

General Issues Considered

Further to meeting the requirements of the policy, Council will consider the following points when it evaluates the overall cost versus benefits of the requested tax relief.

1. **Property Tax as a portion of the annual expenditures:** The applicants should show that the level of tax is a significant portion of the annual expenditures. The organization will not be eligible for tax relief if the property tax is less than 5.0% of the total expenses as shown on the most recent financial statement. In the instance where wages form a large component of expenditure due to the exceptions noted elsewhere in this document, the dollar value of taxes versus reserves will be the determining factor.
2. **Fiscal Capacity to Pay:** An organization that has high levels of financial reserves might not need an exemption.
3. **Government Involvement:** Show that there is only minimal government involvement and minimal opportunity to self-generate more revenue unless the services being offered are of the sort normally provided directly municipal government.
4. **Salaries / Wages / Benefits:** Show that salaries, wages, and benefits do not form the majority of the expenses.
 - a. If the purpose of the organization is to provide employment for those who would normally have difficulty finding employment due to the existence of severe intellectual and physical challenges or the salaries are for trained professional individuals necessary to carry out the objectives of the organization, these factors should be taken into account. The organization would not be eligible for tax relief if 50% or more of the expenditures as shown on the most recent financial statements go towards salaries, wages and benefits unless it meets the exception noted.
5. **Funding Sources:** The organization should illustrate that they have made an effort to access all available Provincial and Federal funding.
6. **Expenditures:** Unusually high administration or discretionary costs might indicate that a tax exemption will benefit the employees and others more than the clients of the organization.
7. **City Grants / Services:** If the organization is a heavy user of other services provided to them by the City, such as use of City Hall,

Memorial Square, Parks, the Riverbank, road closures etc. then perhaps the City is already providing sufficient “gifts-in-kind”.

8. **Purpose of Organization:** Organizations that provide “soft” services such as cultural awareness programs might not be warrant the same consideration as those that provide life-sustaining services.
9. **Scope:** Do the benefiting clients come mostly from inside or from outside the City? If the citizens of Prince Albert only make up a small portion of the clientele, then should the City and local School Divisions bear the full cost of the property tax relief?
10. **Target Groups:** Is the benefiting clientele limited to persons of specific age, gender, race, economic status, or mental or physical limitations? A restriction that is based on sound rationale, should not prohibit eligibility for relief, however a limitation that is arbitrarily discriminatory might be viewed differently.
11. **Competition:** Should the City be encouraging non-profit organizations (by providing tax relief) to operate in a market where private industry is operating?
12. **Board or Membership:** Is the Board or limited to individuals based upon their faith, race or gender? Can the limitation be justified?
13. **Other Cities:** Should it matter how the organization is treated in other Saskatchewan cities?
14. **Areas of the Property:** No tax relief should apply to areas of a property not required by the organization for the delivery of the service that made the organization eligible for the tax relief.
15. **Efficiency:** Can Council recommend a more cost effective method for the delivery of the service that would reduce or eliminate the organization’s need for tax relief? Is partnering an option?
16. **City’s Budget:** Is there budget room in the current year? What will the long-term effect on the City’s finance be? What are the risks of saying yes to one organization and then having multiple other organizations request similar tax relief?

Industry Considerations

Due to the involvement of both the Provincial Government and private ownership within the following industries the City should exercise extra

caution when reviewing any application for tax relief that comes from an organization that operates within these industries.

1. **Colleges and other Educational Facilities:** Schools that are part of the Public, Separate, and French school systems are exempt from taxation. There are also rules established for exempting independent schools. It is from specific pieces of legislation that exempt certain colleges and universities, leaving other institutes not addressed by legislation as taxable.
2. **Health Clinics:** Like education facilities, there are some specific organizations that are exempt by legislation but many similar services do not have legislated exemptions.
3. **Childcare / Adult Care:** There are a number of childcare organizations that operate out of City or church owned properties that arguably compete with other childcare organizations that are being taxed. The City and church properties could at some time be reviewed to revise portions of those properties to taxable.
4. **Housing:** There are a number of different housing arrangements for seniors, troubled youth, and for women and children at risk. Due to the myriad of ownership structures, and existing exemption provisions, the City should be hesitant to approve any exemptions for property used for housing.
5. **Recreational / Cultural:** The City, the schools, and private industry all provide facilities for recreational and cultural uses. It would be very difficult for the City to distinguish that all recreational and cultural facilities should be exempt. (This group includes performing arts theatres, movie theatres, rinks, gymnasiums, halls, etc)
6. **Other Governments:** The provincial and federal government properties are exempt but the City receives a payment in lieu-of-taxes. Legislation requires the City to exempt any property owned by another municipality that is used for municipal purposes. Property that is converted to a First Nations Reserve is subject to an urban reserve servicing agreement that replaces taxes with a contract for annual payments for services received.