



Community Non-Profit Tax Exemptions – 2022

Date	November 17, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Assessment & Property Revenue Services
Item No.	EX21-77

RECOMMENDATION

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. Revise the Community Non-Profit Tax Exemption Policy to increase the financial cap to \$1.24 million and have the cap increase every year at a rate equal to the previous year's mill rate increase.
3. 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.
4. Direct the City Solicitor to prepare the necessary bylaw to authorize the property tax exemptions for 2022 for those properties that are receiving one-year tax exemptions as listed in Appendix B.
5. Approve these recommendations at its meeting on November 24, 2021.

ISSUE

34 organizations with a total of 54 property tax accounts have applied for 2022 property tax exemptions under the Community Non-Profit Tax Exemption Policy (CNPTEP) (Appendix A). Administration is recommending 31 of these organizations (47 properties) be approved for 2022 property tax exemptions (Appendix B) and three organizations (seven properties) be denied (Appendix C). The municipal portion of the recommended exemptions are approximately \$1,232,605.

The CNPTEP states that the total amount of exempted municipal tax dollars will not exceed \$1.2 million in a given year. For 2022, the total municipal property taxes from approved properties exceed this amount. Administration is recommending Council approve a 100 per cent exemption for all recommended exemptions and revise the CNPTEP to increase the cap to \$1.24 million and increase the cap in future years by the amount of the previous year's mill rate increase.

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

Financial Impact

The total financial impact for granting the property tax exemptions as listed in Appendix B is approximately \$2,047,149. The City's share of this estimated foregone revenue is approximately \$1,232,605, \$32,605 more than the combined maximum property tax exemptions allowed under the current CNPTEP. The maximum total property tax exemptions allowed under the CNPTEP is \$1.2 million which has remained unchanged since the policy was approved in 2018.

Administration is recommending that the combined maximum property tax exemptions allowed under the policy be increased to \$1.24 million, and that in future years it be increased annually by the amount of the previous year's mill rate increase. This change ensures the value (compared to changes in tax rates) of the combined maximum property tax exemption allowed under the policy is not reduced as property tax mill rates increase over time. If approved, this would result in an additional \$32,605 in property tax exemptions being approved in 2022.

Policy/Strategic Impact

The properties recommended for exemption are consistent with the CNPTEP and previous decisions by Council but reflect growing tensions within the policy. Since the implementation of the CNPTEP in 2019, the funding for the policy has not increased but the municipal mill rate has increased each year, increasing the amount of municipal exemption funding required for approved organizations. There has also been an increase in the number of eligible organizations applying for CNPTEP exemptions. These trends have resulted in the requested funding for eligible organizations exceeding the \$1.2 million cap. The CNPTEP allows Administration to recommend prorating exemptions to stay within the cap but does not provide direction on which services, if any, should be prioritized.

Prorating is useful for staying within the budget for a given year but over the long term, the static cap may undermine the purpose of the policy which is to support services and organizations in financial need. Increasing the cap for 2022 and indexing future years to the mill rate increases ensures that mill rate increases do not lessen the support provided to eligible organizations and ensures the policy will continue to fulfill its purpose in future years.

A policy review of the CNPTEP will be completed when the Community Safety and Wellbeing Plan is approved to maintain alignment between the CNPTEP and the City's strategic plans. Administration will bring forward recommendations for policy amendments following the review. The recommendation in this report does not consider funding needs that may arise from the review as they are unknown at this time. Additional funding requirements identified, will be considered in recommendations for policy amendments following the review.

Accessibility Impact

Review of the accessibility requirements will be done as part of the general review following the approval of the Community Safety and Wellbeing Plan. In anticipation of policy review and in the spirit of the policy articulated by Executive Committee when they considered the 2021 CNPTEP exemptions, equity enhancing organizations that limit membership are not excluded from the 2022 recommendations.

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

Option 1: Do not change the maximum amount of combined property tax exemptions allowed under the CNPTEP, requiring a partial tax exemption be approved for some properties in order to remain within the combined maximum property tax exemption limit of \$1.2 million. Approve the property tax exemptions listed in Appendix D subject to the Government of Saskatchewan approving the exemption or partial exemption of the education portion of the property tax levies where required.

In this option, full exemptions are recommended for specific properties and the remaining properties are pro-rated equally at a rate of 97.03 per cent of the eligible portion of the property to remain within the current \$1.2 million combined property tax exemption limit under the policy.

A full exemption is recommended for the Regina Public Library and the Royal Canadian Legion Branch #001 as these properties would be tax exempt under *The Cities Act* if they owned their premises. The community gardens are recommended for full exemptions as they are operating on City or Provincial property that would be exempt under *The Cities Act* if it were not leased to the gardens' operators.

The CNPTEP allows for exemptions for individual properties to be pro-rated to stay within the cap. The policy states that Council may grant exemptions to properties where the exemption provides the most financial benefit to the City first, then place a cap on the dollar value and/or pro-rate exemptions granted on individual properties.

The total financial impact for granting the property tax exemptions as listed in Appendix D is approximately \$1,984,330. The City's share of this estimated foregone revenue is approximately \$1,199,906.

COMMUNICATIONS

All affected parties have been provided with the adjudication committee's recommendation for their application and 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

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 in 2018, 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 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.

Application Process

2022 is the third 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 2022 was June 30, 2021. 34 organizations with a total of 54 property tax accounts applied for 2022 property tax exemptions under the CNPTEP. Recognizing the impacts of the pandemic on the community, Administration assisted organizations to ensure applications were complete.

Adjudication

The adjudication committee was composed of a cross section of Administration personnel. 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 31 applicants receive approval for exemptions on 47 properties. A summary of the financial impacts of the properties recommended exemptions are shown in Table 1. Detailed information for each organization recommended for approval is attached as Appendix B.

Table 1 – Summary of CNPTEP exemptions

	Municipal Levy	Total Levy
2022	\$1,232,605*	\$2,047,149 *
2021	\$1,223,442	\$2,032,892
2020	\$1,113,730	\$1,902,612

**Estimated levy, based on recommendation and 2021 mill rates.*

Administration is recommending three organizations not be approved for a 2022 property tax exemption as they do not meet requirements of the CNPTEP:

- German Canadian Society Harmonie: Purpose does not meet the specific policy criteria in policy Principle #3.1(a) – Alignment with the City’s Plans and Programs. The German Canadian Society offers cultural events and experiences to the community but they are not unique in these services, nor are they delivering a unique collection of programs that would not be possible in another space.
- Canadian Blood Services: This organization has received funding under the CNPTEP for the property located at 2571 Broad Street from 2001 to 2021. For 2022, the adjudication committee had further conversations with Canadian Blood Services and identified they do not meet the criteria in Principle #5 -Financial Need as the organization has significant financial resources and stable funding from other levels of government.
- Al-Baaqi Foundation Inc.: Does not meet criteria in point (f) in policy Principle #3.1–Alignment with the City’s Plans and Programs. Al-Baaqi Foundation has applied for an exemption on three adjacent parcels of land on which they intend to construct a Mosque and a school. The facility may receive a statutory exemption, outside this policy, once complete but construction will not begin at this site for 10 to 15 years as the site does not have infrastructure and is not zoned for immediate development. Policy Principle #3.1(f) is intended to provide support for

organizations that will receive statutory exemptions once complete while in the construction phase. Therefore, the policy requires a building permit to be issued and construction timeline of two years to qualify under this point. As this site does not have permits and construction is not intended to begin for 10 to 15 years, the Adjudication committee does not recommend these properties for exemption under the policy.

A summary of this recommendation and adjudication results is attached as Appendix C.

Community Non-Profit Tax Exemption Policy Review

At the December 9, 2020 Executive Committee meeting, Council requested Administration specifically review the eligibility criteria in the CNPTEP concerning Principle #3 – Alignment with the City's Plans and Programs and Principle #4 – Accessible to the Public.

While specific revisions to the CNPTEP have not been made in 2021 to address the concerns of Council raised at the December 9, 2020 Executive Committee meeting, the adjudication committee considered Council's comments in making recommendations for the 2022 exemptions.

The CNPTEP was scheduled for general review in 2021 to ensure the policy continues to align with the City's strategic plans and policies. These plans currently include the Regina Cultural Plan, the Recreation Master Plan, and the Community Investment Grant Program.

Administration has moved the review to 2022, after the Community Safety and Wellbeing Plan is approved, to ensure the principles in the CNPTEP align with that plan in addition to the existing City plans.

DECISION HISTORY

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

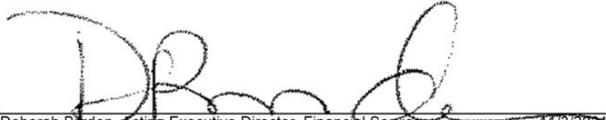
On December 17, 2018 Council approved CR18-22 Revised – Community Non-Profit Tax Exemption Policy (CNPTEP) and the policy became effective January 1, 2019.

On December 16, 2020 Council approved CR20-103 – Community Non-Profit Tax Exemptions - 2021 approving exemptions for the 2021 tax year to 26 organizations. This included an amendment to include the Girl Guides of Canada.

The recommendations contained in this report require City Council approval.

Respectfully submitted,

Respectfully submitted,


Deborah Biden, Acting Executive Director, Financial Services 11/3/2021


Barry Lacey, Exec. Director, Financial Strategy & Sustainability 11/9/2021

Prepared by: Tanya Mills, Manager, Assessment & Property Revenue Systems

ATTACHMENTS

- Appendix A - Community Non-Profit Tax Exemption Policy
- Appendix B - CNPTEP Applicants Recommended for Exemption
- Appendix C - CNPTEP Applicants Not Recommended for Exemption
- Appendix D - CNPTEP Option 1