



Administrative Report

Office of the Director, Financial Services/Treasurer

To: Warden MacDonald and Members of Essex County Council

From: Sandra Zwiers, MAcc, CPA, CA
Director, Financial Services/Treasurer

Date: Wednesday, April 05, 2023

Subject: Charity Tax Rebate Program – By-law Review

Report #: 2023-0405-FIN-R09-SZ

Purpose

To provide County Council with the recommendation of the Essex County Treasurer and Tax Collector Group as it relates to a review of By-law 16-2007, A By-law to Establish Property Tax Rebates for Charitable Organizations and Similar Organizations in the County of Essex (the "**Program**").

Background

On an annual basis, a meeting is convened of the Essex County Treasurers and Tax Collectors (the "**Group**") representing all seven local municipalities and the County, to review tax policy including certain rebate by-laws currently in effect. The most recent meeting was held on January 13, 2023.

At the January 13th meeting, a review of the County's Program was conducted and the Group recommended no changes for the 2023 taxation year.

Subsequent to the January 13th meeting and the preparation of the Tax Policy Recommendations report to County Council for the February 1st council meeting, the Director of Financial Services / Treasurer received information from the Town of Amherstburg, relating to the application of By-law 16-2007 and a request from a local charity to consider amendments to the by-law.

At issue was the fact the local charity's newly acquired property was re-assessed by MPAC from the exempt to residential tax class. The local charity

purchased the lands from The Canadian Girl Guides Association. The Assessment Act, Section 3(10) provides specific tax exemption for lands owned, occupied and used solely by The Boy Scouts Association and The Canadian Girl Guides Association. The sale of the land from The Canadian Girl Guides Association to the local charity triggered the re-assessment and imposition of property taxes.

The local charity presented this financial hardship to the Council of the Town of Amherstburg and asked for full relief of property taxes. The Town of Amherstburg approved grant funding equal to the value of the Amherstburg tax levy. Inquiries were then received from both Town of Amherstburg staff and representatives from the local charity about the process to approve similar tax relief for the County portion.

In recognition of this situation, at the regular meeting of County Council held on February 1, 2023, the Director of Financial Services / Treasurer amended the recommendation in the Tax Policy Recommendations report to allow for a further review of the Charity Tax Rebate By-law.

Consequently, County Council passed the following motion on February 1, 2023:

019-2023

Moved By Joe Bachetti

Seconded By Rob Shepley

That Essex County Council adopt the tax ratios as set out in By-law 2023-04 for the 2023 taxation year;

And further that the reductions for sub-classes for excess commercial, excess industrial and vacant industrial land be set at 30%, 35% and 35% respectively;

And further that the Essex County Tax Assistance Program for Low-Income Seniors and Low-Income Persons with Disabilities established under By-law 04-2004 and amended under By-law 2021-05 continue with no amendments;

And further that the Essex County Charity Tax Rebate Program established under By-law 16-2007 be referred to Administration for further review.

CARRIED.

Discussion

On February 16, 2023 a meeting of the Group was again convened to discuss the resolution of County Council above. Attached for reference is By-

law 16-2007 (Appendix A) as well as Section 361 of the *Municipal Act*, 2001, S.O. 2001, c.25 (Appendix B) (the "**Municipal Act**") that outlines the requirement for charity rebate by-laws.

Section 361 of the *Municipal Act* requires that the County "have a tax rebate program for eligible charities for the purposes of giving them relief from taxes or amounts paid on account of taxes on eligible property they occupy" (the "**Program**"). The basic requirements mandated by the *Municipal Act* is that the Program referenced in Section 361 is that (1) a charity only be eligible if they are a registered charity and have a registration number with the Canada Revenue Agency and (2) the property in question is commercial or industrial.

The County's Program contains those required provisions as well as the required provisions provided for in Section 361(3) of the *Municipal Act*. However, there are also a number of "Program options" provided for in Section 361(4) of the *Municipal Act*, which do not currently form part of the County's Program. One of those "options" appears to be the ability to add additional classes of property outside of the industrial and commercial classes, etc., i.e. residential, agricultural, etc.

The Group analyzed the impact of widening the criteria of eligibility in the Program to include residentially assessed property. If the Program is amended to allow for properties designated as "residential", all residential properties owned by charities in the County would be eligible for a tax rebate under the Program. Further, the Group determined that if charity-owned residential properties were permitted to make application for tax rebate relief, it is anticipated that applications could increase by approximately 400% across the County.

If County Council decides to expand the classes of property that qualify for the Program, it would apply to any such property owned by a charity in the County. The full financial consequences of that cannot be ascertained at this time.

At its meeting on February 16, 2023, the Group considered the above, and did not recommend expanding the eligibility criteria for the Program to include residential property, or any property outside of the commercial and industrial classes mandated by the *Municipal Act*.

Financial Implications

County Council could expand the criteria for the Program to include residential properties, but the full impact of that change in criteria cannot be ascertained at this time.

Alternatively, municipalities could address requests for financial relief through other municipally supported grant programs. The Group raised concerns about existing pressures on municipal budgets and the added pressure of funding community grants and donation programs. A poll of the local municipalities revealed the majority no longer have community grant and donation programs.

Not only does the County not have a community grant and donation budget, the County actually has a Grant Policy restricting grants and donations. Attached, as Appendix C, is a report from the Corporation's previous CAO, Brian Gregg, that provides a detailed account of past council discussions on this contentious issue and the resulting position approved by County Council at that time.

Over the years, the Grant Policy has been maintained with few exceptions. Approvals for long term discretionary commitments have been made to support brick and mortar initiatives impacting regional healthcare and education. Examples of these approvals include: Together in Caring Campaign, University of Windsor Centre of Automotive Research, St. Denis Recreation Centre, St. Clair College Centre for Excellence in Manufacturing, Hospice – Erie Shores Campus, Scottish Regiment War Memorial and the New Windsor Essex Hospitals System.

In recognition of the number of charitable organizations in our region and the potential financial pressures it would put on the budget, Administration continues to support the Corporation's Grant Policy position restricting the award of grants and donations and further recommends that no changes be made to the County's Program (By-law 16-2007).

Consultations

Essex County Treasurers and Tax Collectors

MPAC

County Solicitor

Recommendation

That Essex County Council receive Report 2023-0405-FIN-R09-SZ for information;

And further that the Essex County Charity Tax Rebate Program established under By-law 16-2007 continue with no amendments.

Approvals

Respectfully Submitted,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Director, Financial Services/Treasurer

Concurred With,

Mary Birch

Mary Birch, Interim Chief Administrative Officer

Appendix Number	Title
A	By-law 16-2007
B	Section 361 of the Municipal Act
C	1999-12-29 Grant Policy Report