



Grants-in-Lieu of Property Taxes

Issue Date: September 12, 2018

Revised Date: N/A

Authority:

The Crown Corporations Act, 1993

Applicability:

This policy is applicable to CIC and all CIC subsidiary Crown corporations. It is effective fiscal 2018-19 with payments being made for the 2018 calendar year. Retroactive payments will not be made for years prior to 2018.

Purpose:

The objective of this policy is to:

- Define what properties will be subject to grants-in-lieu of property tax payments; and,
- Outline a dispute resolution process for concerns regarding eligible properties and property assessments.

Definitions:

Eligible Property - A property that meets the conditions outlined in this policy allowing a Crown corporation to make a grant-in-lieu of property tax payment to the municipality where the property is located.

Linear Real Estate Asset - All assets and property associated with, or incidental to, the operation of a generation, transmission, distribution, treatment, information or communication facility, system, or network.

Non-Linear Real Estate Asset - A standalone property that is not part of, or directly related to the operation of, a generation, transmission, distribution, treatment, information or communication facility, system, or network.

Policy Statements:

CIC and all CIC subsidiary Crown corporations shall make grants-in-lieu of property tax payments to municipalities for all owned, non-linear real estate assets in Saskatchewan. These payments are to be based on the property's taxable assessment and applicable mill rates. Taxable assessment and mill rates are determined by the assessor and municipality in the same manner as for any taxable property.

Background:

As an agent of the Crown, Crown corporations are not taxable and therefore do not pay property taxes. Instead, Crown corporations compensate municipalities for the services they provide through grants-in-lieu of property tax payments. Grants-in-lieu payments are based on policy, not legislation.

This policy does not change the non-taxable status of the Crown corporations as the payments being made are not actual tax payments.

General Provisions:

Grants-in-lieu of property tax payments made across the Crown sector for eligible properties will be based on property assessments and mill rates. The payments will be made for all eligible property that the Crown corporation receives a grants-in-lieu of tax notice.

Eligibility of Properties

Crown corporations will only make grants-in-lieu payments for owned, non-linear real estate assets. The discussion below does not include every type of property owned by a Crown corporation; however, it provides various examples on which to base the decision for other types of properties.

Properties that are exempt from taxation for a taxable property owner under *The Cities Act*, *The Municipalities Act*, or *The Northern Municipalities Act, 2010* are not eligible for a grant-in-lieu property tax payment from a Crown corporation.

Buildings and Land

For the purpose of this policy, all owned, non-linear assets are eligible. This includes properties such as standalone office buildings, parking lots, and warehouse space.

In addition, land that is not directly related to a linear asset, is eligible. This includes urban and rural bare land, gravel pits, and landfills.

If a property type is exempt from property taxes it is not eligible for a grant-in-lieu payment.

Properties that are not eligible include any owned, linear real estate assets. The buildings (offices, warehouses, storage space, etc.), parking lots and facilities directly or incidentally involved with generation, transmission, distribution, treatment, and communication are part of the linear asset.

Examples of these types of linear assets include:

- pipelines;
- power generation stations;
- water treatment plants;
- pump stations;
- compressor stations;
- information and telecommunication towers located on public right of ways or easements;
- fibre; and,
- light standards.

Land that is directly related to a linear asset is also part of the linear asset and so is not eligible. This includes land where a generation, transmission, distribution, or treatment facility is located as well as land owned due to the location of an underground storage facility, land purchased with the intent to be used for coal mining, land purchased with the intent to develop a linear asset, and reservoir lands.

Leased Property

Arrangements related to how property tax, or grants-in-lieu of property tax, payments will be paid to a municipality for property leased by or from a Crown corporation will be made at the discretion of the lessee and the lessor.

Contaminated Sites

Land and buildings that are not related to a linear asset, but are contaminated are eligible for a grants-in-lieu payment. However, if the contaminated site is related to a linear asset, the site is not eligible for a grants-in-lieu payment. An example that would not be eligible would be a diesel generating site that is no longer operating. Once remediation of the site has been completed and the site is no longer related to a linear network, the site would be eligible for a grants-in-lieu payment.

Crown Corporation Specific Considerations

SaskTel - Although part of a linear network, SaskTel has historically made grants-in-lieu payments for any improvements related to its cell towers, urban switching centers, and community dial offices on land that it owns. These payments will continue for any existing properties and will be made for any new properties that fit into these categories going forward. Land purchased with the intent to construct these facilities will also continue to be eligible for a grants-in-lieu payment.

Payment Timing

Crown corporations will, to the best of their ability, make grants-in-lieu of property tax payments within the calendar year that a grants-in-lieu of taxes notice is received. As the payments are grants-in-lieu, not actual taxes, the Crown corporations cannot be considered in arrears on taxes and cannot be subject to any penalties for late payment. Payments shall be made in a timely manner upon receipt of a grant-in-lieu of tax notice.

Going forward, retroactive payments will not be made for a given year if a municipality does not issue a grants-in-lieu of tax notice to a Crown corporation for that year regardless if a grants-in-lieu payment was made in the previous year.

If a municipality does not receive payment by December 31 of any given year, it is the responsibility of the municipality to follow up with the Crown corporation within a reasonable timeframe (e.g. one month) to inquire on the status of payment.

Dispute Resolution

Eligibility - If there is a dispute between a Crown corporation and a municipality on whether a property is eligible for a grant-in-lieu payment, and discussions between the two parties cannot reach an agreement, CIC can be requested to provide an interpretation of the policy. Both the Crown corporation and the municipality will be given the opportunity to submit their reasoning for why the property should, or should not, be eligible for a grant-in-lieu payment under this policy. CIC's interpretation will be approved by the Senior Vice-President and General Counsel and will be based on the description of the property provided by the Crown corporation, the reasoning provided by both parties, this policy, and any relevant Acts. Where there is a difference in eligibility between property tax law for taxable entities and this policy, the position outlined in this policy will be followed as the payments are grants-in-lieu of property taxes not actual property taxes. Submissions should be sent to info@cicorp.sk.ca to the attention of the Manager, Strategic Policy and Stakeholder Engagement.

Assessments - If there is a dispute between a Crown corporation and a municipality on an assessment, the corporation is to follow the same appeal process available for any taxable property owner. This process is laid out in *The Cities Act*, *The Municipalities Act*, and *The Northern Municipalities Act, 2010*.

Administrative Information:

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