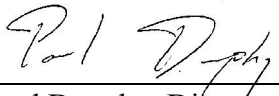


**HRM Grants Committee  
May 2, 2011**

**TO:** Chair and Members of HRM Grants Committee

**SUBMITTED BY:**   
Paul Dunphy, Director Community Development

**DATE:** January 12, 2011

**SUBJECT:** Tax Exemption for Non-Profit Organizations 2010 – Appeal. Titans  
Gymnastics & Trampoline Club

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### **SUPPLEMENTARY REPORT**

#### **ORIGIN**

Halifax Regional Council, January 11, 2011 – Item 9.1. Proposed By-law T-227 An Amendment to By-law T-200 Respecting Tax Exemption for Non-Profit Organizations 2010-2011. Item 7. “The matter regarding an increase from residential rate to total exemption for the Titans Gymnastics & Trampoline Club be referred back to the Grants Committee”.

#### **RECOMMENDATION**

It is recommended that the HRM Grants Committee decline the appeal from the Titans Gymnastics & Trampoline Club requesting full tax exemption in fiscal year 2010-2011.

## **BACKGROUND**

In 2009, the Titans Gymnastics & Trampoline Club purchased land and constructed a new facility located in Dartmouth. The property is assessed at the Commercial rate (\$7,726). Application was made to the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200) in 2010-2011 requesting full exemption. Given the program's budget constraints, staff recommended a Conversion from the Commercial to the Residential tax rate for a saving to the club of ~\$5,091. Regional Council approved this level of exemption at the public hearing of January 11, 2011, but referred the request for full exemption back to the HRM Grants Committee.

## **DISCUSSION**

### **1. Precedence**

Beyond the Titans Gymnastics & Trampoline Club there are two other known gymnastics clubs in HRM that own property, but each has a distinctly different tax status:

- a) The Taiso Gymnastics Club (Sackville) owns a facility located on land owned by the Lake District Recreation Association (LDRA). The LDRA is exempt under an Act of the Nova Scotia Legislature and as such HRM is not the party providing the tax exempt status (See: staff report By-law T-218, October 21, 2006).
- b) The Alta Gymnastics Club owns a facility located on land leased from HRM at 6955 Bayers Road, Halifax. The club pays less than market value rent of \$100/year and the term of the lease is 25 years (1997-2022). Article 4.02 (p.4) of the lease agreement states that taxes are payable but the property has never been assessed or taxes billed. The club was added to By-law T-200 in 1998 as fully exempt but the value of HRM's subsidy is not listed due to the lack of an assessment account.

### **2. Request for Full Exemption: 2010-2011**

As noted in the staff report dated October 7, 2010, the program budget is insufficient to cover all renewals, deferred applications, new applicants, and requests for an increase in level of subsidy. Therefore, this year's program prioritized requests. After allowing for the renewal of exemptions at their existing level (ie. not decreasing subsidy levels or removing any groups/properties from the program), and reducing eligible applicants from a Commercial to Residential tax rate, the program did not have the financial capacity to address requests from applicants assessed at the Residential rate, those requesting an increase in subsidy level, or from tenants. As such, the partial assistance provided to the Titans Gymnastics & Trampoline Club is consistent and fair within the context of this year's program.

In summary, it is not possible to follow the precedence set in prior years with respect to levels of exemption. Many other groups on By-law T-227 will not receive the same level of exemption as

organizations added to the program prior to amalgamation or in subsequent years. The issue of inconsistency will be addressed through the proposed program re-design.

### **3. Summary**

The Titans Club has asked for full exemption based on the *current* tax status of two other clubs. The Taiso Gymnastics Club exemption is beyond HRM's control. Detailed documentation to substantiate the rationale for full exemption for the Alta Gymnastics Club is unavailable. However, if level of public subsidy is predicated on use of the facility by HRM Community Recreation at no cost, and subject to certain terms and conditions, then conceivably, this same condition could be applied to other non-profit groups in receipt of full exemption and included in the proposed re-design of the *Tax Exemption for Non-Profit Organizations Program*. However, the wording of the lease agreement between HRM and the Alta Gymnastics Club seems to imply that limited free public access relates more to the less than market value land lease insofar as it states that taxes are payable.

### **BUDGET IMPLICATIONS**

If the staff recommendation is upheld there is no impact to the program's budget in 2010-2011.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

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

### **COMMUNITY ENGAGEMENT**

A public hearing was convened January 11, 2011. In advance of the public hearing all applicants are advised by mail in addition to a public notice placed in the Chronicle-Herald newspaper.

### **ALTERNATIVES**

The Grants Committee or Regional Council may overturn the staff recommendation to decline the appeal. The additional cost to the program in 2010-2011 would be \$2,635 from Account M311-8006 leaving a revised balance of \$22,261.92.

This action is not recommended: Legislation does not permit a retroactive tax grant, therefore the basis of any award would have to be determined (ie. an error in assessment, or an error in the application of policy or procedure).

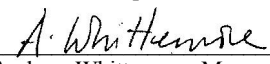
### **ATTACHMENTS**


None.

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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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