

## Background

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### Exempt Organizations and the Non-Profit Tax Mitigation Policy

Property tax exemptions are governed by the *Municipal Government Act* (MGA) and the *Community Organization Property Tax Exemption Regulation* (COPTER). Exemption provisions in the legislation are different based on the ownership and use of the property: some properties are required to be actively used for a specified purpose to be eligible for exemption, while others are exempt based on ownership alone. This means certain properties, in particular those used by non-profit organizations, are ineligible for property tax exemptions when their facilities are under construction or renovation and are not being used for their exempt purpose.

At the 2014 December 15 Regular Meeting of Council, through C2014-0919, Council adopted the *Non-Profit Tax Mitigation (NPTM) Policy* to fill this gap in exemptions and cancel the property taxes of non-profit organizations that paid tax during the construction or renovation period of their facility. Under the current legislation, organizations that fall into this gap and benefit from the *NPTM Policy* include non-profit organizations and societies such as places of worship, chambers of commerce, food banks, and under certain conditions, arts and cultural activities.

To be considered for municipal property tax cancellation under the *NPTM Policy*, organizations must receive a property tax exemption for the property under the provincial legislation. Until the property is completed, occupied, and being used for the exempt purpose, applicants pay municipal and provincial property taxes.

The *NPTM Policy* ensures that tax cancellations for properties and/or facilities that are under construction are conducted in an equitable and consistent manner through an open and transparent process. The following criteria from the *NPTM Policy* are used to determine if the circumstances and corresponding municipal property tax amounts should be brought forward to Council:

- › a building permit for the site was issued after the date established in the *Policy*; and
- › the organization has filed the necessary application form to request tax cancellation under the *NPTM Policy* to Assessment & Tax; and
- › upon completion and occupancy, the organization has filed an application for property tax exemption under the MGA or COPTER to Assessment & Tax and the application has been approved.

The non-profit organization must meet all the above criteria to qualify for a tax cancellation under the *NPTM Policy*. Up to four years of the municipal property taxes paid over the construction or renovation period are eligible for retroactive cancellation.

The value of the cancellation amount is based on the municipal tax levied during the eligible period the property was under construction and is retroactive to the organization attaining property tax exemption under provincial legislation.

The eligible period begins the year that the required application is submitted to Assessment & Tax. If the application is submitted the same year the building permit is issued, the period begins as of the date the permit is issued. If the application is submitted at any point thereafter, the eligible period begins January 01 of the year in which the application is received by Assessment & Tax. The period ends either four

years from the date that the eligible period begins or when the property becomes exempt from taxation, whichever is earlier.

The recommended adjustments due to the *NPTM Policy* would cancel or reduce only the municipal property taxes in each organization's account. If Council chooses not to support the recommendation, the tax liabilities and amounts paid will remain as originally billed.

## Previous Council Direction

Prior to 2024, the *NPTM Policy* was administered through the twice-annual Assessment and Tax Circumstances Report, alongside recommendations for tax cancellations relating to assessment or taxation errors from previous calendar years. The function of tax relief for prior-year assessment or tax errors is now delegated to the City Assessor/Director of Assessment & Tax through Charter Bylaws 1H2018 and 3H2024, and the *Tax Relief Delegated to Administration Council Policy*, meaning NPTM recommendations are now coming as a standalone report. Previous Circumstances Reports that include NPTM recommendations are listed below.

Date	Report Number	Direction/Description
2023 November 28	<a href="#">EC2023-1127</a>	<p><b>Non-Profit Tax Mitigation Policy Review</b></p> <p>Motion Carried. The policy was amended to reflect template changes, the corporate realignment, applicability to better coincide with the legislation, and a new basis for building permits.</p>
2023 November 28	<a href="#">EC2023-1064</a>	<p><b>2023 Assessment and Tax Circumstances Report 2</b></p> <p>Motion Carried.</p>
2023 July 4	<a href="#">EC2023-0591</a>	<p><b>2023 Assessment and Tax Circumstances Report 1</b></p> <p>Motion Carried</p>
2022 November 1	<a href="#">EC2022-1106</a>	<p><b>2022 Assessment and Tax Circumstances Report 2</b></p> <p>Motion Carried</p>
2022 June 7	<a href="#">EC2022-0425</a>	<p><b>2022 Assessment and Tax Circumstances Report 1</b></p> <p>Motion Carried</p>
2021 November 15	<a href="#">EC2021-1490</a>	<p><b>2021 Assessment and Tax Circumstances Report 2</b></p> <p>Motion Carried</p>

Various Others  
2014 - 2021

Various

**Multiple Assessment and Tax Circumstances Reports**

Since the NPTM program's inception in 2014, numerous Council has approved NPTM recommendations through numerous other Assessment and Tax Circumstances Reports.

2014 December 15

[C2014-0919](#)

**Non-Profit Tax Mitigation Policy**

At the 2014 December 15 Regular Meeting of Council, through C2014-0919, Council adopted the Non-Profit Tax Mitigation Policy to cancel the property taxes of non-profit organizations that paid tax during the construction period of their facility and whose subsequent use of the property met the criteria for property tax exemption.

## Bylaws, Regulations, Council Policies

The following are excerpts of the relevant Bylaws, Regulations, and Council Policies.

The *Non-Profit Tax Mitigation Policy*, CP2023-06 is attached to this report as Attachment #4.

### **Community Organization Property Tax Exemption Regulation (COPTER) Excerpt of Section 15**

#### **Day cares, museums and other facilities**

**15** A non-profit organization that holds property on which any of the following facilities are operated may apply to the municipality within whose area the property is located for an exemption from taxation:

- (a) a facility used for sports or recreation to the extent that the facility is not used in the operation of a professional sports franchise;
- (b) a facility used for fairs or exhibitions, including agricultural exhibitions;
- (c) a facility used for the arts or a museum;
- (d) a program premises as defined in the Child Care Licensing Regulation (AR 143/2008);
- (e) a facility used by a linguistic organization if
  - (i) the use of the property by the general public is actively encouraged, and
  - (ii) a sign is prominently posted in the facility, or information is available online, indicating the hours that the whole or part of the facility is accessible to the public;
- (f) a facility used by an ethno-cultural association for sports, recreation or education or for charitable or other benevolent purposes if
  - (i) the use of the property by the general public is actively encouraged, and
  - (ii) a sign is prominently posted in the facility, or information is available online, indicating the hours that the whole or part of the facility is accessible to the public;
- (g) a facility in a municipality operated and used by an organization for a charitable or benevolent purpose where the majority of the organization's beneficiaries do not reside in the municipality;
- (h) a facility used as a thrift shop;
- (i) a facility used as a sheltered workshop;
- (j) a facility operated and used by a chamber of commerce;
- (k) a facility used for a charitable or benevolent purpose that is for the benefit of the general public if
  - (i) the charitable or benevolent purpose for which the facility is primarily used is a purpose that benefits the general public in the municipality in which the facility is located, and
  - (ii) the resources of the non-profit organization that holds the facility are devoted chiefly to the charitable or benevolent purpose for which the facility is used.

AR 281/98 s15;283/2003;182/2008;77/2010;152/2023

### **Municipal Government Act (MGA) Excerpt of Section 347**

#### **Cancellation, reduction, refund or deferral of taxes**

**347(1)** If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:

- (a) cancel or reduce tax arrears;
- (b) cancel or refund all or part of a tax;
- (c) defer the collection of a tax.

**(2)** A council may phase in a tax increase or decrease resulting from the preparation of any new assessment.

***Municipal Government Act (MGA) Excerpts of Section 362***

**Exemptions for Government, churches and other bodies**

**362(1)** The following are exempt from taxation under this Division:

[...]

- (d) property, other than a student dormitory, used in connection with educational purposes and held by any of the following:
  - (i) the board of governors of a university, polytechnic institution or comprehensive community college under the [Post-secondary Learning Act](#);
  - (ii) the governing body of an educational institution affiliated with a university under the [Post-secondary Learning Act](#);
  - (iii) a students association or graduate students association of a university under the [Post-secondary Learning Act](#);
  - (iv) a students association of a polytechnic institution or comprehensive community college under the [Post-secondary Learning Act](#);
  - (v) the board of governors of the Banff Centre under the [Post-secondary Learning Act](#);
- (e) property, other than a student dormitory, used in connection with hospital purposes and held by a hospital board that receives financial assistance from the Crown;
- (g.1) property used in connection with provincial health agency or regional health authority purposes and held by a provincial health agency or regional health authority under the Provincial Health Agencies Act that receives financial assistance from the Crown under any Act;
- (h) property
  - (i) used in connection with the purposes of a continuing care home in respect of which a type A continuing care home licence has been issued under the [Continuing Care Act](#), and
  - (ii) held by the owner or under a lease from the owner of a continuing care home referred to in subclause (i);
- (j) property used in connection with library purposes and held by a library board established under the [Libraries Act](#);
- (k) property held by a religious body and used chiefly for divine service, public worship or religious education and any parcel of land that is held by the religious body and used only as a parking area in connection with those purposes;
- (l) property consisting of any of the following:
  - (i) a parcel of land, to a maximum of 10 hectares, that is used as a cemetery as defined in the Cemeteries Act;
  - (ii) any additional land that has been conveyed by the owner of the cemetery to individuals to be used as burial sites;
  - (iii) any improvement on land described in subclause (i) or (ii) that is used for burial purposes;
- (m) property held by
  - (i) a foundation constituted under the Senior Citizens Housing Act, RSA 1980 cS- 13, before July 1, 1994, or
  - (ii) a management body established under the Alberta Housing Act, and used to provide senior citizens with lodge accommodation as defined in the Alberta Housing Act;
- (n) property that is

[...]

- (ii) held by a non-profit organization and used solely for community games, sports, athletics or recreation for the benefit of the general public,
  - (iii) used for a charitable or benevolent purpose that is for the benefit of the general public, and owned by
    - (A) the Crown in right of Alberta or Canada, a municipality or any other body that is exempt from taxation under this Division and held by a non-profit organization, or
    - (B) by a non-profit organization,
  - (iv) held by a non-profit organization and used to provide senior citizens with lodge accommodation as defined in the Alberta Housing Act, or
  - (v) held by and used in connection with a society as defined in the Agricultural Societies Act or with a community association as defined in the regulations,
- and that meets the qualifications and conditions in the regulations and any other property that is described and that meets the qualifications and conditions in the regulations;
- (o) property
    - (i) owned by a municipality and used solely for the operation of an airport by the municipality, or
    - (ii) held under a lease, licence or permit from a municipality and used solely for the operation of an airport by the lessee, licensee or permittee;

[...]

RSA 2000 cM- 26 s362;2003 cP- 19.5 s142;2012 cE- 0.3 s279; 2017 c13 s1(35);2018 c19 s71