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Halifax Regional Council
April 20th, 2004

TO: Mayor Kelly and Halifax Regional Council

SUBMITTED BY: *Russell Walker*
Councillor Russell Walker, Chair, HRM Grants Committee

DATE: April 5, 2004

SUBJECT: **By-law T-212, An Amendment to By-law T-201 Tax Exemption for Non-Profit Organizations: Appeals**

SUPPLEMENTARY REPORT

ORIGIN

At the public hearing for By-law T-212 (an amendment to By-law T-201) February 10, 2004, Regional Council referred two (2) applications to the HRM Grants Committee upon appeal. Namely, Halifax Curling Club and Memory Lane Family Place. At the April 5th, 2004 meeting the report from staff was approved.

RECOMMENDATIONS

The HRM Grants Committee recommends Regional Council approve:

1. Halifax Curling Club remain at the Conversion rate as per By-law T-201, and
2. Sackville Family Day Care Association remain at a Conversion to the Residential rate and a 75% partial exemption as per By-law T-201.

BACKGROUND

Both organizations referred to the HRM Grants Committee are presently on By-law T-201 and their rate of public subsidy is comparable to other service providers in their respective service sector: social supports (family/child/parent services) and sports clubs. Appeals are conducted based on new information or a correction to an error in fact or procedure.

DISCUSSION

1. Sackville Family Day Care Association, 22 Memory Lane, Lower Sackville

The Sackville Family Day Care Association owns and operates a facility known as Memory Lane Family Place which provides in-home child care to single parent and low income families. The basis of appeal was:

The provision of a family resource centre; not a direct service delivery of child care (as per the Nova Scotia Day Care Act); *the organization is registered as Sackville Family Day Care and the application is listed under the property's title-holder and/or the name of the party billed for property taxes.*

Facility expansion; *not a basis for determining eligibility for full or partial exemption.*

The provision of leased space to four (4) similar centres in HRM-owned property who pay \$1 year; *under review by HRM Real Property and Asset Management.*

Financial need; "...because our budget is so tight, money being spent on taxes sacrifices addressing the overall needs of our children and families" (Letter dated January 30, 2003); *the provision of social services is not within HRM's mandate.*

Presently, under By-law T-201 family resource centres do not receive 100% tax exemption; with the exception of food banks and emergency shelters, this category of public subsidy is used to recognize the provision of services that would otherwise be a municipal responsibility. Child care, family counselling, and parenting programs are not within the municipal mandate. The present level of public subsidy at a Conversion from the Commercial rate (\$9,559) to the Residential rate (\$3,947) and a 75% partial exemption is comparable to other service providers in this service sector (\$987 and HRM subsidy of \$8,586).

The accommodation of social service providers in HRM-owned buildings is a legacy from prior to amalgamation when municipality's delivered social assistance programs; and in some cases a legacy under Recreation programming. The retirement of such leases, or amendment of rental rates and taxable status, is in progress and administered by HRM Real Property & Asset Management Services (Real Estate) in cooperation with HRM Financial Services (Grants Program and Revenue division).

While many taxpayers would realize an immediate benefit from exemption from property tax, such an expense is a legitimate operating expense and integral to a property owner's obligations. The provision of a public subsidy is discretionary and all applicants are advised to budget for the full value of taxes billed

so as to protect their on-going viability in the event of a reduction in level of public subsidy or termination of the tax assistance program.

Staff recommend the appeal be declined full tax exemption.

Note: the applicant has been asked to negotiate a payment plan with HRM for collection of arrears. Reply pending as of February, 2004.

2. Halifax Curling Club, 948 Bland Street, Halifax

The Halifax Curling Club is incorporated under an Act of the Nova Scotia Legislature (1872) and recognized as a not-for-profit organization. The basis of appeal was the high property assessment values in the urban core due to market conditions.

Private clubs (those requiring membership dues and/or conditional or restricted access) receive a conversion from the Commercial to the Residential tax rate which in most cases results in a saving of approximately two-thirds. While the location of a property will impact (1) the market value and thereby the assessment value, and (2) the tax rate category: urban, suburban or rural, the Tax Exemption for Non-Profit Organisations Program (By-law T-201) does not make any provision for standardizing tax rates. Presently, the club receives a conversion from the Commercial (\$24,971) to Residential tax rate (\$10,677) for a total saving of \$14,294 (the club now pays \$10,677 and HRM provides a subsidy of \$14,294).

Staff recommend the appeal be declined partial tax exemption.

Note: in the opinion of staff, the issue of market value property assessment is a function of the provincial assessment system. An Adjustment to tax rates (set annually by Regional Council in accordance with the municipal budget) is an option for consideration in the review of the current program, which is due to be circulated for public input in 2004.

BUDGET IMPLICATIONS

If the report recommendations are approved by Regional Council there is no impact in the 2003-04 budget.

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 other relevant legislation.

ALTERNATIVES

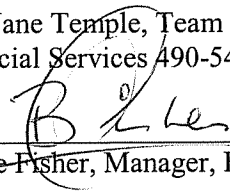
Regional Council could defeat the staff recommendation and award full or partial exemption. This action is not recommended because in both appeal cases there would be a precedence set which could prove cost-prohibitive and compromise the viability of the program.

ATTACHMENTS

None.

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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