



Committee of the Whole Report

Report Number CORP2020-016

Meeting Date: November 3, 2020

Title: Incentives/Relief for Non-profit Medical Trusts

Description: To investigate any forms of incentive or relief that would assist non-profit medical trusts

Author and Title: Linda J. Liotti, Manager, Revenue & Taxation

Recommendation(s):

That Report CORP2020-016, **Incentives/Relief for Non-profit Medical Trusts**, be received;

and

That this recommendation be brought forward to Council for consideration at the next Regular Council Meeting.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of January 28, 2020, Council adopted the following resolution:

CW2020-019

That Staff investigate any forms of incentives or relief that would assist non-profit medical trusts within the City of Kawartha Lakes and report back to Council with options by the end of Q2, 2020.

Carried

This report addresses that direction.

Rationale:

In the Province of Ontario, the Municipal Property Assessment Corporation (MPAC) has the responsibility to accurately assess and classify all properties in Ontario. This is performed ensuring compliance with the *Assessment Act* (the "Act") and regulations as set by the Government of Ontario.

Section 3(1) of the Act, provides for properties to be exempt from taxation under certain criteria including "land owned, used and occupied solely by a non-profit philanthropic organizations".

In discussions with MPAC, it is understood that any Non-profit medical trust operating in the City of Kawartha Lakes may qualify for an exemption of property taxes provided they can provide evidence to support the criteria identified in Section 3(1) of the Act. Staff would therefore recommend any Non-profit medical trust contact MPAC to determine eligibility under this program.

An alternative option that is available to a Non-profit medical trust is to seek relief under the City's charitable rebate program (By-law 2003-84). This program allows any registered charity within the City to apply to be eligible for a rebate of 40% of the property taxes paid on commercial or industrial property that the charity occupies.

It is important to note that both of these options require effort on the part of the non-profit organization. Both of these programs already exist and are available for any eligible non-profit organization to apply for. The City does not initiate the application for either the exemption or the rebate.

Other Alternatives Considered:

An alternative approach for Council to consider is to direct staff to amend By-law 2003-84 Tax Rebate Program for Eligible Charities to provide greater relief to

non-profit medical trusts. This by-law generally provides for relief of 40%, with the explicit exception of the Sturgeon Lake Sailing Club and the Royal Canadian Legion Branches which each receive a 100% rebate.

If Council wished to proceed with this option, then the following resolution is suggested:

That Council direct staff to amend By-law 2003-84 Tax Rebate Program for Eligible Charities to provide for a rebate of ____ to registered non-profit medical trusts.

Staff are considering this an alternative as there is an ability for an exemption under the Assessment Act as noted earlier in this report. Staff are recommending that this option be exhausted first prior to the City amending its by-law to provide relief. It is understood that, to date, the one known Non-profit medical trust in Omemee has not made an application for relief to MPAC.

Alignment to Strategic Priorities

This report aligns with the Kawartha Lakes 2020-2023 Strategic Plan priority of Good Government.

Financial/Operation Impacts:

Any property tax exemption or charitable rebate results in a decrease in taxation revenue. As an example, should the one known Non-profit Medical Trust property located in Omemee qualify for an exemption, it would result in an annual loss of municipal taxes of approximately \$8,000. If the same property qualified under the Charity rebate program, that would result in a revenue loss of \$3,200.

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Department Head: Jennifer Stover, Director of Corporate Services