
Request for Tax Exempt Status: Proposed Saskatchewan Aviation Museum and Learning Centre

Recommendation

That the information be received.

Topic and Purpose

The purpose of this report is to provide information in response to the Saskatchewan Aviation Historical Society's request for relief from property taxes.

Report Highlights

1. The Saskatchewan Aviation Historical Society is proposing the construction of an aviation museum and learning centre, and is requesting a tax abatement or exemption.
2. Under *The Cities Act*, museums are not exempt from taxation.
3. Other museums have applied for tax abatement through the Culture Grant Program, and based on meeting the eligibility criteria, have received partial or full tax abatement through the Program.

Strategic Goals

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring that the City of Saskatoon (City) is open, accountable and transparent regarding the decisions it makes relating to equitable and consistent application of tax exemptions and abatements.

This report also supports the Strategic Goal of Quality of Life where Saskatoon is a welcoming people place, and our community supports art, culture, and recreational facilities and other amenities.

Background

At its meeting of January 4, 2016 when considering a request from the Saskatchewan Aviation Historical Society that it receive tax exempt status, the Standing Policy Committee on Finance resolved that the matter be referred to the Administration for a report.

Report

Proposed Aviation Museum and Learning Centre Requesting Tax Abatement

The Saskatchewan Historical Aviation Society (Society) is a charitable, non-profit organization. Its goal is to preserve aviation history in the province of Saskatchewan.

The Society, with the support of the Saskatoon Airport Authority and numerous other individuals and organizations, is proposing to construct an aviation museum and learning centre at the John G. Diefenbaker International Airport. Phase One of the

project is to commence in the spring of 2016 with the construction of the primary building. The Society is requesting either a tax exemption or abatement.

Museums Not Exempt from Taxation

The City is governed by *The Cities Act* which has no provision for an automatic exemption for museums. For this reason, the property does not qualify for a property tax exemption.

Tax Abatements to Be Funded Through Existing Grant or Incentive Program

Historically, City Council approved tax abatements on an ad hoc manner based on a request from a specific group. Annual approval for an abatement was relatively routine once the initial approval was made.

In 2004, a property tax abatement policy review was conducted with a goal of creating fairness and equity for organizations receiving abatements from the City. City Council established that tax abatements would become part of the City-funded assistance provided to community groups, and that any requests for tax abatements would be allocated through an appropriate grant or incentive program.

Currently, the vast majority of tax abatements are provided through one of the City's existing grant or incentive programs. There are a few exceptions where tax abatements are approved by City Council, which are under special circumstances and for a short-term basis only.

Museums fall into the group of major cultural institutions which are considered for funding assistance under the City's Culture Grant Program (CGP). In the CGP, the funding allocation for organizations (cash and tax abatements) is determined based on program criteria and by a formula approved by City Council. To be eligible for assistance, organizations in the CGP must:

- meet one of the definitions of a Major Arts Institution, Major Festival, Major Heritage or Museum Institution;
- have revenues of \$300,000 or more; and
- serve 5,000 or more people annually.

New applicants must have received at least one Sask Lotteries Community Grant from the City in the two years prior to making an application and cannot have an accumulated deficit that exceeds 10% of revenue.

To determine if the proposed museum meets the criteria for any grant or incentive program, Recreation and Community Development Division staff met with a representative of the Society on February 22, 2016. It was determined that the Aviation Museum currently does not meet the eligibility requirements for the CGP or any other incentive program. The Administration has committed to work with the Aviation Museum to assist them in moving forward to meet the requirement of the CGP.

Public and/or Stakeholder Involvement

Stakeholder involvement has been limited to the meeting with representatives of the proposed aviation museum.

Due Date for Follow-up and/or Completion

There is no due date for follow-up or completion.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Darcy Huisman, City Assessor
Reviewed by: Shelley Sutherland, Director of Corporate Revenue
Lynne Lacroix, Director of Recreation and Community Development
Randy Grauer, General Manager, Community Services Department
Approved by: Kerry Tarasoff, CFO/General Manager, Asset and Financial
Management Department

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