



STAFF REPORT ACTION REQUIRED

Late Applications under the Property Tax Rebate Program for Registered Charities

Date:	January 19, 2009
To:	Executive Committee
From:	Acting Treasurer
Wards:	All
Reference Number:	P:\2009\Internal Services\rev\ec09001rev (AFS#8948)

SUMMARY

This report seeks Council approval to implement a grant program to provide one-time property tax relief for non-profit charitable organizations that have missed the statutory deadline for applications under the City's Property Tax Rebate Program for Registered Charities.

RECOMMENDATIONS

The Acting Treasurer recommends that:

1. For property tax rebate applications related to the 2007 taxation year and onward, and provided that the Province of Ontario agrees to cover the cost of the education component of the grant, Council approve a grant program to provide one-time grants to registered charities equivalent to the property tax rebate of 40% of eligible taxes for municipal and school purposes that would have been payable if the rebate application had been received prior to the legislated deadline, under the following circumstances:
 - a. the registered charity has submitted an application to the City for a property tax rebate under the City's Property Tax Rebate Program for Registered Charities (the "Rebate Program") after the deadline of the last day of February of the year following the year in respect of which the application is made but prior to the end of that same calendar year (December 31st);
 - b. but for the lateness of the application, the registered charity is otherwise eligible for a tax rebate under the Rebate Program;

- c. the applicant has received a rebate in any prior year under the City's Rebate Program for Registered Charities;
 - d. a registered charity is eligible for a grant under this grant program on a one-time and a one-taxation-year only basis, so that any registered charity who received such a grant in respect of a taxation year is no longer eligible to receive additional grants under this grant program in subsequent taxation years;
 - e. all such grants be deemed to be in the interests of the City;
 - f. authority be delegated to the Director of Revenue Services to administer this grant program in accordance with the recommendations herein, and to issue grants to eligible charities; and
 - g. grants provided under this program be funded from the non-program tax deficiency account, with Business Improvement Area (BIA) amounts to be recovered from affected BIAs.
2. The Province of Ontario be requested to:
- a. Share in the cost of the grants recommended by Recommendation 1 on the same basis as it shares in property tax rebates under the Rebate Program;
 - b. Amend the *City of Toronto Act, 2006* (the "Act") so as to permit the City to set its own application deadlines for tax rebate programs it administers;
 - c. Amend Ontario Regulation 121/07 (the "Regulation") to allow grants recommended by Recommendation 1 to be deemed to be rebates made under section 329 of the Act for the purposes of sections 8 and 9 of the Regulation;
3. In the event the Province of Ontario does not agree to share in the cost of grants provided on that same basis as it shares in property tax rebates provided under the Rebate Program, Council approve a grant program to provide one-time grants to registered charities equivalent to the municipal portion only (including BIA amounts) of the property tax rebate that would have been payable under the Rebate Program had the rebate application been received prior to the legislated deadline, under the same circumstances identified in Recommendation 1 above.

Implementation Points

In the interests of expediting the provision of grants to charities that missed the deadline for the 2007 taxation year (the deadline for 2007 was February 29, 2008), should Council approve the recommendations contained in this report, it is proposed that grants equivalent to the municipal portion of the property tax rebate that would have been payable under the City's Rebate Program be issued as soon as possible following Council's approval of this report. Should the Province subsequently agree to share in the costs of providing such grants, a further grant payment will be made with respect to the education portion of the rebate.

Financial Impact

The total of the one-time grants to the 18 charitable organizations identified in this report for the 2007 taxation year is estimated at \$190,909. The municipal portion of the total grant amount is approximately \$106,416 (including a municipal portion of \$104,955 and Business Improvement Area (BIA) amounts totalling \$1,460), and the education portion is approximately \$84,493. If the Province agrees to share in the costs of the recommended grants, the education portion of the grants (\$84,493) will be recovered from future school board remittances for education taxes, the municipal portion of the grants will be funded from the City's non-program tax deficiency account, and BIA amounts will be recovered from affected BIAs.

If the Province does not agree to share in the costs of the grants, the City will provide grants based on the municipal portion of taxes only (including BIA amounts), totalling \$106,416 for the 2007 taxation year, to be funded from the non-program tax deficiency account, with BIA amounts to be recovered from affected BIAs.

Similarly, should grants be required in future years, amounts equivalent to the municipal portion of tax rebates and BIA amounts will need to be included within the budget estimates for the non-program tax deficiency account and BIA budgets.

Registered Charities tax rebates are funded by a special levy against commercial and industrial properties. If the province amends the *City of Toronto Act, 2006* so as to allow the grant recommended in this report to be treated in the same manner as a charitable rebate, the costs associated with providing the grant on late applications will be funded from the special levy on commercial and industrial properties.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on November 10, 2008, the Executive Committee referred a Motion from Councillor Jenkins entitled "The Aphasia Institute, 75 Scarsdale Road – Grant Request" (a copy of the Motion is attached) to the City Manager and the Acting Deputy City Manager and Chief Financial Officer for consideration and report back to the Executive Committee as appropriate.

Councillor Jenkins motion dated October 10, 2008, and the Executive Committee's (November 10, 2008) decision document can be accessed at:

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16677.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/ex/decisions/2008-11-10-ex26-dd.pdf>

ISSUE BACKGROUND

The Aphasia Institute is a charitable organization and like other charitable organizations relies on funding, fundraising and the City of Toronto's 40% Property Tax Rebate for Registered Charities in order to support its functions.

The legislated deadline to apply for the Property Tax Rebate Program for Registered Charities for the 2007 taxation year was February 29, 2008. Due to extenuating circumstances, the Aphasia Institute missed the deadline to submit its application.

Councillor Jenkins' Motion requests approval for a one-time grant to the Aphasia Institute equivalent to the 40% property tax rebate the Institute would have received for the 2007 taxation year. Staff are aware of 17 other registered charities that missed the application deadline for the 2007 taxation year that, except for filing late, would have qualified for a rebate and had qualified in previous years for the registered charity rebate.

COMMENTS

The City of Toronto's Property Tax Rebate Program for Registered Charities offers a rebate of 40% of the property taxes payable on the space occupied by the eligible charity, provided that all of the program's eligibility criteria are met. The Province shares in the cost of this 40% rebate by covering the education component. As legislated by the Province of Ontario through section 329(3) (7) of the *City of Toronto Act, 2006*, the application for the charity rebate program for a taxation year must be made no later than the last day of February of the following year. The Province legislates the end of February as an application deadline date for other tax rebates and appeals, such as vacancy rebates and municipal tax appeal applications. The February deadline date allows a municipality sufficient time to receive and assess tax relief requirements in advance of approving its annual budget and resulting tax levy/rates.

The Aphasia Institute, along with 17 other charitable organizations that the City is aware of (listed in Table 1), missed the deadline of February 29, 2008 to apply for a rebate for the 2007 taxation year. As the deadline for receipt of applications is prescribed by the *City of Toronto Act, 2006*, City Council cannot waive the deadline requirement or alter the deadline date. As such, Council cannot accept or process applications received after the legislated deadline. By missing the deadline, charitable organizations that would have otherwise qualified for rebates are ineligible to receive rebates for that taxation year. This unexpected funding shortfall presents particular challenges to affected organizations and their operations and programs.

In order to address the problem of rebate applications received after the statutory application deadline, it is recommended that the Province of Ontario be requested to amend the *City of Toronto Act, 2006* so as to permit the City to set its own application deadlines for tax rebate programs it administers. This authority will allow the City the flexibility to establish application deadlines that are early enough to permit budget estimates to be developed for rebate programs, and to establish necessary tax rates for charity rebates prior to Council's final approval of the annual operating budget and setting of final tax rates for all classes. Additionally, this authority will provide Council the ability to extend or waive deadlines under prescribed circumstances, to address legitimate cases where deadlines have been missed due to extenuating circumstances, thereby eliminating the need for grants as described in this report.

To recognize the valuable services provided by the Aphasia Institute and other such organizations until such time as the Province amends the legislation to allow Council to set its own application deadlines, staff are recommending a grant program for registered charities to provide grants to offset:

- a) 40% of the municipal portion of the taxes payable, including BIA amounts; and,
- b) provided that the Province agrees to cover its share of the education component, 40% of the education portion of the taxes payable;

in the following circumstances:

- 1) the registered charity has submitted an application for a property tax rebate under the City's Property Tax Rebate Program for Registered Charities (the "Rebate Program") after the deadline of the last day of February of the year following the year in respect of which the application is made but prior to the end of that same calendar year (December 31st);
- 2) but for the lateness of the application, the registered charity is otherwise eligible for a tax rebate under the Rebate Program;
- 3) the applicant has received a rebate in any prior year under the City's Rebate Program for Registered Charities;
- 4) a registered charity is eligible for a grant under this grant program on a one-time and a one-taxation-year only basis, so that any registered charity who received such a grant in respect of a taxation year is no longer eligible to receive additional grants under this grant program;
- 5) all such grants be deemed to be in the interests of the City;
- 6) authority be delegated to the Director of Revenue Services to administer this grant program in accordance with the recommendations herein, and to issue grants to eligible charities; and
- 7) grants provided under this program be funded from the non-program tax deficiency account, with Business Improvement Area (BIA) amounts to be recovered from affected BIAs.

The eligibility requirement identified under point 3 above, requires that charities must have been in receipt of a charity rebate in a prior year. This requirement is intended to ensure that charities that have been in regular yearly receipt of rebates under this program, but unexpectedly miss the deadline in a given year, will not be faced with a sudden interruption in expected and planned funding levels. This will also ensure that grants are not payable to late applicants that are applying to the program for the very first time.

Where a charitable organization carries on operations from multiple locations, each location (i.e., each property with a separate tax account) would qualify to receive a rebate for the space occupied by the charity at that location. Therefore, it is possible that a charity that misses the deadline to apply may become ineligible to receive rebates for a number of different locations. It is intended that grants under the recommended program

would allow for the charity to qualify for grants for multiple locations, but only for a single tax year, and not any subsequent years. This is the case for four (4) charitable organizations that missed the deadline to apply for 2007 – each of the four organizations has submitted late rebate applications on two (2) separate locations – each location will be entitled to receive a grant for this taxation year only. Charities receiving grants for the 2007 year will not be eligible for future grants under this program.

Table 1 below identifies the various charitable organizations that would be eligible for grant amounts for the 2007 taxation year should Council approve the recommended grant program and assuming the Province agrees to cover the education portion of the rebate. All of the identified organizations have met or are expected to meet the eligibility requirements proposed for grants set out in Recommendation 1 of this report.

Table 1 - Recommended Grant Amounts for Registered Charities

Name of Organization	Property Address	Ward	City + BIA Portion	Education Portion	Total
African Medical and Research Foundation Canada	489 College St	19	\$842	\$1,153	\$1,995
Aisling Discoveries Child and Family Centre	325 Milner Ave	42	\$33,082	\$25,548	\$58,630
Aisling Discoveries Child and Family Centre	10 Milner Business Crt	42	\$2,551	\$1,788	\$4,339
Alcoholics Anonymous Toronto Intergroup	234 Eglinton Ave E	22	\$2,214	\$2,123	\$4,337
Aphasia Institute	75 Scarsdale Road	25	\$11,465	\$8,320	\$19,785
Art City in St. James Town	555 Sherbourne St.	28	\$1,520	\$3,280	\$4,800
Bellwoods Centres for Community Living Inc.	789-793 Don Mills Rd	26	\$5,994	\$2,717	\$8,711
Canadian Music Therapy Trust Fund	1175 Bloor St. W	18	\$1,935	\$1,793	\$3,728
Centre Francophone de Toronto	5 Fairview Mall Dr	33	\$2,906	\$1,787	\$4,693
Centre Francophone de Toronto	22 College St	1	\$9,749	\$7,180	\$16,929
Community Legal Education Ontario	119 Spadina Ave	20	\$4,714	\$4,390	\$9,104
Community Living Ontario	29 Gervais Dr	26	\$1,350	\$843	\$2,193
Community Living Ontario	240 Duncan Mill Rd	34	\$5,343	\$3,243	\$8,586
COU Holdings Association Inc.	123 Edward St	27	\$15,232	\$12,996	\$28,228
Kids Can Free The Children	233 Carlton St	28	\$4,169	\$4,024	\$8,193
Kids Can Free The Children	224 Carlton St	28	\$1,888	\$1,941	\$3,829
Moeen Centre for Physically Disabled and Developmentally Challenged Young Adults	551A-551 Kennedy Rd	35	\$1,135	\$1,063	\$2,198
Theatre Gargantua Inc.	55 Sudbury St	18	\$327	\$304	\$631
Totals:			\$106,416	\$84,493	190,909

Given the financial challenges posed for charities that would otherwise have qualified for the City's Registered Charity rebate, it is important that the grants recommended in this report for the 2007 taxation year be processed as soon as possible. As the Province currently shares in the cost of the rebates, staff are hopeful that the Province will agree to similarly share in the education portion of the costs of the recommended grant program. For expediency, the City will issue grants for the municipal portion of the rebates that would have been payable as soon as possible following Council's approval of this report. If the Province subsequently agrees to share in the costs of providing such grants, a

further grant payment will be made to reflect the education portion of the rebate that would have been payable. Should the Province not agree to share in the education portion of such grants, charities will be notified of the Province's decision, and advised that no further grant amounts are forthcoming for the taxation year in question.

CONTACT

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SIGNATURE

Giuliana Carbone
Acting Treasurer

ATTACHMENT

Notice of Motion titled "The Aphasia Institute, 75 Scarsdale Road – Grant Request" dated October 10, 2008 (EX26.40)