

City Policy

Approved By City Council: 2018/12/17	Policy Number: 2018-1-CPD
Council Report: CR18-122	
Effective Date: 2019/01/01	Recommended by: Executive Committee
Next Review: 2021/01/01	
Policy Owner: Manager, Property Tax & Administration Assessment & Taxation Department	
Title: Community Non-Profit Tax Exemption Policy	

1.0 Policy Statement

To consistently review and evaluate applications for permissive property tax exemptions from non-profit and charitable organizations.

2.0 Purpose

The purpose of this 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* (OCP), and for which the burden resulting from the tax exemption is a justifiable expense to the taxpayers of Regina.

3.0 Definitions

In this Policy, unless the context otherwise requires:

Abatement means a cancellation, reduction, refund or deferral of property taxes authorized by section 244 of *The Cities Act*.

Access/accessible/accessibility is a general term used to describe the degree to which an activity, service, or physical environment is available to as many people as possible, regardless of their physical abilities or socio-economic background. Improving accessibility involves removing economic, physical, cultural, and transportation barriers to participation in programs, projects and facilities.

Applicant means the organization applying for a tax exemption.

Assessed value means the property assessment determined in accordance with *The Cities Act* and adopted by the Saskatchewan Assessment Management Agency.

Building permit means a permit issued under the City of Regina *Building Bylaw* No. 2003-7.

CIG Program means the City of Regina's Community Investment Grants Program, which is designed to fund and partner with community non-profit organizations to deliver programs, projects and services that align with the City's priorities, have a clear community impact and respond to community needs.

City means the City of Regina.

Community garden means a single piece of land gardened collectively by a group of people for fruits, vegetables, or flowers.

Executive Director means the Executive Director of the City Planning & Development Division, or his or her designate.

Exemption means an exemption or an abatement from property taxes provided under *The Cities Act*

Food security refers to the goal that all residents have access to safe, culturally appropriate and nutritious food through an economically and environmentally sustainable food system that promotes self-reliance and social justice.

OCP means *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)*, a comprehensive policy framework to guide the physical, environmental, economic, social and cultural development of the city. The goals and policies in *Design Regina* aim to create a sustainable city where social, environmental and economic concerns are addressed.

Statutory exemption means an exemption from property taxes provided under section 262 of *The Cities Act*.

4.0 Legislative Authority

Section 244 of *The Cities Act* permits a council to cancel or reduce tax arrears, cancel or refund all or part of a tax, or defer the collection of a tax in accordance with the provisions of the Act.

Subsection 262(3) of *The Cities Act* permits a council to exempt any property from taxation in whole or in part with respect to a financial year.

Subsection 262(4) of *The Cities Act* permits a council to enter into an agreement with the owner or occupant of any property for the purpose of exempting that property from taxation, in whole or in part, for not more than five years. A council may, in that agreement, impose any terms and conditions that it may specify.

5.0 Policy

A. General

To be eligible for a tax exemption, an organization must conform to the following principles and meet all the requirements of this policy. Each principle is supported by specific criteria that provide a way of judging whether the principle has been met in practice. Relaxation of any requirement is at the discretion of the Executive Director of Planning and Development or their designate.

Tax exemptions may be granted to the portion of a property or a percentage of the assessed value equivalent to the proportion of services provided by the Applicant, that meets all the requirements of this policy.

Council may provide relief from municipal property taxes, and/or other taxing authorities in accordance with and to the extent permitted by *The Cities Act* and applicable provincial legislation and regulations that govern education and library property taxes.

Tax exemptions are dependent on the annual budget set by Council.
The total amount of exempted municipal tax dollars will not exceed \$1.2 million.

To implement this, 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. Council, at its discretion, may cancel any or all exemptions within a given year.

B. Principles and Criteria

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

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

The intent of this principle is to ensure that organizations receiving municipal support reflect the goals, policies and general operating principles of the City.

Criteria:

- 1.1 The Applicant's property use must conform to zoning, building and land use bylaws. Applicable bylaws include but are not limited to:
 - Zoning Bylaw
 - The Building Bylaw
 - The Clean Property Bylaw
 - The Regina Fire Bylaw
 - The Regina Community Standards Bylaw

- 1.2 Applicants must support the City's official plans, including but not limited to:
 - Design Regina: The Official Community Plan
 - The Recreation Master Plan
 - The Cultural Plan

- 1.2 Applicants must be in good standing with the City (i.e. no outstanding accounts such as unpaid taxes, utilities, tickets, permits, or follow-up reports required pursuant to a grant or other funding program).

- 1.3 Applicants must comply with any applicable provincial or federal legislation, including but not limited to:
 - Section 15 of the Canadian Charter of Rights and Freedoms which prohibits discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability except where the object of the Applicant's program is to improve the conditions of disadvantaged individuals or groups as authorized by section 15(2) of the Charter.
 - The Planning and Development Act, 2007
 - The Uniform Building and Accessibility Standards Act and Regulations (which incorporates the National Building Code)
 - The Fire Safety Act and Regulations (which incorporates the National Fire Code)

Principle #2 – Non-Profit Organization

Applicants must be a non-profit or charitable organization.

The intent of this principle is to ensure that municipal support is not used for commercial or private gain, and that organizations are publicly accountable entities with the authority to manage funds and receive grants from governments and funding agencies.

Criteria:

2.1 Applicants must be:

- (a) a charitable or membership non-profit corporation incorporated or registered pursuant to The Non-profit Corporations Act, 1995 or the Canada Not-for-profit Corporations Act and be in operation for at least one year prior to the date of application; or
- (b) a non-profit co-operative incorporated or registered pursuant to The Co-operatives Act, 1996 or the Canada Co-operatives Act and be 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 parks recreation and open space, cultural, health and safety and social development priorities and objectives outlined in the OCP.

The intent of this principle is to ensure that tax exemptions are used to support organizations that further Council's objectives of enhancing quality of life and delivering services economically as set out in the OCP.

Criteria:

3.1 Applicants must meet one or more of the following requirements whereby the Applicant:

- (a) operates as a sport, culture, recreation, arts or heritage organization in a single facility that is delivering a service that is not provided by another organization in the city and:
 - (i) are able, often because they are purpose-built or retrofitted, to deliver a unique collection of programs that would not be possible in another space; or
 - (ii) are positioned strategically within the city to enhance the activation of key institutional, recreation and economic hubs, such as in Wascana Centre and in downtown Regina;

- (b) supports community gardens on public lands;
 - (c) supports communities to create collaborative strategies to address hunger and food security through education and training for marginalized communities;
 - (d) enhances public safety, security and emergency preparedness for the citizens of Regina;
 - (e) would receive a statutory exemption as per Sections 262 (j) or (p) of *The Cities Act* if the organization owned the building or land.
 - (f) is, at the time of application, under construction and once complete will qualify for a statutory exemption provided that:
 - (i) a building permit for the site has been issued; and
 - (ii) construction and occupancy of the property and/or facility will be complete within two years of the date of application.
- 3.2 Tax exemptions are based on the main use of the property being considered for an exemption, not on the non-profit or charitable service of the Applicant as a whole.
- 3.3 Any portion of the property used by the private sector or an organization not meeting the terms of this policy is not eligible for a tax exemption

Principle #4 – Accessible to the Public

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

The intent of this principle is to ensure that the organization does not prohibit the public from participation.

Criteria:

- 4.1 Applicant must demonstrate that the services, programs and activities provided are available to the public, and that efforts are made to remove any economic, physical, cultural and transportation barriers to participation.
- 4.2 Where special equipment, knowledge or developed skills are required as a prerequisite to participation, the knowledge or skill development should be available to the public from the Applicant (i.e. equipment rentals, learn-to programs).
- 4.3 Members of the public, within the appropriate age range, may join the Applicant's organization or participate in its activities for a nominal rate or fee.

Principle #5 – Financial Need

The Applicant must demonstrate that the organization needs the City's support and that its operations or user fees would be significantly impacted without the tax exemption.

The intent of this principle is to balance the cost to tax payers with the financial benefit to the Applicant's organization while considering the impact on the services provided by the applicant.

Criteria:

- 5.1 Applicants must present a business case that demonstrates:
- (a) How funding will be used to deliver services,
 - (b) How it will continue to deliver its core services if a tax exemption is not received.
 - (c) How a lack of a tax exemption would:
 - (i) impair services to the community or;
 - (ii) impose hardship on the users of the services of the program.
- 5.2 If an Applicant is leasing the property, documents that indicate that the Applicant will receive the benefit of the tax exemption are required. Documents should demonstrate that the lease payments will be reduced by the amount of the tax exemption, or that other considerations equivalent to the value of the tax exemption will be provided by the landlord.

C. Duration of the Tax Exemption

Applicants may receive tax exemptions for:

- one calendar year; or
- where it is demonstrated that the services and/or benefits the Applicant offers to the community are of a duration exceeding one year, for a term of not more than four calendar years.

D. Conditions

Conditions of the tax exemption may include but are not limited to:

- registration of a covenant restricting use of the property;
- a requirement that the Applicant will continue a specific service or program;
- a requirement that the Applicant have the property available for public use for specific times or a total amount of time;

- a requirement that the Applicant offer use of the property available to certain groups free of charge or at reduced rates; and
- a requirement that the Applicant will immediately disclose any substantial increase in the organization's revenue or anticipated revenue.

E. Failure to Comply with Conditions

Where an organization breaches any conditions of the tax exemption, Council may take one or more of the following actions:

- revoke the tax exemption with notice;
- disqualify any future application for tax exemptions for a specific period; or
- require repayment of monies equal to the foregone tax revenue.

F. Cancellation of the Tax Exemption

A property receiving a tax exemption becomes taxable if:

- the use of the property changes to a use that does not qualify for the tax exemption; or
- the occupant of the property changes and the new occupant does not qualify for the tax exemption.

G. Process

A complete application with supporting documentation must be submitted to the City of Regina, using the prescribed application form:

- by June 30 in the year preceding the year for which they are requesting the tax exemption.

Application submissions must include:

- (a) a copy of the Certification of Incorporation;
- (b) if registered in Saskatchewan, a Corporate Registry Profile Report from Information Services Corporation;
- (c) a description of the programs, services and/or benefits delivered from the property including participant numbers, volunteer hours, benefiting groups, individuals, and/or special needs populations, and the fees charged for participation;
- (d) a description of any third-party use of the property including user group names, fees charged, and conditions of use;
- (e) for the last three (3) years, copies of:

- (i) audited financial statements, or
- (ii) where audited financial statements are not available, financial statements that have been verified as correct by two signing officers from the organization;
- (f) a copy of the certificate of title or lease agreement, as applicable; and
- (g) evidence of funding requests from other sources, if applicable.

Administration will review and process all applications and make recommendations to Council. The recommendation will include whether the tax exemption will be granted as an exemption or an abatement. If approved by City Council, the exemption or abatement will be authorized by Council's passage of an enabling bylaw. The Applicant may also be required to enter into a tax exemption agreement with the City.

All recipients of tax exemptions from the City are required to publicly acknowledge the exemption.

H. Transition Provisions

Applications for tax exemptions will be considered under the following terms:

- (a) all applications received on and after January 1, 2019 will be considered under this policy;
- (b) all properties exempt from property taxes for the 2018 calendar year pursuant to *The Properties Exempt from Taxation Bylaw, 2018* shall be transitioned to the new policy as follows:
 - (i) for the 2019 calendar year the properties shall receive an exemption for their property taxes on the same terms and conditions as the exemption granted for the 2018 calendar year
 - (iii) for the 2020 and all subsequent years, the application for a tax exemption must comply with the terms of this policy.

I. Roles and Responsibilities

The Executive Director, or their delegate, in their sole discretion conclusively determines compliance with the eligibility criteria for tax exemptions under this policy. Council approval of all tax exemptions under this Policy is required through the passing of a bylaw. The Executive Director is authorized to finalize and approve the terms of any tax exemption agreements entered into pursuant to this policy, and the City Clerk is authorized to execute the agreements after review and approval by the City Solicitor.

Amendments to this policy made from time to time require approval by Council.

6.0 Related Policies or Bylaws

Council's authority to grant property tax exemptions is also exercised under the following policies and programs, as applicable:

- Heritage Incentive Policy,
- Housing Incentives Policy,
- Downtown Residential Tax Incentives Policy,
- Economic Development Incentives Program, and
- 2013 boundary alteration tax mitigation principles and tools.

7.0 Reviews

Date of Policy Owner's Review	High Level Description
2019/01/01	Initial Release
2021/01/01	Scheduled Review of Policy

8.0 Amendments

Date of Council Decision	Council Report #	Main Committee	Date of Main Committee Review	Description