



# Non-Profit Tax Relief

Grants Committee

October 6, 2014



# Outline

- **Sample NP Rates & Implications**
  - By three groupings
  - By Community NP sector
  - By individual organization
- **Additional Information**
  - By sector
  - By district
- **Potential Phase-In Approach**
- **Discussion of Consultation**



# Rate Options

	<b>Under Current By-Law</b>	<b>Revenue Neutral NP Rates</b>	<b>Option 3: Even Lower Homelessness &amp; Community NP</b>
<b>Tax Rates, by Category</b>			
Affordable & Supportive Housing	Varies	90 cents	80 cents
Homelessness	Varies	40 cents, Max \$20k	Max/Min \$100
Community Non-Profits	Varies	90 cents, Max \$20k	40 cents, Max \$20k
<b>Program-Level Impacts</b>			
<b>Average Tax Bill</b>	<b>\$8,012</b>	<b>\$8,070</b>	<b>\$5,753</b>
Number of NPs increasing		118	92
Number of NPs decreasing		87	113
<b>Avg Change per Organization</b>		<b>\$58</b>	<b>-\$2,281</b>
<b>Loss of Tax Revenues</b> (2014-15 Budget is \$3,535,000)	<b>\$3,052,716</b>	<b>\$3,040,831</b>	<b>\$3,520,264</b>



# Details by NP Category

**Given Option 3,**

<b>Category &amp; Sector-Level Impacts</b>	<b>Housing</b>	<b>Homelessness</b>	<b>Community Non-Profits</b>	<b>Total</b>
<b>Average Tax Bill</b>	<b>\$25,402</b>	<b>\$145</b>	<b>\$2,181</b>	<b>\$5,810</b>
<b>Number of NPs increasing</b>	<b>8</b>	<b>3</b>	<b>81</b>	<b>92</b>
<b>Average Tax Increase</b>	<b>6,822</b>	<b>167</b>	<b>1,357</b>	<b>1,794</b>
<b>Number of NPs decreasing</b>	<b>25</b>	<b>8</b>	<b>80</b>	<b>113</b>
<b>Average Tax Decrease</b>	<b>-4,787</b>	<b>-3,245</b>	<b>-6,087</b>	<b>-5,598</b>
<b>Avg Change per Organization</b>	<b>-\$1,973</b>	<b>-\$2,314</b>	<b>-\$2,342</b>	<b>-\$2,281</b>
<b>Loss of Tax Revenues</b>	<b>\$493,706</b>	<b>\$164,108</b>	<b>\$2,862,451</b>	<b>\$3,520,264</b>



# Details: Community NPs, by Sector

Given Option 3,

## Category & Sector-Level Impacts

	<b>Average New Tax Bill</b>	<b># of NPs Increasing</b>	<b># of NPs Decreasing</b>	<b>Average Change per Organization</b>
Arts, culture & heritage	\$2,767	13	10	-\$182
Child & family services	\$1,708	8	6	-\$1,188
Environment & animal control	\$1,328	3	3	-\$450
Health/medical, advocacy & international aid	\$3,090	3	15	-\$6,384
Public Safety	\$566	1	1	-\$125
Religious	\$2,088	0	1	-\$4,417
Service clubs, fraternities & sororities	\$1,246	3	14	-\$2,203
Sport, recreation & leisure	\$2,036	48	25	-\$2,397
Training, employment & immigration	\$3,848	2	5	-\$3,063



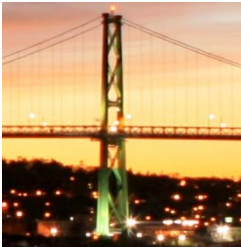
# Details: Community NPs, by District

Given Option 3,

## District-Level Impacts

	Average New Tax Bill	# of NPs increasing	<i>incl. those currently at \$0</i>	# of NPs decreasing	Average Change per Property
District 1	\$867	18	16	2	\$669
District 2	\$500	20	16	8	\$62
District 3	\$1,312	4	4	3	-\$912
District 4	\$2,153	6	5	0	\$2,066
District 5	\$1,398	8	6	11	-\$1,654
District 6	\$2,872	8	5	6	-\$3,719
District 7	\$4,850	6	1	14	-\$10,330
District 8	\$1,997	5	1	13	-\$3,277
District 9	\$1,463	1	1	4	-\$1,050
District 10	\$2,557	1	1	1	\$756
District 11	\$1,853	11	8	4	-\$640
District 12	\$1,310	1	1	3	-\$1,597
District 13	\$884	4	4	7	-\$1,025
District 14	\$330	1	1	0	\$330
District 15	\$1,769	12	10	4	-\$408
District 16	\$2,350	1	0	5	-\$1,974





# Impacts – NPs Increasing

## Given Option 3,

- **55 (of 92 groups would be) increasing by less than \$1000**
  - 35 of the 55 currently pay \$0
- **28 groups increasing by \$1000 to \$5000**
  - Advance notice and transition plan important
- **9 groups increasing by more than \$5000**
  - 4 in Housing, 5 Community NPs
  - Tax mitigation may assist some
    - 12 properties are over 15 acres (recreation rate)

*Even small changes  
could be challenging  
for some groups.*



# Potential Phase-In Approach

## Features of a Potential Approach,

- **Provide a 5-Year Phase-In for most (93% of) properties**
  - Allow a longer phase-in for those increasing the most
- **5-Year Phase-In includes:**
  - First year is a transition year, with no change in taxes due to new system
  - Next four years, taxes gradually adjusted to new system
- **Maximum Increase**
  - Phase-In could include a maximum increase, say, \$500/year/property
  - Those increasing more than maximum (e.g. \$2,000 over 4 years) would have an extended phase-in, say, an additional 4 years





# Phase-In Examples, Option 1

Type of Community Non-Profit	Current Taxes (after exemp'n)	Proposed New Taxes	Total Change in Taxes	Tax Bills, by Year (not including on-going assessment or rate changes)									
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	
				2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
Service clubs, fraternities	\$5,671	<b>\$1,428</b>	-\$4,242	\$5,671	\$4,610	\$3,550	\$2,489	<b>\$1,428</b>					
Arts, culture & heritage	\$5,526	<b>\$1,800</b>	-\$3,726	\$5,526	\$4,595	\$3,663	\$2,732	<b>\$1,800</b>					
Child & family services	\$2,613	<b>\$851</b>	-\$1,762	\$2,613	\$2,173	\$1,732	\$1,292	<b>\$851</b>					
Sport, recreat'n & leisure	\$1,338	<b>\$531</b>	-\$807	\$1,338	\$1,136	\$934	\$733	<b>\$531</b>					
Child & family services	\$676	<b>\$911</b>	\$235	\$676	\$735	\$794	\$852	<b>\$911</b>					
Service clubs, fraternities	\$0	<b>\$1,529</b>	\$1,529	\$0	\$382	\$765	\$1,147	<b>\$1,529</b>					
Sport, recreat'n & leisure	\$0	<b>\$3,074</b>	\$3,074	\$0	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	<b>\$3,074</b>		
Arts, culture & heritage	\$0	<b>\$5,736</b>	\$5,736	\$0	\$500	\$1,000	\$1,500	\$2,000	\$2,934	\$3,868	\$4,802	<b>\$5,736</b>	



# Phase-In Examples, Option 2

To shorten up the phase-in period, properties with increases less than \$1,000 could be phased-in over 2 years (88%)

Type of Community Non-Profit	Current Taxes (after exemp'n)	Proposed New Taxes	Total Change in Taxes	Tax Bills, by Year (not including on-going assessment or rate changes)						
				Year 1 2015-16	Year 2 2016-17	Year 3 2017-18	Year 4 2018-19	Year 5 2019-20	Year 6 2020-21	Year 7 2021-22
Service clubs, fraternities	\$5,671	<b>\$1,428</b>	-\$4,242	\$5,671	\$3,550	<b>\$1,428</b>				
Arts, culture & heritage	\$5,526	<b>\$1,800</b>	-\$3,726	\$5,526	\$3,663	<b>\$1,800</b>				
Child & family services	\$2,613	<b>\$851</b>	-\$1,762	\$2,613	\$1,732	<b>\$851</b>				
Sport, recreation & leisure	\$1,338	<b>\$531</b>	-\$807	\$1,338	\$934	<b>\$531</b>				
Child & family services	\$676	<b>\$911</b>	\$235	\$676	\$794	<b>\$911</b>				
Service clubs, fraternities	\$0	<b>\$1,529</b>	\$1,529	\$0	\$500	\$1,000	\$1,500	<b>\$1,529</b>		
Sport, recreation & leisure	\$0	<b>\$3,074</b>	\$3,074	\$0	\$500	\$1,000	\$1,518	\$2,037	\$2,555	<b>\$3,074</b>
Arts, culture & heritage	\$0	<b>\$5,736</b>	\$5,736	\$0	\$500	\$1,000	\$2,184	\$3,368	\$4,552	<b>\$5,736</b>



# Consultation

- **Confirm Purpose of Consultation**
  - Information/education on NP tax
  - Insight and understanding of NPs
- **Confirm Scope/Timing**
  - Stakeholders
    - e.g. Non-Profits, taxpayers, residents
  - Key questions to ask; issues to understand
  - Modes of engagement
    - e.g. Shape Your City, focus groups, etc.
- **Draft Consultation Plan**
  - With guidance from Corp. Communications



# Next Steps

- **Review Options**
  - Evaluate phase-in approaches
  - Review mitigation strategies
    - e.g. Recreation Tax
- **Consultation Plan**
  - Draft with assistance from Corp. Comm.
  - Seek approval of Regional Council