

Tax Exemptions and Relief

ISSUE

Exemptions from property tax in Saskatchewan are legislated by the province of Saskatchewan through *The Cities Act* (the “Act”). While the Act, leaves it up to the City Assessor to determine and audit when exemptions apply to a property, it does not give City Council the ability to remove or choose not to apply the criteria for exemption as set out in the Act.

BACKGROUND

At its October 17, 2022, meeting, the Standing Policy Committee (SPC) on Finance heard a presentation from Ailsa Watkinson regarding how properties in Saskatoon receive and/or apply for property tax exemptions. The communication advocates for the application of criteria related to public good and human rights compliance by City Council when granting tax relief. At that same meeting, the SPC on Finance committee resolved:

“That Administration report back regarding the concerns outlined in the communication.”

CURRENT STATUS

In Saskatchewan, section 262 of the Act lists what organizations or types of properties are exempt from taxation and the eligibility criteria that attach to those exemptions. Corporate Registry information from Information Services Corporation (ISC) and physical inspections of properties are relied upon to ensure a property meets the legislated criteria to remain exempt.

The assessment office completes an audit twice a year to review exempt properties and ensure they still meet the criteria set out in the Act. The Act does not provide discretion to the City to remove an organization’s exempt status for failing to meet community standards, the requirements of *The Saskatchewan Human Rights Code*, or otherwise.

Pursuant to subsections 262(3) and (4) of the Act, City Council is permitted, by agreement, to grant tax exemptions in addition to the list of legislated property types. The only two property tax exemptions the City has put into place above and beyond the current legislation is for the Saskatoon Airport and the Lynx Club. These exemptions were put into place for the following reasons:

1. The Saskatoon Airport exemption was established to recognize the unique nature of airport operations and their property tax status. A property tax agreement has been established between the Saskatoon Airport and City of Saskatoon which utilizes a passenger formula to determine their annual property tax bill instead of assessed value.

2. The Lynx Club exemption was put into place to promote fairness and recognize they provide similar services to other organizations who are exempt from taxation under clause 262(1)(p) of the Act.

DISCUSSION/ANALYSIS

Nunavut Legislation

Nunavut property tax legislation significantly differs from Saskatchewan's legislation.

Section 74 of the *Property Assessment and Taxation Act (Nunavut)* states:

Authority to Exempt

74. (1) With respect to assessed property

- (a) in the general taxation area, the Minister of Finance, by order, and
- (b) in a municipal taxation area, the council, by by-law, may, wholly or partly, exempt from taxation under this Act any type of assessed property described in subsection (2).

(2) Subject to such conditions, limitations or restrictions as may be set out in the order or by-law, an order or by-law made under subsection (1) may exempt all or any part of land, improvements or mobile units

- (a) used for the purposes of a church, except for any land, improvement or mobile unit that is used as a residence;

The legislation in Nunavut provides a council with discretion to decide what properties may be exempt and the conditions, limitations or restrictions that may apply. In Saskatchewan, the Act gives a council the authority to exempt, in whole or in part, a property that is not specifically outlined in any legislation to be exempt; however, it does not give a council the ability to remove a property's exemption or set conditions on what is exempt by legislation. Like Nunavut, other jurisdictions outside of Saskatchewan have their own unique legislation that determines how exemptions are applied and monitored.

Places of Public Worship

At the October 17, 2022 meeting, Committee posed a number of questions specific to places of public worship. The Administration undertook to provide further information in this report.

Place of public worship are exempt as per clause 262(1)(e) of the Act only when the land used in connection with the place of public worship and the property are owned and used by a religious organization. The Act does not define "place of public worship". However, past Saskatchewan decisions provide some guidance. It has been held that a place of public worship has as its primary duty, the ministrations of its members spiritual needs. It must be open to the public and all spaces which contribute to operation of the facility as a place of public worship enjoy exempt status. Space that is used for residential or commercial purposes are taxable.

In 2014 a review of all properties enjoying exemptions for being a place of public worship was conducted. The results of the review were reported to the SPC on Finance

at its December 2, 2015 meeting; agenda, page 8 found [here](#). Since reporting, the review has been followed with an annual review of permits and ownership to ensure the tax status has not changed on these exempt properties.

FINANCIAL IMPLICATIONS

Approximately 140 properties, totalling 300 million in assessment or \$4.8 million in property taxes (2022 tax rates), are exempt each year for being a place of worship.

APPENDICES

1. Communication - Ailsa Watkinson - Tax Exemptions and Relief for Community-Based Organizations

REPORT APPROVAL

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