the interest and penalties will be retained by the City;
- The City will remit grants in lieu of property tax to the RCSD in the month after they are received;
- The amount of the education property taxes paid will be adjusted to account for any assessment appeal decisions;
- Exemptions, abatements, cancellations, reductions, refunds or deferrals of education property taxes will be administered in accordance with the Act, sections 9, 10, and 11 of the Regulations, and *The Cities Act*.

With the exception of the administration charge and exemptions, the above mirrors the arrangement that the City has had with the school boards for decades.

The benefits, risks and implications of entering into an agreement with the RCSD are the same as those discussed in E18-1 for the recommended Agreement with the Government. In summary, if the City does not enter into an agreement with the RCSD, it must comply with the legislation. Current systems do not allow compliance and the City may be subject to financial penalties; therefore, the Administration recommends proceeding with an agreement with the RCSD.

RECOMMENDATION IMPLICATIONS

Financial Implications

The new legislation does not allow for an administration fee to be charged for any services or duties required as part of the Act. Previously an administration fee of 1.8 per cent of the education property tax levy was charged to the school boards for services provided. The total 2017 administration fee to the school boards was \$2,380,385, \$738,347 of which was charged to the RCSD. This reduction in revenue has been reflected in the 2018 budget.

For the same reasons it is preferable to enter into an agreement with the Government, (the current system does not function in the manner required to report education property tax levies and penalties as outlined in legislation) it is not feasible to determine the exact financial impact of not entering into this agreement.

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. If a separate school tax is determined and the City does not enter into an agreement with the RCSD, it must comply with the legislation. The current tax and assessment system does not allow compliance and the City may be subject to financial penalties.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

EXECUTIVE COMMITTEE



Jim Nicol, Secretary