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Halifax Regional Council
February 1, 2005

February 8, 2005
March 1, 2005

TO: Mayor Kelly and Halifax Regional Council

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

DATE: September 14, 2004

SUBJECT: **By-law T-215: An Amendment to By-law T-200: Tax Exemption for Non-Profit organizations. Request for an Extension of the Current By-law Through 2005-2006.**

ORIGIN

This reports originates with staff of HRM Financial Services. The present By-law T-200 is due to expire March 31st, 2005. As of the expiry date, Regional Council has the option to approve continuation of the by-law unaltered or with revisions, to terminate the program, or to introduce a replacement by-law. Staff request the extension of the current by-law for a period of one (1) year to allow for an evaluation of the program's effectiveness, criteria, and cost. The extension would come into effect April 1st, 2005 for a period of one (1) year, to March 31st, 2006. The timing of this report is to accommodate the program's annual application deadline of November, public notice, and the printing and distribution of forms.

This report was approved by the HRM Grants Committee September 2004, and confirmed by the committee members present at the January 10th, 2005 meeting.

RECOMMENDATIONS

Staff recommend that Regional Council approve:

1. 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 2004-2005 shall also apply to the fiscal year 2005-2006.
2. Council set a date for a public hearing.

PLEASE RETAIN FOR PUBLIC HEARING

BACKGROUND

The amendment to the current by-law is appended to this report as **Attachment 1**.

The Municipal Government Act (1996) authorizes municipalities, at their discretion to provide full or partial tax exemption to registered non-profit organizations and charities. HRM has implemented such a program under By-law T-200.

Staff have requested a one year extension to the present by-law to allow for (a) a review of the program's efficiency, and (b) an evaluation of the Provincial Government's proposed elimination of the business occupancy tax. While the majority of non-profit groups do not pay business occupancy tax, any increase in the commercial tax rate will directly impact the cost of the program (about 80% of the cost is commercial tax).

DISCUSSION

If approved by Regional Council the current by-law will be extended for a period of one (1) year while an evaluation of the program is conducted by Grants Program staff, an inter-departmental review completed, and public input considered in revisions to the program's eligibility criteria, level of public subsidy, billing process, and collection policies.

BUDGET IMPLICATIONS

An extension of the program will require a budget increase in 2005-06 budget to accommodate new applicants or revised tax rates. This item will be considered through the regular business plan and budget process.

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

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 property assessment system. In general, the majority of applicants are not business enterprises and most do not conduct commercial activities on the premises. Approximately 80% of the program's cost is a result of commercial tax assessment and commercial tax rates.

2. Regional Council could direct staff to continue with the present by-law unaltered for a four (4) year period.

This action is not recommended. In the opinion of staff, the program warrants an evaluation of public benefit relative to cost, consistency in application, detailed eligibility criteria and rationale for different levels of subsidy, and policy and procedures to guide applicants, staff and Regional Council in program delivery.

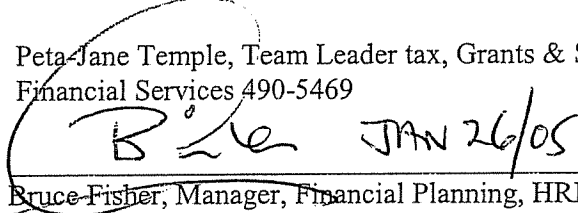
ATTACHMENTS

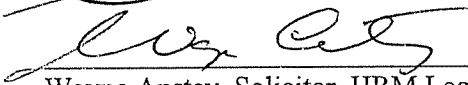
1. By-law T-215 Respecting Tax Exemption for Non-Profit Organizations.

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.

Report Prepared By: Peta-Jane Temple, Team Leader tax, Grants & Special Projects, HRM
Financial Services 490-5469

Approved By:

 **BRUCE FISHER** JAN 26/05
Bruce Fisher, Manager, Financial Planning, HRM Financial Services


Wayne Anstey, Solicitor, HRM Legal Services

Attachment 1.

HALIFAX REGIONAL MUNICIPALITY

BY-LAW NUMBER T-215

BY-LAW RESPECTING TAX EXEMPTIONS

Be it enacted by the Council of the Halifax Regional Municipality, under the authority of section 5 (1)(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 2004-05 shall apply to the fiscal year 2005-2006.