

# Bylaw 19515 - Amendments to Bylaw 12408

## Non-Profit Community Organizations Exemption Bylaw

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### Purpose

The purpose of this bylaw is to update Council's Non-Profit Community Organization Exemption Bylaw. It will remove one property from an ongoing municipal tax exemption as per the direction of Executive Committee on October 16, 2020.

### Readings

Bylaw 19515 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree "That Bylaw 19515 be considered for third reading."

### Position of Administration

Administration supports this Bylaw.

### Previous Council/Committee Action

At the January 18, 2021, Executive Committee meeting, Bylaw 19515 was forwarded to City Council for the appropriate readings.

On October 16, 2020, Executive Committee passed the following motion:

That Administration prepare bylaw amendments to Bylaw 12408 Non-profit Community Organizations Exemption Bylaw, to remove the exemptions for:

- Lucky 7 Films

### Report Summary

This bylaw removes Lucky 7 Films from the City's municipal tax exemption bylaw.

**Report**

Film Alberta is a private, for-profit film and video production studio located on 5305 Allard Way. There are two components to the building: the front portion is a three storey space, including a basement office, and the back portion is an open studio for film production. Given the use of the property, it does not qualify for a tax exemption under legislation.

In 2013, City Council directed Administration to work with the organization to determine a model to achieve tax reduction or cancellation over the long term, including the possibility of leasing the building to a non-profit organization and providing tax exemption by bylaw. Through this discussion, the owner of Film Alberta established a non-profit company under the name “Lucky 7 Films” to hold the property.

With the property being held by this non-profit entity, City Council exempted it by bylaw. The bylaw stipulated that the exemption would only be for the periods of the year during which spaces of the building were vacant. This exemption requires the property owner to report to City Administration annually regarding the amount of space and length of time that portions of the property are rented or used. The intention of the exemption was to be short-term to support the studio while it was struggling and the 2013 report suggested that, “once the subject property reaches a certain level of use or long-term occupancy, the bylaw granting exemption will be reviewed and, with Council approval, repealed.”

Over the years since its exemption, the property owner has not sufficiently reported use of the studio space as required by the bylaw. Administration has received lease information for the office space but, without further use information, the exemption cannot be based on the property’s use. This means that the property has been exempted at near 100 percent for several years, resulting in a total tax loss of approximately \$105,000 per year.

This exemption is not consistent with how others are applied, in that it supports a private business. This exemption may no longer serve its intended purpose of supporting the studio on a short-term basis. Council may consider concluding this exemption for the 2021 tax year.

**Corporate Outcomes and Performance Management**

<b>Corporate Outcome(s): The City of Edmonton’s resilient financial position enables both current and long-term service delivery and growth.</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>

Ensure transparent and reasonable tax policy	Past year's taxes forgone as a result of Council exemption decisions	Council has approved 5 ongoing municipal tax exemptions for non-profit organizations through Bylaw 12408. This cost the City roughly \$250,000 per year.	N/A
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**Public Engagement**

The relevant property owner was made aware of the October 16, 2020 report and that the property exemption was under review via a written letter. The report was publicly available for review.

**Budget/Financial Implications**

This exemption change will result in a net positive variance for the City of approximately \$100,000.

**Attachment**

1. Bylaw 19515

**Others Reviewing this Report**

- B. Andriachuk, City Solicitor