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Halifax Regional Council
September 27, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED By: *Russell Walker*
for: Councillor Russell Walker, Chair, HRM Grants Committee

DATE: September 12, 2005

SUBJECT: **By-Law T-217: An Amendment to By-Law T-200 Tax Exemption for Non-Profit Organizations. Request for an Extension of the Current By-Law for 2006-2007**

ORIGIN

This report originates with staff of the HRM Financial Services. At the meeting of Regional Council February 1, 2005, the present by-law was extended for a period of one (1) year. The timing of this report is to accommodate the program's annual application deadline of November, public notice, and the printing and distribution of renewal and application forms.

RECOMMENDATION

It is recommended that :

1. Regional Council approve the amendment of By-Law T-200 By adding the following section immediately following Section 1:
 - 1D. The tax exemption or partial exemptions provided herein for the fiscal year 2005-2006 shall also apply to the fiscal year 2006-07.
2. Council set a date for a public hearing.

BACKGROUND

The Municipal Government Act (1996) authorizes the municipality, at its discretion, to provide full or partial tax exemption to registered non-profit organizations and charities located within the boundary of HRM. The municipality has implemented such a program under By-Law T-200.

The amendment to the current By-Law is appended to this report as Attachment 1.

DISCUSSION

If approved By Regional Council, the present program shall be extended for a period of one (1) year while a review of the program is conducted by staff.

BUDGET IMPLICATIONS

In 2006-2007 the phase-out of the Business Occupancy Tax will begin. Regional Council has not decided how to fund this phase-out, although one strong option is for the commercial tax rate to increase to offset the revenue loss. Non-profits are assessed as commercial tax payers but do not pay the business occupancy tax. Hence, a change in the commercial tax rate will affect the taxes paid by non-profits. Currently, those receiving exemptions are reduced to a percentage of the residential tax rate. This means the value of the non-profit exemption will rise although it would be offset by any increase in the commercial tax revenues.

HRM's revenue strategy hopes to review the impact of the business occupancy tax and other tax reform issues on the non-profit sector.

An extension of the By-Law will likely require an increase in the annual Tax Exemption for Non-Profit Organizations Program budget (account # M311-8006) and Fire Protection (account # M311-8007) to permit new applicants. Program budgets may also need to be adjusted to provide for any change in assessment value and/or municipal tax rates.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

1. Regional Council could defeat the recommendation and seek the termination of the program.

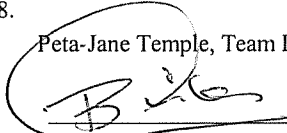
This action is not recommended due to the number of accounts assessed at the Commercial tax rate as a consequence of the current tax assessment system. In general, the majority of applicants do not conduct commercial activities on the premises. Approximately 85% of the program's cost is a result of exemptions applied to Commercial assessment tax rates.

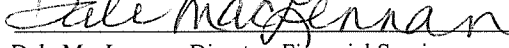
ATTACHMENTS

1. By-Law T-217 Respecting Tax Exemption for Non-Profit Organizations
2. Tax Exemption for Non-Profit Organizations Program 2006-07 newsletter.

Additional copies of this report, and information on its status, can be obtained By contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Approved By: 
Bruce Fisher, Manager Financial Planning, Financial Services

Report Approved By: 
Dale MacLennan, Director, Financial Services

Attachment 1

HALIFAX REGIONAL MUNICIPALITY

By-Law NUMBER T-217

By-Law RESPECTING TAX EXEMPTIONS

BE IT ENACTED By the Council of the Halifax regional Municipality, under the authority of Section 5 (l) (r) of the Assessment Act, Chapter 23, R.S.N.S, 1989, is amended as follows:

SHORT TITLE

1. By-Law T-200 is amended By adding immediately following Section 1 thereof the following Section:

- 1D The tax exemptions or partial exemptions provided herein for the fiscal year 2005-2006 shall apply to the fiscal year 2006-2007.