CONSIDERATION OF REPORT OF THE COMMITTEE ON FINANCE AND ADMINISTRATION

The Executive Policy Committee has had before it the Report of the Committee on Finance and Administration, dated September 8th, 1992, has concurred in the recommendations contained therein and submits same to Council for approval and adoption.

On motion of Councillor Selinger, the Report of the Committee on Finance and Administration, dated September 8th, 1992, was considered clause by clause.

West Committee Room,
Council Building, Winnipeg.
September 8th, 1992.

His Worship the Mayor and Councillors:

Your Committee on Finance and Administration submits the following Report and recommends:

Request for an Extension of Time - Massage Therapists. - File EL-1

1386 - 1. Council at its meeting held on June 17th, 1992, referred the following motion to your Committee, namely:-

Moved by Councillor Hyman,
Seconded by Councillor Reese,

"WHEREAS licenses for massage therapists are often considered under the same regulations as massage parlours;

AND WHEREAS the skills of massage therapists are very different from massage parlour operators;

AND WHEREAS there are standards that those who practice massage therapy must adhere to;

AND WHEREAS there is a great deal of frustration by massage therapists to obtain a license that differentiates them from massage parlours;

THEREFORE BE IT RESOLVED that the Administration be instructed to gather information from other Canadian cities about licensing of massage therapists and other provinces that have provincial legislation;

AND BE IT FURTHER RESOLVED that the Administration develop an outline of the steps necessary to make the differentiation between licenses for massage therapists and massage parlours."

Your Committee on Finance and Administration at its June 23rd, 1992 meeting, referred the above motion to the administration for report, which report has not as yet been received.

Your Committee on Finance and Administration, therefore requests Council grant your Committee an extension of time of 90 days in which to consider this matter and report to Council.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Report of the Committee on Finance and Administration, dated September 8th, 1992

Request for an Extension of Time - Amusement Tax Exemption Review
File FL-2.5

1387 - 2. Council at its meeting held on May 27th, 1992, referred the following motion to your Committee, namely:-

Moved by Councillor Reese,
Seconded by Councillor Mendelson,

"WHEREAS in view of the concerns expressed towards the tax exemption obtained by the owners of the Walker Theatre to put on Phantom of the Opera;

THEREFORE BE IT RESOLVED that By-law No. 3107/81 be reviewed by the Committee on Finance and Administration;

BE IT FURTHER RESOLVED that the Committee on Finance and Administration consider abolishing the amusement tax exemption and replace it with a system of grants."

Your Committee on Finance and Administration at its June 2nd, 1992 meeting, referred the above motion to the administration for report, which report has not yet been received.

Your Committee on Finance and Administration therefore requests Council grant your Committee an extension of time of 90 days in which to consider this matter and report to Council.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Request for Extension of Time - Mobile Vendor License Fees. File EL

1388 -3. Council at its meeting held on April 15th, 1992, referred the following motion to your Committee, namely:-

Moved by Councillor Kaufmann,
Seconded by Councillor Clement,

"WHEREAS mobile vendors pay no property or business tax;

AND WHEREAS these vendors do millions of dollars of business on City Streets and cause expense for the City and neighbouring businesses;

THEREFORE BE IT RESOLVED that the annual licence fee for these vendors be raised to $300.00 for vendor carts and $600.00 for truck/van vendors."

Your Committee on Finance and Administration at its May 12th, 1992 meeting, referred the above motion to its Ad Hoc Committee on Licensing and Animal Control. The Ad Hoc Committee has not reported back.

Your Committee on Finance and Administration therefore requests Council grant your Committee an extension of time of 90 days in which to consider this matter and report to Council.

Moved by Councillor Selinger,
That the clause be filed.

Carried.

Report of the Committee on Finance and Administration, dated September 8th, 1992

Summary of Leases and Sales of City Property; Leases of Privately-owned land - January 1st, 1992 to June 30th, 1992.

File FI-2.5

1389 - 4. Council on July 18th, 1979, adopted Clause 1 of the Report of the (then) Committee on Finance, dated June 26th, 1979, which sets out the policy for the sale, acquisition, rental, leasing and management of properties for the City, which policy requires the Committee on Finance and Administration to report all acquisitions, leases and sales of property to Council for information purposes.

Your Committee on Finance and Administration therefore submits for the information of Council, the attached summary of leases and sales of property approved by the Committee during the period January 1st, 1992 to June 30th, 1992.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: Attachment referred to in the above clause is on file in the office of the City Clerk.)

Transfer of Jurisdiction, North/East Corner of Sargent Avenue and Wall Street from Parks Department to the Streets and Transportation Department - City Centre-Fort Rouge Community.

Files FI-2(22) and DAO 31/92

1390 - 5. Your Committee on Finance and Administration has considered the attached Item 3 of Report No. 1A of the Technical Advisory Committee on City Properties, dated August 25th, 1992, (File 458), relative to proposed transfer of jurisdiction, north/east corner of Sargent Avenue and Wall Street from Parks Department to the Streets and Transportation Department.

Council on March 25th, 1992, approved the 1992 Capital Program which included the resurfacing of Sargent Avenue from Arlington Street to St. James Street.

As part of these works, the Streets and Transportation Department plans to widen certain corners to accommodate turning vehicles along with providing adequate sidewalk width. The subject property identified as "Proposed Street Opening" on Misc. Plan No. CCFR 8534, is under the jurisdiction of the Parks and Recreation Department and forms part of the Sargent Park Complex. The Parks and Recreation Department has indicated that it has no objections to the transfer of jurisdiction of the subject property.

The City Centre-Fort Rouge Community Committee at its meeting held on July 7th, 1992, advised it had no objection to the proposed transfer of jurisdiction.

A survey of the site involved has indicated that the area proposed to be transferred is landscaped. No other improvements exist within the area. Costs associated with this proposed transfer of jurisdiction may be charged to Account No. 03-118117-5192040711.

The transfer of jurisdiction requires the approval of at least two-thirds of the members of Council pursuant to Section 156(2) of the City of Winnipeg Act (S.M. 1989-90, C.10).

Report of the Committee on Finance and Administration, dated September 8th, 1992

Your Committee on Finance and Administration recommends:-

1. That the transfer of jurisdiction from the Parks and Recreation Department to the Streets and Transportation Department for the property identified as "Proposed Street Opening" on Misc. Plan No. CCFR 8534 be approved;

2. That the Committee on Works and Operations approve the proposal and instruct the City Solicitor to prepare the necessary street opening By-law in accordance with Misc. Plan No. CCFR 8534 for submission to Council and that the cost of the By-law estimated to be $200.00 be charged to Account Number 03-118117-5192040711;

3. That the proper officers of the City do all things necessary to implement the foregoing including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1397 for attachment.)

Grandmont Park Subdivision - Transfer of Surplus Lot to Developer, Donell Developments Ltd. - Development Agreement AG 56/86 - Assiniboine Park- Fort Garry Community.
File DASZ 56/86

1391 - 6. Your Committee on Finance and Administration has considered Item 1 of Report No. 1A of the Technical Advisory Committee on City Properties, dated August 25th, 1992, (File 4981/2-A), relative to Grandmont Park Subdivision - transfer of surplus lot to developer, Development Agreement AG 56/86.

Council on May 27th, 1992, declared that portion of Lot 9, Block 1, Plan 21262, shown as Parcel "B" on Misc. Plan No. APFG 8227/2 to be surplus to the City's needs and directed that it be conveyed back to the Developer for $1.00 plus any costs.

Parks and Recreation Department advised subsequently, that, due to its acquisition of land approximately 250' north of the subject property, giving alternate access to the public reserve, the residual portion of Lot 9, shown as Parcel "A" on the said plan, is no longer required and therefore is releasing its interest in the entire Lot 9 for pedestrian walkway purposes. It is thus proposed to return the entire parcel to the Developer on the same basis as was approved by Council for the part parcel, that is $1.00 plus costs.

Pursuant to Council Policy, the sale of land acquired for parks purposes will require the approval of at least two-thirds of Council.

Your Committee on Finance and Administration recommends:-

1. That the residual portion of Lot 9, Block 1, Plan 21262, shown as Parcel "A" on Misc. Plan No. APFG 8227/2, be declared surplus to the City's needs;

2. That the entire Lot 9 be conveyed back to the Developer for $1.00 plus any costs;

3. That the proper officers of the City do all things necessary to implement the foregoing including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1398 for attachment.)

Report of the Committee on Finance and Administration, dated September 8th, 1992

Access over City Land - North/East corner
Lagimodiere Boulevard and Niakwa Road St.
Boniface-St. Vital Community.
File FI-2.2(25)

1392 - 7. Your Committee on Finance and Administration has considered Item 2 of Report No. 1A of the Technical Advisory Committee on City Properties, dated August 25th, 1992, (File 6134/1), relative to access over City Land, north/east corner Lagimodiere Boulevard and Niakwa Road.

Council on August 15th, 1979, approved the purchase of Lots 3/4, Plan 15057 shown as "City Land" on Misc. Plan No. SBSV 8001/2 from Winfield Developments Ltd. for future interchange and hydro line relocation. The terms of sale included a leaseback arrangement for a portion of Lot 3 for parking purposes.

In considering the most recent renewal of this lease arrangement, questions arose as to how access to the Lessee's land was obtained.

Upon investigation, the following is indicated:-

1. Access is over the City's land.

2. At the time of subdivision by Winfield of its lands and the subsequent acquisition by the City of Lots 3/4, the owners of Lot 2 had an easement over a portion of Lot 3 for access to their buildings. In order for Winfield to transfer title to Lot 3 to the City clear of encumbrances, it was necessary for the developer to withdraw the right-of-way easement. However, until such time as the streets proposed under the subdivision were developed, access to the buildings was still required over Lot 3.

3. Winfield has an easement for access over the Manitoba Hydro adjoining the City land.

4. In light of the access requirement, Winfield requested

   (a) a grant of an easement for a right-of-way for all purposes over the portion of Lot 3 developed as a road; and

   (b) permission from the City for the continued use of the road lands pending a decision by the City on its request for a right-of-way easement or, in the event of an unfavourable decision, until a date 60 to 90 days from that decision, the latter period of time being needed by the developer to provide an alternate means of access to its site.

5. With respect to Item 4 (b) above, the Streets and Transportation Department did "not object to the City giving permission for the continued use of the above land as an access route by the development pending decision by the City on the developer's request for a right-of-way easement (or until a date 60 to 90 days after an unfavourable decision regarding the right-of-way easement). There are no objections with respect to (4(a)), for the granting of an easement for a right-of-way for all purposes across the land presently being transferred to the City, provided that:

   (1) No additional buildings are constructed on the developer's site and orienting for access to the 30 foot easement.

   (2) The caveat and easement are withdrawn at such time as a new street is physically established north of the two existing buildings as has been proposed in the subdivision process (so that the two existing buildings can orient to the new street as a replacement means of access), or until such time as the lease (which the City is prepared to grant to the developer for parking purposes on the lands being transferred) shall be terminated.

The intent of the above is that the caveat and easement are not to be maintained beyond the point in time at which the overall subdivision proceeds with provision for access to the regional street system at locations other than the existing median opening on Lagimodiere Boulevard just north of the Trans-Canada Highway."

Report of the Committee on Finance and Administration, dated September 8th, 1992

Under date of February 19th, 1980, a Release and Indemnity was forwarded to solicitors for Winfield by the Law Department. The Law Department advised the solicitor that subject to the execution and return by Winfield of the Release and Indemnity, the City would be prepared to allow Winfield continued access over the existing right-of-way on the understanding that this permission shall terminate upon the expiration of a sixty day period from the date Council makes a decision on Winfield's request for a right-of-way easement. The 60 day period is to allow the parties to enter into an easement agreement if the request is granted by Council or if denied to allow Winfield time to provide for an alternate means of access to the site.

The Release and Indemnity was signed by Winfield February 26th, 1980.

The Law Department has advised that Winfield's request for a permanent right-of-way easement over Lot 3 should be processed to Committees of Council and upon a decision being received, Winfield be so advised.

As an alternative to the granting of an easement, a lease for access purposes may be appropriate. This lease could be similar in nature to the one granted Winfield for parking. Terms and conditions of lease are outlined in Schedule "A" attached.

Your Committee on Finance and Administration recommends:-

1. That the request for an easement be denied;

2. That a lease of the land in accordance with terms and conditions outlined in Schedule "A", be approved;

3. That the proper officers of the City do all things necessary to implement the foregoing including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1399 for attachment.)

Partial Acquisition - Southeast corner Wellington Avenue at St. James Street - City Centre-Fort Rouge Community
File FI-2(22)

1393 - 8. Your Committee on Finance and Administration has considered the attached Item 4 of Report No. 1A of the Technical Advisory Committee on City Properties, dated August 25th, 1992, (File 7638/1), relative to the proposed partial acquisition, southeast corner of Wellington Avenue at St. James Street.

The land shown as "Proposed Street Opening" on the attached Misc. Plan No. SJA 8495 is required to provide radius modifications to accommodate WB-15 semi-trailer trucks. Both streets are truck routes within the industrial and commercial area of St. James. On January 23rd, 1992, the Board of Commissioners authorized the Director of the Land Surveys and Real Estate Department to negotiate for the acquisition of the subject property required for the 1992 Capital Program of the Streets and Transportation Department.

Negotiations with the owner have resulted in a proposed settlement in accordance with the terms and conditions outlined on the attached Schedule "A". In brief, the Agreement provides for the payment of $1,360.00 for the corner cut.

The Land Surveys and Real Estate Department considers the proposed purchase price, terms and conditions as negotiated to be reasonable and in the City's best interests.

The Streets and Transportation Department has advised that adequate funding for this proposed acquisition and its costs is available in Capital Account No. 03-118117-5187100705.

Report of the Committee on Finance and Administration, dated September 8th, 1992

Your Committee on Finance and Administration recommends:-

1. That the proposed acquisition at a price of $1,360.00 and in accordance with the terms and conditions as set out in Schedule "A" be approved;

2. The Committee on Works and Operations approve this proposal and instruct the City Solicitor to prepare the necessary street opening By-law in accordance with Misc. Plan No. CCFR 8495 for submission to Council and that the costs of the By-law estimated to be $200.00 be charged to Account No. 03-118117-5187100705;

3. That the proper officers of the City do all things necessary to implement the foregoing including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1400 for attachment.)

Land Acquisition - North St. Boniface Market Garden Site, Parcel 2, Plan 6705 - St. Boniface-St. Vital Community
File FI-2(25)

1394 - 9. Your Committee on Finance and Administration has considered the attached Item 5 of Report No. 1A of the Technical Advisory Committee on City Properties, dated August 25th, 1992, (File 7012), relative to land acquisition, north of St. Boniface Market Garden site, Parcel 2, Plan 6705.

At its meeting held on August 24th, 1989, the Board of Commissioners considered a report dated August 11th, 1989, from the General Manager of the Parks and Recreation Department, pertaining to the Seine River Parkway and the subject property. The Board authorized the Director of Land Surveys and Real Estate to initiate negotiations with the owner of the subject property as shown on the attached copy of Misc. Plan No. SBSV 7756/1.

Ongoing negotiations with the beneficial owners to be (by way of an Option to Purchase Agreement) on the basis of an exchange of lands proved to be unsuccessful. At its meeting held on July 9th, 1992, the Board of Commissioners considered a report from the Acting Director of Land Surveys and Real Estate, dated June 29th, 1992, regarding the subject property. The Board authorized the Director of Land Surveys and Real Estate to offer Campion Project Management Inc. an all-inclusive amount of $600,000.00, adjusted only for realty taxes. The Board also authorized that if the above was not accepted within one month, the Director of Land Surveys and Real Estate submit the necessary recommendation to initiate expropriation proceedings directly to your Committee on Finance and Administration for consideration and submission to Council for approval.

The three vested interests in a letter dated July 24th, 1992, provided their acceptance of the Board's authorized offer.

The Budget Bureau has certified that funding in the amount of and $727,357.00 is available for the acquisition of the subject property, with $36,357.00 committed against "Land Acquisition for General Unspecified Purposes" Account and $691,000.00 committed against the "Land Acquisition of Riverbank Property" Account.

Your Committee on Finance and Administration recommends:-

1. That the subject property be purchased for an amount of $600,000.00 and in accordance with the terms and conditions attached hereto as Schedule "A";

2. That the proper officers of the City do all things necessary to implement the foregoing including the execution of any documents related thereto.

Report of the Committee on Finance and Administration, dated September 8th, 1992

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1401 for attachment.)

Business License in lieu of Business Tax for businesses conducted from residential dwellings - "Home Occupations"
Files FL-1 and EL-1.

1395 - 10. The City of Winnipeg under the authority provided in Section 24(1) of Schedule D to The City of Winnipeg Act, charges a business license in lieu of business tax under By-Law No. 201/72 for businesses conducted from residential dwellings.

Your Committee on Finance and Administration has been advised that these provisions will not apply for the 1993 and subsequent taxation years. Therefore, without amendments to The City of Winnipeg Act, the City will no longer have the authority to levy this form of business tax, resulting in a revenue loss of approximately $300,000.00.

Section 24(1) of Schedule D to The City of Winnipeg Act is the section of the Act which currently provides the City with the authority to charge a business license in lieu of business tax to businesses conducted from residential dwelling units. Section 24(1) states:

Power to classify license

24(1) In addition to any other power granted by this Schedule, the city shall have power to classify and license (including the power to fix the licence fee for each class) persons carrying on any of the businesses classified under this Schedule for business tax purposes, whether or not the persons occupy premises for the purpose of such businesses.

For 1993 and subsequent taxation years, that Section was amended to read:

Business not occupying premises

531(1) The council may by by-law classify, licence and prescribe fees for businesses that are carried on in the city by persons who do not occupy premises for purposes of their business. This amendment has deleted the authority to charge a license in lieu of business tax under By-Law No. 201/72 for persons who do occupy premises for purposes of their business.

Your Committee is of the opinion that the same or similar authority to classify and license should be restored. In 1991, 3,511 business licenses in lieu of business tax were issued under the provisions of By-Law No. 201/72 for revenue of $199,375.00. To the end of July 1992, 2,956 licenses have been issued for revenue of $288,278.00.

The option of levying a minimum business tax to these "home occupations" was explored, but the cost of administering this option is considered to be substantially more than the existing system.

Should the Province respond positively to the City's request to amend The City of Winnipeg Act, a further report and by-law will be drafted to amend or replace By-Law No. 201/72, including a recommendation for the amount of the business license in lieu of business tax for 1993. The current amount of the license in lieu of business tax in these situations is $100.00 per annum. This fee was increased from $60.00 to $100.00 effective January 1st, 1992. The amount was calculated to be in line with the business taxes that would be levied against a comparable commercial premise and reflected the 1991 business reassessment. There has not been a business reassessment since then, therefore, the annual rental values used in the calculation are still valid. The 1993 business license in lieu of business tax amount will be recommended to be in line with business taxes on comparable commercial premises, once a decision is reached as to the amount of the business tax rate or rates for 1993.

Report of the Committee on Finance and Administration, dated September 8th, 1992

Currently, a reduced rate of $10.00 is available for persons conducting business from a residential dwelling who are registered with a qualified organization for the physically handicapped or disabled. The proposed amendment would continue to provide the City with the authority to provide this reduced rate. In 1992, seven (7) individuals or businesses have taken advantage of this reduced rate.

Currently, the $100.00 fee can be reduced by half if the business commences after July 1st in any year, and refunds are made on the same basis. The proposed amendment would continue to provide the City with this authority.

Before a business license in lieu of business tax is issued to a "home occupation", compliance with zoning regulations is ensured, and this practice would continue under this proposed amendment.

The possibility of changing the amount of the business license in lieu of business tax to include the differential in realty tax between residential and commercial property was explored and is not being recommended at this time for several reasons.

The fee was increased from $60.00 to $100.00 last year, an increase of 66 and 2/3%, causing approximately 500 complaint calls to be handled by the License Branch early in 1992. Significant fee increases two years in a row would be received very negatively by this group of taxpayers. The Province has indicated that housekeeping amendments to the Act may be possible, but would likely be reluctant to make significant amendments to the Act. Many home occupations are not really comparable to even the smallest commercial business. The hours of operation are generally very limited and sometimes by appointment only, as many of these businesses are little more than hobbies, or part-time work to supplement other earnings. Many of these businesses do not use a designated space for their business, but may work from an area as small as the kitchen table. Data with respect to the amount of designated space, etc. is not available and, therefore, there is insufficient information to support a recommendation to include a property tax component.

Your Committee on Finance and Administration recommends:-

1. That the Province of Manitoba be requested to amend The City of Winnipeg Act, to reinstate the authority to charge a business license in lieu of business tax to businesses conducted from residential dwelling units.

2. That the proper officers of the City do all things necessary to effect the foregoing.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Home Renovations Tax Incentive Program
File FL-2.2.

1396 - 11. On May 9th, 1990, Council referred the following motion to your Committee on Finance and Administration, namely:-

Moved by Councillor Lazarenko,
Seconded by Councillor Selinger

"WHEREAS the City of Winnipeg does not provide a tax break on any home renovations;

AND WHEREAS homeowners are reluctant to renovate their residences because they are immediately assessed and faced with an increase in taxes;

Report of the Committee on Finance and Administration, dated September 8th, 1992

AND WHEREAS a five-year program of tax forgiveness on assessable home renovations suggested herein will give an incentive for the owners of any single family owner-occupied home to renovate and upgrade their homes;

AND WHEREAS the City would not be losing any revenue with such a program, because the additional renovation work would not otherwise be done;

AND WHEREAS the City will make a major tax gain after expiration of the five-year period;

THEREFORE BE IT RESOLVED that the Committee on Finance and Administration be asked to explore the feasibility of the City forgiving the taxes for a period of five years on all assessable home renovations up to a maximum of $10,000.00 made by the owners of any single family owner-occupied home."

The Assessment, Law and Finance Departments reviewed the feasibility of providing a tax forgiveness program on assessable home renovations. In a report dated December 6th, 1990 (copy attached as Appendix 1), submitted to the Committee on Finance and Administration, the program was not recommended as it was deemed doubtful whether it would have the desired effect of providing an incentive for renovation and upgrade. In addition, it was noted that such a program would require legislative changes and would be costly to administer.

On November 12th, 1991, the Committee on Finance and Administration laid over consideration of appointments to its Ad Hoc Committee on Tax Forgiveness/Home Renovations pending a report to include information relating to improvements to homes in older neighbourhoods and whether property taxes would automatically increase; as well as identifying the process/method of assessment in each area of the City; all costs associated with implementing a tax forgiveness program including revenue/equity implications.

On July 14th, 1992, the Committee on Finance and Administration referred the report dated May 29th, 1992, from its Ad Hoc Committee on Tax Forgiveness for Home Renovations to the Commissioner of Finance and Administration and City Assessor for investigation and report back to its September 8th, 1992 meeting.

Committee instructed that the report address the matter of:

a) a definition of tax forgiveness
b) costs to the City in lost revenues
c) strategies for implementation

and any other information deemed relevant.

The Committee on Finance and Administration at its meeting held on February 18th, 1992, received as information a report dated February 7th, 1992 (copy attached as Appendix 2), in which the Assessment and Finance Departments reported as follows:

All properties are assessed by law at value. Home renovations do not necessarily add value in direct proportion to their cost.

The Assessment process is identical in all areas of the City. All factors which may affect value are considered in determining the assessment of property.

The cost of implementing a tax forgiveness program cannot be determined with any accuracy until the details of the proposed program are known. Dependent on the extent of the proposed program, additional staff years would be required in the Assessment Department and the Tax Branch. Additional costs would be incurred in the Computer Services Department as well as miscellaneous costs in other departments.

If a system of tax exemptions were employed there would be no direct loss in revenue to the City. The shortfall would simply be distributed over all other taxable property.

Report of the Committee on Finance and Administration, dated September 8th, 1992

A program of tax forgiveness for home renovations would lead to disparities in taxes on homes of similar value. In response to Committee's current request, the following information is provided:

Definition of tax forgiveness:

No standard or legal definition of the term "tax forgiveness" exists. The Courts often turn to dictionary definitions for insight in such circumstances.

Webster's II New Riverside University Dictionary defines the word "forgive" in part as follows:

To absolve from payment of <a debt>.
To accord forgiveness.

The report of the Ad Hoc Committee on Tax Forgiveness for Home Renovations tabled on July 14th, 1992, states that Sections 1, 9 and 20 of The Municipal Assessment Act would have to be amended in order to allow implementation of a tax forgiveness program for homeowners. The Act does not use the term "tax forgiveness." The pertinent subsections deal with the definition of assessable property and specific exemptions. A form of
"tax forgiveness" applied under the provisions of an amended Municipal Assessment Act would involve a redefinition of assessable property or the granting of an exemption for home improvements.

Costs to the City in Lost Revenues

As stated in previous reports there would be no direct cost to the City if exemptions were granted for home improvements. The deferred revenues would simply be redistributed by means of a higher mill rate on all taxable property. Based on the 1992 assessed value added through home renovations, this would require a mill rate increase of approximately .0021 mills.

School taxes are collected by the City but are levied by the Provincial Department of Education and the various School Divisions. Unless the Provincial Legislature were to give the City the power to grant exemptions from school taxes, the City would have to subsidize the Provincial Department of Education and the various School Divisions.

The Report of The Manitoba Assessment Review Committee (M.A.R.C.) dated March, 1982, had the following recommendation:

"IV-A-I Exemptions from real property assessment and taxation should be standardized throughout the province as such exemptions affect not only the local taxpayer but also the taxpayers within the school division and over the province as a whole.

The exemption of any property from assessment and taxation transfers an additional tax burden to the other taxpayers in the municipality, the school division and the province."

If the province follows the principles set out in the M.A.R.C. report they are unlikely to allow municipalities the option of allowing exemptions for home improvements particularly as they may apply to school levies.

As a follow-up to the M.A.R.C. report, the Province passed a new Municipal Assessment Act in 1990 after much deliberation and consultation. The Act was amended in 1992 amid a great deal of controversy. It is questionable if the Provincial Government would be willing to propose further amendments to the Act at this point.

Based on the foregoing, it is reasonable to assume that any tax exemption allowed for home improvements would apply to municipal levies only.

Assuming the full proposed exemption of $10,000.00 of added value, the cost per residence, or conversely the savings to the owner, would be as follows:

Report of the Committee on Finance and Administration, dated September 8th, 1992

$10,000.00 x 47% (portion share for residential 1) x 34.284 mills (municipal levies only - 1992 rate) = $161.18.

In 1991, the amount added to the assessment roll for residential alterations and improvements was $13,585,850.00 over 2,711 properties (an average of $5,011.00). Assuming that all of the improvements, which include garages, pools, dwelling additions, etc. qualified for the exemption, the forsaken revenue to the City would be:

$13,385,850.00 x 47% (portion share for residential 1) x 34.284 mills (municipal levies only - 1992 rate) = $215,692.00.

Based on the figures, the estimated indirect costs would be:

Year 1 - $ 215,692*
Year 2 - $ 431,384*
Year 3 - $ 647,076*
Year 4 - $ 862,768*
Year 5 - $1,078,460*

* Based on municipal taxes only.
Does not include mill rate increases.
Does not include the direct cost of administration.
No allowance for inflation.

Strategies for Implementation:

In order to plan appropriate strategies for implementation, the objective of proposal must be clear.

If the objective is to encourage the revitalization of older neighbourhoods, the focus of the proposal should be restricted to home over 10 years of age.

As presently drafted, it would allow tax exemptions for basement finish, swimming pools, central air conditioning, hot tubs, and building additions, etc. in all parts of the City including newer and well maintained neighbourhoods.

The question would have to be addressed as to whether the exemption would continue if the property were to sell. The sale of properties which carry a tax exemption could enhance the sale value and may thereby disrupt a market value assessment system.

If the exemption were to terminate with the sale of a property there would be an additional administrative effort to process property ownership changes for purpose of the exemption.

Purchasers would have to check tax statements closely to determine what their actual taxes would be.

If the Municipal Assessment Act is amended to allow for an exemption for home improvements, a homeowner would presumably have the right to appeal the amount of the exemption or a refusal by the assessor to grant an exemption. The assessing of the "value added" by a home improvement if it were linked to a tax exemption would undoubtedly be prone to appeal.

By its very nature, the program would have some rather complex regulations which might be subject to misinterpretation. The program would therefore require a public education campaign.

As stated in the report on November 21st, 1990, "The Assessment Department is not aware of any studies which indicate that property owners delay renovating because of concerns over increased assessment and taxation. The cost of construction, interest rate, and the state of the economy are major considerations in a homeowner's decision whether to build or renovate; the prospect of increased taxes is a secondary consideration." This is illustrated by the earlier example where a renovation of $20,000.00

Report of the Committee on Finance and Administration, dated September 8th, 1992

might add $10,000.00 worth of market value to a home, which in turn under this program might result in a tax forgiveness of $161.00 per year for five years. It is unlikely that this degree of savings would alone be a major factor in a $20,000.00 decision, but it may serve as an incentive.

If it is the wish of Council to establish a program of "tax breaks for home renovations," the administration, for the reasons noted above, recommends a program outside the assessment process which could be established under existing legislation, would be simpler to administer, and would directly target specific types of improvements. Such a program would be based on the concept of tax credits for qualifying home improvements rather than on deferred assessments.

If it is deemed advisable to have a program of tax credits for home renovations, it is recommended that the program have the features listed below:

It should:

1. Be restricted to single-family dwellings or duplexes.
2. Be restricted to dwellings at least ten years old.
3. Not apply to specified luxury items such as swimming pools.
4. Cease on sale of the property.
5. Be accomplished by a system of grants or tax credits based on the cost of renovations as determined by the Permit Department (the same costs that are used to determine permit fees).
6. Another alternative might be to exempt the owners of single-family homes in designated areas from the payment of permit fees for qualifying home improvements.
7. Not be subject to appeal.
8. Apply grants or credits against property taxes over a period of years.

The Law Department should be consulted in this to determine the extent to which sections 138 and 242 of the City of Winnipeg Act are adequate for the administration of such a program. The City of Winnipeg Act. S.M. 1989-90, c. 10.

Grants
138

The city may, by resolution of the council, make grants of money

(a) to any charitable or philanthropic institution that is authorized under the Charities Endorsement Act to canvass or solicit for funds;

(b) toward the capital cost of hospitals to be constructed, renovated or improved within the city, but any such grant shall not exceed 20% of the total cost approved by The Manitoba Hospital Commission for land acquisition, buildings to be constructed, renovated or improved and fixtures or other equipment to be installed

(c) for aiding athletic of aquatic sports; and

(d) for any other purpose that, in the opinion of the council, may be in the interests or to the advantage of the city or the inhabitants of the city."

Remission of taxes
242

Except for local improvement charges, the council may by by-law cancel in whole or in part any taxes or debt or monies owing to the city.

On September 8th, 1992, your Committee considered representation by Councillor Prystanski who filed with Committee, a petition purported to contain the signatures of 1,110 persons in support of the City "initiating and developing a tax break for home renovations.....", copy of which is on file in the Office of the City Clerk.

Your Committee on Finance and Administration approved in principle a tax incentive program for home renovations and recommends:-

Report of the Committee on Finance and Administration, dated September 8th, 1992

1) That a Home Renovation tax incentive program be approved in principle;

2) That further study be given to the alternative implementation methodologies outlined above namely, elimination of permit fees; grants or tax credits linked to renovation costs;

3) That the proper officers of the City do all things necessary to effect the foregoing.

Moved by Councillor Selinger,
Adoption of the clause.

Moved by Councillor Kaufmann,
That the question be now put.

Carried.

The motion for the adoption of the clause was put.

Councillor Clement called for the yeas and nays, which were as follows:-

Yea: Councillors Boychuk, Brown, Clement, Demare, Diamant, Duguid, Fleisher, Fraser, Gilroy, Golden, Kaufmann, Lazarenko, Lorenc, Mendelson, Murray, O'Shaughnessy, Prystanski, Reese, Selinger, Thomas, Timmers, Timm-Rudolph, Yuen and Councillor Eadie. 24

Nay: Nil. 0

and the motion for the adoption of the clause was declared carried.

1397 - Attachment referred to in Clause 5 of the Report of the Committee on Finance and Administration, dated September 8th, 1992.

(SEE PAGES 2137 – 2139 FOR OFFICIAL SET OF MINUTES ATTACHMENT)

1398 - Attachment referred to in Clause 6 of the Committee on Finance and Administration, dated September 8th, 1992.

SEE OFFICIAL SET OF MINUTES FOR ATTACHMENT.

1399 - Attachment referred to in Clause 7 of the Committee on Finance and Administration, dated September 8th, 1992.

SEE PAGES 2141 – 2144 FOR OFFICIAL SET OF MINUTES FOR ATTACHMENT.

1400 - Attachment referred to in Clause 8 of the Committee on Finance and Administration, dated September 8th, 1992.

SEE PAGES 2145 – 2147 FOR OFFICIAL SET OF MINUTES FOR ATTACHMENT.

1401- Attachment referred to in Clause 9 of the Committee on Finance and Administration, dated September 8th, 1992.

SEE PAGES 2148 – 2153 FOR OFFICIAL SET OF MINUTES FOR ATTACHMENT.

COMMITTEE ON FINANCE AND ADMINISTRATION
MOTIONS

Moved by Councillor Kaufmann,
Seconded by Councillor Demare,
1402 - BE IT RESOLVED that Southglen Properties be sold back for $1.00; the same piece of property which they sold to the City for $1.00 in order to extend Compark Road inasmuch as Compark Road is not to be extended and this property is now surplus to the City's needs.

The Speaker ruled that the motion is automatically referred to the Committee on Finance and Administration in accordance with Section 16.1 of the Procedure By-law.

Moved by Councillor Kaufmann,
That the rule be suspended to allow consideration of the motion at this time.

The motion to suspend the rule was put.

Councillor Reese called for the yeas and nays, which were as follows:-

Yea: Councillors Brown, Clement, Demare, Diamant, Fleisher, Fraser, Golden, Kaufmann, Lorenc and O'Shaughnessy. 10

Nay: Councillors Boychuk, Gilroy, Lazarenko, Mendelson, Murray, Reese, Selinger, Thomas, Timm-Rudolph, Yuen and Eadie. 11

and the motion to suspend the rule was declared lost.

Moved by Councillor Duguid,
Seconded by Councillor Fleisher,
1403 - WHEREAS enumerating the citizens of Winnipeg for the Civic Election has cost taxpayers $600,000.00;

AND WHEREAS approximately the same amount will be spent to enumerate the citizens of Winnipeg for the upcoming Referendum on the Constitution;

AND WHEREAS the voters in the Crescentwood area will have been enumerated no less than three times in the past three months at considerable public expense;

AND WHEREAS a permanent voters lists exists in other jurisdictions;

THEREFORE BE IT RESOLVED that the City of Winnipeg urge the Federal and Provincial Governments to cooperate with the City in establishing a permanent voters list which can be updated on a continuous basis and can be used for all City, Provincial and Federal elections in the future.

Automatic Referral to
Executive Policy Committee in
accordance with Section 16.1
of the Procedure By-law.

COMMITTEE ON FINANCE AND ADMINISTRATION
CONSIDERATION OF BY-LAWS

1404 - On motion of Councillor Selinger, By-law No. 6023/92, a By-law of The City of Winnipeg to amend By-law No. 350/73, being the Civic Charities Endorsement Bureau By-law, was read a first, second and third time, the rule being suspended for the third reading of the by-law and was passed and ordered to be signed and sealed. File Nos. GC-7 & GL-5.2.

COMMITTEE ON FINANCE AND ADMINISTRATION
QUESTION PERIOD

1405 - Referring to the Home Renovations Tax Incentive Program, Councillor Golden enquired as to how long it will take to develop a program to assist individuals in renovating older homes.

Councillor Selinger responded that he expected the matter would be resolved after the election, within one year.