

June 2, 2015

To: Members,
Finance and Administration Committee

Re: Regina Flying Club Request for Property Tax Exemption

RECOMMENDATION

1. That the request from the Regina Flying Club for a tax exemption for the property at 2610 Airport Road for the 2015 tax year be DENIED; and
2. That this report be forwarded to the June 22, 2015 meeting of City Council.

CONCLUSION

The Regina Flying Club (RFC) has requested a tax exemption for the property they own at 2610 Airport Road for the 2015 tax year. As there is no City policy to support an exemption for not-for-profit organizations, it is recommended that the request be denied.

BACKGROUND

A letter was received from the RFC requesting a tax exemption for the 2015 tax year (Appendix A). The RFC is experiencing a down turn in its activity and feels a tax exemption would help them to maintain their community partnerships and activities.

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

DISCUSSION

The Regina Flying Club (RFC) is a not-for-profit organization that operates a flight training school out of its facility at the Regina International Airport. The RFC was established in 1927 to teach flight training to meet both civilian and military needs. From 1940 to 1944 during the Second World War, the RFC participated in the British Commonwealth Air Training Plan training pilots, observers and navigators.

In 1944 the RFC became a not-for-profit organization. Today, the RFC operates a flight training school from its facility leased from the Regina Airport Authority for persons interested in recreational or commercial flying. The RFC is also a designated education institution and is a flight training affiliate with the Saskatchewan Polytechnic Commercial Pilot Diploma Program.

The RFC maintains community partnerships with local aviation community organizations including Civil Air Search and Rescue Association, the Royal Canadian Air Cadets and the Canadian Owners and Pilots Association.

Several charities have been the recipient of donations from the RFC. The RFC hosts an annual open house event to provide Regina citizens an opportunity to learn about aviation. During the open house, airplane rides are offered with the proceeds going to a local charity.

In 2014 the RFC had 229 members with an overall 2,862 flying hours. The membership fees are \$150 per year, an increase from \$70 per year in 2013.

In November of 1992 the RFC and the City of Regina entered into a property tax repayment schedule that saw the RFC make annual payments for 20 years as well as the annual levy every year. The City would not proceed with Tax Enforcement proceedings against the RFC if the payment plan was adhered to. The payment plan ended in 2012 and since then RFC has paid property taxes annually.

The RFC requests a tax exemption for the 2015 tax year to assist in its current financial downturn. In recent years the weather has not allowed for high flying hours and they are having a difficult time maintaining partnerships and activities serving the interests of the aviation community.

City Council does not have a policy to provide tax exemptions or reduced taxes to non-profit charitable or recreational entities. City Council has moved to a policy of providing Community Investment Grants for support provided to organizations that provide sport, recreation, arts and cultural services, as well as organizations with a mandate to address social development issues. The Community Investment Grants have limited funding to disburse to groups that apply.

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 January 1, 2011. Over that time frame, there was significant change in the value of properties with land in particular increasing in value at a faster rate than improved properties. The 2013 assessed value was \$921,800 compared to the 2012 assessed value of \$335,300. The property includes 1.355 acres of land and a 22.873 square foot storage hangar.

Tax Year	Assessed Value	Municipal Tax	Library Tax	School Tax	Phase-In	Total 2015 Tax
2012	\$335,300	\$6,227.17	\$668.68	\$4,107.41		\$11,003.26
2013	\$921,800	\$10,340.17	\$1096.08	\$7,632.49	(\$6,016.25)	\$13,052.49
2014	\$922,200	\$10,953.42	\$1,118.49	\$7,635.81	(\$3,008.13)	\$16,699.59
2015	\$774,700	\$9,560.30	\$964.92	\$6,414.51		\$16,939.73

The Regina Flying Club provided its unaudited financial statements for the year ended November 30, 2014. The statements show a net deficiency of revenue over expenses from operations of \$29,895 for 2014 with revenues totalling \$760,858 and expenses of \$790,753.

RECOMMENDATION IMPLICATIONS

Financial Implications

If the recommendations in the report are approved there would be no financial impact for the City. If a property tax exemption were provided the annual amount of the exemption would be \$16,939.73 with the city share being \$9,560.30. A tax exemption for this property was not in the 2015 budget and would be a variance to the revenue in the 2015 budget.

Environmental Implications

None with regards to this report.

Policy and/or Strategic Implications

None with regards to this report.

Other Implications

None with regards to this report.

Accessibility Implications

None with regards to this report.

COMMUNICATIONS

A copy of this report was provided to the School Boards, the Regina Public Library and the Regina Flying Club.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Don Barr".

Don Barr, Director / City Assessor
Assessment, Tax & Real Estate

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Diana Hawryluk".

Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by:
Deborah Bryden, Manager Property Tax & Administration