




P.O. Box 1749
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Item No.
HRM Grants Committee
March 5, 2012

TO: Chair and Members of HRM Grants Committee

SUBMITTED BY: 
Brad Anguish, Director, Community & Recreation Services

DATE: February 15, 2011

SUBJECT: **Addendum to By-law T-228 Respecting Tax Exemption for Non-Profit Organizations: Appeals 2011-2012**

SUPPLEMENTARY REPORT

ORIGIN

February 14, 2012 – At the public hearing regarding By-law T-228 respecting tax exemption for non-profit organizations, six (6) appeals were referred to the Grants Committee for reconsideration.

RECOMMENDATION

It is recommended that the HRM Grants Committee recommend Regional Council approve:

1. The conditional reinstatement of tax exemption status for the Chezzetcook & District Lions Club, Musquodoboit Harbour Heritage Society, Ostrea Lake Wharf Preservation Society, and the North Preston Medical Society, effective April 1, 2011, as detailed in the Discussion section of this report for a total combined cost of \$12,882;
2. The decline of the request for partial tax exemption from the Veritas Society;
3. The deferral of the request for a further increase in exemption level for Dartmouth Adult Services Centre to the 2012-2013 tax exemption program; and
4. Addendum to By-Law T-228 (Attachment 1).

BACKGROUND

In accordance with legislation, a public hearing was held regarding proposed additions and amendments to the exemption schedules under By-law T-200. Presently, the *Tax Exemption for Non-Profit Organizations Program* does not have formal criteria for appeals. Through the public hearing process any member of the general public or an applicant can make a written or verbal presentation for Council's consideration. Past practice has been for Council to refer appeals to the Grants Committee.

At the February 14, 2012, public hearing six (6) appeals were referred to the Grants Committee. Staff have reviewed each case on the basis of any new information provided by the applicant and/or any error of omission.

DISCUSSION

This supplementary report can only address items raised in the public hearing of February 14, 2012. Any subsequent appeal will be deferred to the 2012-13 program. All six (6) of the appeals referred to the Grants Committee made a verbal or written presentation during the public hearing. Therefore, a second public hearing is not required. Any tax exemption awarded must be approved by a two-thirds majority vote of Council.

Recommend Conditional Reinstatement

1. North Preston Medical Society, 52 Cain Street, North Preston

In 1998, the North Preston Medical & Child Care Society, 114 Johnson Road, North Preston, was added to By-law T-200, Schedule 27 at 75% exempt at the Residential rate. Both the name of the applicant and civic address were incorrectly cited. In 1970, the Society changed its name to the North Preston Medical Society (Registry of Joint Stocks #128094) and the correct civic address for the property is 52 Cain Street, North Preston. This error will be corrected under By-law T-228.

Although the North Preston Medical Society owns the property, it no longer serves as a clinic but as a non-profit day care. The recommendation to revoke partial tax exemption was based on non-compliance with the program's reporting requirements and default of non-profit registration as of July, 2010. A letter of appeal from the North Preston Medical Society was submitted to Regional Council dated February 13, 2012. The written appeal and financial statement establishes that the Society subsidizes the operation of the North Preston Day Care Society (Registry of Joint Stocks #1282081). The basis of appeal is that revoking partial tax exemption could jeopardize the operation. The level of exemption is comparable to other non-profit daycare organizations in receipt of tax exemption prior to amalgamation.

Recommend removal of North Preston Medical Child Care Society, 114 Johnson Road, North Preston from Schedule 27 and reinstatement of North Preston Medical Society, 52 Cain Street, North Preston to Schedule 27 at 75% exempt at the Residential rate, effective April 1, 2011,

conditional upon proof of current non-profit registration and compliance with the program's annual reporting requirement. The estimated cost is \$3,909.

2. Chezzetcook & District Lions Club, 89 East Chezzetcook Road, Chezzetcook

In 2001, the Chezzetcook & District Lions Club purchased the former East Chezzetcook Elementary School from HRM for \$1 for use as a community hall. In 2002, the Club was added to By-law T-200 as fully exempt (By-law T-209). The property is assessed as Commercial (\$6,832). Their tax exempt status was recommended to be revoked for non-compliance with the program's reporting requirements.

The basis of appeal is limited volunteer capacity and the financial impact on operations if tax exempt status is revoked. The proponent's programming supplements HRM recreation and leisure opportunities in a rural community.

Recommend reinstatement of exempt status (Schedule 26) effective April 1, 2011, conditional upon proof of current non-profit registration and compliance with the program's annual reporting requirement. The estimated cost is \$6,832.

3. Musquodoboit Harbour Heritage Society, 78995 Highway #7, Musquodoboit Harbour

In 1974, The Musquodoboit Harbour Board of Trade (MHBT) acquired the former Canadian National railway building for use as a community museum and leased abutting land from CN Rail. In 1985, the Heritage Society assumed responsibility for both properties and was added to By-law T-200 in 1998 as fully exempt (By-law T-201). The property is assessed as Commercial (\$1,525). Their tax exempt status was recommended to be revoked for non-compliance with the program's reporting requirements.

The basis of appeal is limited volunteer capacity, the registered heritage status of the building and its unique museum collection, and the impact of terminating an HRM Visitor Information Centre (VIC) at this location.

Recommend reinstatement of full exempt status (Schedule 26) effective April 1, 2011, conditional upon compliance with the program's annual reporting requirement. The estimated cost is \$1,525.

4. Ostrea Lake Wharf Preservation Society, Parcel 97-A Ostrea Lake Road, Ostrea Lake

In 2001, the Ostrea Lake Wharf Preservation Society (OLWP) acquired title to the local wharf from the federal government. In 2004, the OLWP Society was added to By-law T-200 as fully exempt (By-law T-212). The property is assessed as Commercial (\$617). Their tax exempt status was recommended to be revoked for non-compliance with the program's reporting requirements and default of registration as of March 2, 2005.

The basis of appeal is volunteer capacity, the significance of access to the wharf for residents and the local fishing industry, and the financial impact should tax exempt status be revoked. The

appeal establishes the significance of the wharf in a rural, coastal community both in terms of scope of recreational activities, emergency/navigational assistance, and the seasonal needs of small business.

Recommend renewal of full exempt status (Schedule 26) effective April 1, 2011, conditional upon proof of non-profit registration, a financial statement for 2010-2011, and compliance with the program's annual reporting requirement. The estimated cost is \$617.

Recommend Decline

5. Veritas Society, 101-1546 Barrington Street, Halifax

The volunteers of Veritas Society operate the Veritas Catholic Books and Gifts store in space leased from Barrington Street Historic Developments Limited, civic address 1546 Barrington Street. The applicant requested partial exemption at 75% of the Residential rate. The property is assessed as Commercial. Staff recommend the application be declined on the basis of a private sector lease.

The basis of appeal is the application of the Commercial tax rate to a non-profit group. The proponent also indicated that incorrect information regarding location of the premises was included in the original report.

Assessment classification is based on property use, not ownership. 1546 Barrington Street is properly assessed as Commercial due to non-residential use of the property. Therefore, the rationale to decline the exemption remains unchanged and is consistent with previous Regional Council decisions to decline on the basis of private sector leasing. Also, a review of the application indicates that the bookstore was located at the Brewery Market from 1994-1999, from 1999-2008 in the Maritime Centre, and as of 2010 at 1546 Barrington Street.

Staff recommend decline. The property is a private sector lease.

Recommend Deferral to 2012-2013 Program

6. Dartmouth Adult Services Centre, 59 Dorey Avenue, Dartmouth

In 2009, HRM sold vacant land in the Burnside Industrial Park to the Society to be developed as a workshop and warehouse for DASC Industries, a registered business enterprise directly related to the altruistic aims of the non-profit society that employs persons with intellectual challenges. The vacant land is assessed as Commercial (\$14,750) but future major capital construction will increase taxes as the land is currently vacant. The society was added to By-law T-200 in 2009 with an exemption of Conversion to the Residential rate. As per approval of By-law T-228 (February 14, 2012), the applicant was approved for an increase to 50% exempt at the Residential rate for 2011-12. The applicant has requested a further increase to 75% exempt at the Residential rate.

Generally, the basis of appeal by the applicant was to achieve a comparable level of exemption to other service providers. However, as the land is currently vacant, it is recommended to maintain the level of exemption until construction of a building on the land is undertaken.

Currently, the property is a land holding for the purpose of future development. Recommend the request for a further increase to 75% exempt at the Residential rate be deferred to the 2012-2013 program pending the start of construction.

BUDGET IMPLICATIONS

January 9, 2012 - Grants Committee report to Regional Council. The available budget, after awards approved by Regional Council on February 14, 2012, excluding appeals, was \$131,158.

2011-2012 Budget M311-8006	\$2,977,000
Total grants paid & committed	<u>\$2,845,842</u>
Available Budget	\$ 131,158
Proposed Conditional Renewal of 4 Organizations	<u>\$ 12,882</u>
Total Budget Remaining	<u>\$ 118,276</u>

Notwithstanding any reduction in the program's budget in 2012-2013, a balance of \$118,276 provides modest capacity to address any increase in assessment values for renewals and/or new and deferred applicants.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved 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

In accordance with legislation, a public hearing was held February 14, 2012.

ALTERNATIVES

1. The HRM Grants Committee could not recommend to Regional Council to not reinstate the tax exempt status of the Chezzetcook & District Lions Club, Ostrea Lake Wharf Preservation Society and the Musquodoboit Harbour Heritage Society, and partial exemption for the North Preston Medical Society, for the 2011-12 fiscal year. This is not recommended for the reasons set out within this report.
2. The Grants Committee could recommend to Regional Council to not defer an additional increase from 50% to 75% exempt at the Residential rate to Dartmouth Adult Services Centre in 2011-12. This is not recommended for the reasons set out within this report.

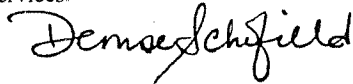
3. The Grants Committee could recommend to Regional Council to approve the application for partial tax exemption from the Veritas Society. This is not recommended for the reasons set out within this report and for consistency with previous Regional Council decisions.

ATTACHMENTS

1. Addendum to By-law T-228 Respecting Tax Exemption

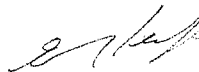
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Report Approved by:

Denise Schofield, Manager, Culture, Events & Community Partnerships, 490-6252



Financial Approval by:

Greg Keefe, CMA – A/Director of Finance and Information Technology/CFO 490-6308

Attachment 1

**ADDENDUM TO BY-LAW NUMBER T-288
BY-LAW RESPECTING TAX EXEMPTIONS**

Be it enacted by the Council of the Halifax Regional Municipality, under the authority of Section 89 of the Halifax Charter (2008), By-law T-200 is amended as follows:

Schedule 26 is amended by:

Reinstate ANN#03403882, Chezzetcook & District Lions Club, 89 East Chezzetcook Road,
Chezzetcook

Reinstate ANN#03442926, Musquodoboit Harbour Heritage Society, 78995 Highway #7,
Musquodoboit Harbour

Reinstate ANN#09193405, Ostrea Lake Wharf Preservation Society, Parcel 97-2 Ostrea Lake
Road, Ostrea Lake

Schedule 27 is amended by:

Remove ANN#03538982, North Preston Medical Child Care Society, 114 Johnson Road, North
Preston

Reinstate ANN#03538982, North Preston Medical Society, 52 Cain Street, North Preston