



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 12.1.2
Audit and Finance Standing Committee
February 12, 2016

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Amanda Whitewood, Director of Finance & ICT/CFO

DATE: January 27, 2016

SUBJECT: Tax Relief for Non-Profit Organizations: Proposed Renewal of Tax Relief for Leases Removed from Administrative Order Schedules

ORIGIN

December 7, 2015 – Grants Committee approved tax relief for ten (10) organizations previously on Schedules 26, 27 and 29 of Administrative Order 2014-001-ADM removed from the tax relief program because their current status does not comply with Section 5A. Further to the staff report dated October 22, 2015, staff have been advised that the policy cannot be selectively suspended. In the alternative to providing a grant under the policy, Regional Council may issue a grant upon a resolution of the Council. Because the cost of any tax relief to the groups identified does not fall under a formal municipal grant program, consideration must be routed through the Audit & Finance Standing Committee as per Section 8(a) of the standing committee's terms of reference.

LEGISLATIVE AUTHORITY

- *HRM Charter* (2008) s.79(1) "The Council may expend money required by the Municipality for...
(av) a grant or contribution to

(v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province,
(vii) a registered Canadian charitable organization;"
- Audit & Finance Standing Committee, Terms of Reference, clause 8(a)." "The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:....(a) new programs or services not yet approved or funded;"

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council approve a grant for the nine (9) organizations/ten(10) properties listed in Attachment 1 of this report for fiscal year 2015-16, effective April 1, 2015, unless stated otherwise, at an estimated combined cost of \$129,766 from Account M311-8006.

BACKGROUND

Administrative Order 2014-001-ADM, the *Tax Relief For Non-Profit Organizations Administrative Order* ("Administrative Order") limits tax relief to the property owner or those with long-term written leases agreements¹. Section 5A of the Administrative Order states:

5A. Council may provide tax relief to an eligible non-profit organization or an eligible registered Canadian charitable organization that leases real property that is located within the Municipality if:

(a) the real property is leased, for a minimum of five (5) consecutive years with a minimum of three (3) years remaining, from

- (i) the Government,
- (ii) another non-profit organization or registered Canadian charitable organization,
- (iii) another person, or
- (iv) another entity;

and

(b) the lease requires an eligible tenant non-profit organization or an eligible tenant registered Canadian charitable organization to pay the real property taxes on that portion of the real property that has been leased to the eligible organization.

Several organizations previously accepted into the program were in long-term leases agreements with HRM that reached the end of the term of the agreement and have been held-over. One (1) lease is with the Province of Nova Scotia. While these agreements generally meet the spirit of the program they do not meet the technical requirements of Section 5A of the Administrative Order and have been removed from the Schedules that form part of the Administrative Order as required under Section 18.

As an interim measure, assistance was provided in the 2014-15 fiscal year under the Valuation Allowance. Currently these tax accounts are not uncollectable, or the consequence of an assessment appeal or billing correction. Although renewals are under consideration, the timing of any new agreement is unconfirmed, hence it is recommended that Regional Council be asked to approve the provision of a grant for the 2015-16 fiscal year by a resolution of the Council equivalent to the amount of the grant they would have received under the Administrative Order had they been eligible.

DISCUSSION

The proposed ten (10) awards and itemized costs are listed in Table 1 of **Attachment 1** of this report.

FINANCIAL IMPLICATIONS

All figures in this report have rounded to the nearest dollar and are estimates that exclude any assessment appeal or account corrections.

2015-16 Budget M311-8006	\$3,535,000
Less recommended renewal of 626 properties	(\$3,044,426)
Less Leases to be Renewed (Table 1)	(\$129,766)
Less recommended addition of 39 properties	(\$124,236)
Less pro-rated awards for 3 properties removed	(\$9,575)
Balance	\$226,997

¹ The tenant is the party billed by HRM.

COMMUNITY ENGAGEMENT

Not applicable. The proposed awards have been approved in principle by the Grants Committee at their meeting of December 7, 2015; this report refers to a procedural matter.

ENVIRONMENTAL IMPLICATIONS

None.

ALTERNATIVES

The Grants Committee could amend their previous approval of tax relief for the nine (9) organizations and ten (10) properties listed in Table 1.

ATTACHMENTS

1. Recommended Tax Relief Grants for Fiscal Year 2015-16: Leases to be Renewed.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Peta-Jane Temple Team Lead Tax & Contributions, HRM Finance & ICT 902.490.5469

Report Reviewed by: Derk Slaunwhite, Senior Solicitor, Legal & Risk Management Services 902.490.4226

Original Signed

Report Approved by: Bruce Fisher Manager of Financial Policy & Planning, Finance & ICT 902.490.4439

Attachment 1

Recommended Tax Relief Grants for 2015-16: Leases to be Renewed

Table 1. Recommended Tax Relief Grant for Renewals (M311-8006)						
2015 Assessment Value and Tax Rates						
#	Organization	Civic Address	Rationale	2015 Tax	Tax Relief	Pays
Schedule 26						
1	Abernaki Aquatic Club/HRM	20A-22 Swanton Drive, Dartmouth	Land lease expired	\$17,879	(\$17,879)	\$0
1	Association of Special Needs Recreation/HRM	82 Cobblestone Lane, Musquodoboit Harbour	Land license expired	\$868	(\$868)	\$0
1	Dartmouth Lawn Bowls Club/HRM	2 Mount Hope Avenue, Dartmouth	Land lease expired	\$5,356	(\$5,356)	\$0
1	Kinsmen Club of Sackville/HRM	PID#00359968 1A Kingfisher Way and 71 First Lake Drive, Sackville	Land lease expired	\$54,599	(\$54,599)	\$0
2	Sackville NS Lions Club/HRM	101 Beaver Bank Road, Lower Sackville	Lease expired	\$13,468	(\$13,468)	\$0
	Sackville NS Lions Club/NS Community Services	Lot 2 Beaver Bank Road,	Land lease expired	\$4,997	(\$4,997)	\$0
1	Senobe Aquatic Club/HRM	PID#00636308 Nowlan Street, Dartmouth	Land lease expired	\$1,544	(\$1,544)	\$0
Schedule 27						
1	South End Community Daycare/HRM	5594 Morris Street, Halifax	Lease expired	\$16,715	(\$15,203)	\$1,512
1	Spencer House Seniors Centre/HRM	5596 Morris Street, Halifax	Lease expired	\$15,221	(\$13,845)	\$1,376
Schedule 29						
1	Lake Echo Lions Club/HRM Pro-rated	3168 Highway 7, Lake Echo	Lease expired	\$3,345	(\$2,007)	\$1,338
10				\$133,992	(\$129,766)	\$4,226