
SECTION 19

GRANTS

19.01 GRANTS-IN-LIEU OF PROPERTY TAXES

AUTHORITY: TREASURY BOARD

ADMINISTRATION: TAXATION AND PROPERTY RECORDS DIVISION
DEPARTMENT OF FINANCE

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19.01 GRANTS-IN-LIEU OF PROPERTY TAXES

(1) PURPOSE

The *Real Property Tax Act* (Act) requires that property tax be charged on all real property in the province with certain exemptions as set out in the Act. The purpose of this policy is for Government to provide limited financial support for approved non-profit organizations, community groups or municipalities who are providing specified services in the community by providing a grant to these organizations in an amount equal to their non-commercial provincial property taxes (Grants). The program is budgeted in General Government and is administered by the Taxation and Property Records Division, Department of Finance.

Clause 1(j) of the *Real Property Assessment Act* defines a non-profit organization as “a corporate or unincorporated body carrying on an activity the preponderant purpose of which is a purpose other than the making of a profit.”

(2) APPLICATION

This policy is applicable to the non-profit organizations rendering services in the community. Property used for the following purposes may qualify if owned by a charitable organization, community group or a municipality:

- (a) Community Rinks;
- (b) Fire Halls;
- (c) Community Recreation Centers;
- (d) Youth Camps and Senior Citizens Clubs;
- (e) Libraries and Museums;
- (f) Community Halls;
- (g) Port Authorities;
- (h) Royal Canadian Legions;
- (i) College of Piping and Celtic Performing Arts of Canada;
- (j) Agricultural Exhibitions;
- (k) Charlottetown Airport Authority; and
- (l) Hospitals.

Grants will not be paid to service clubs, curling rinks, golf clubs, health centers or organizations that receive other Government financial assistance for their provincial property tax expense.

The Grant in relation to hospitals relates to a grant to be paid to municipalities in which a hospital is located. As hospitals are exempt from both provincial and municipal property tax, a grant will be paid to the municipality in-lieu of property tax.

The amount of this grant will be fixed by Treasury Board and is not intended to replace the value of lost municipal property tax based on the assessed value of the hospital property.

(3) POLICY

In general terms, this policy is applicable to:

- (a) the non-commercial portion of provincial real property taxes on properties owned by approved non-profit organizations. For clarity, where an organization owns a property with a commercial and a non-commercial assessment, the non-commercial assessment may be eligible for a Grant;
- (b) the non-commercial portion of provincial real property taxes on properties owned by the Government and leased to approved non-profit organizations; and
- (c) other special but related situations approved by Treasury Board.

A non-profit organization that is in direct competition with a commercial organization will not be eligible for a Grant.

Treasury Board will not provide a Grant to non-profit organizations owning property having a commercial assessment, with the exception of the following five (5) non-profit organizations currently in receipt of a Grant for an amount equal to their commercial assessment:

- (1) Canadian Red Cross;
- (2) Voluntary Resource Council;
- (3) Tignish Health Co-operative Health Assn. Ltd.;
- (4) Royal Canadian Legions; and
- (5) Cross Roads Rural Community Fire Company (leased space in Stratford).

Tax relief in the form of grants on those taxes levied by a municipality is not provided as a general rule.

Grants in excess of \$250,000 require Treasury Board approval. Grants are approved for a three-year period at which time the applicant must reapply to determine eligibility and the Grants are subject to review at any time.

Grants must be based on need as established by financial statements and should not exceed the amount of provincial taxes payable. As a general rule, financial need will be considered established if the organization is in a net loss position. If the organization is in a net income position, financial need will be established if either:

- (a) the Grant exceeds 25% of the organization's net income; or
- (b) the Grant exceeds 5% of the organization's liquid assets; or
- (c) the Grant exceeds 5% of the organization's equity.

Requests on the basis of financial need outside of this scope will be considered on a case-by-case basis.

A refund of all or part of the Grant is made where current taxes had previously been paid in full.

A Grant will be withheld in situations where the taxpayer has not paid prior year municipal taxes, provincial commercial taxes, fire dues, fees for waste management services or any accumulated interest on the property tax account until such time as these arrears are paid.

(4) **PROCEDURE**

Applications for Grants by a non-profit organization should be made to:

Taxation and Property Records Division
Department of Finance
P. O. Box 880
Charlottetown, PE C1A 7M2

By completing the application, the applicant will provide information on the purpose of the organization and describe how the property on which the Grant being requested is being used. The applicant must also provide the latest available annual financial statements and/or budget of the organization with the application. The requests will be reviewed by Taxation and Property Records Division.

All renewal applicants who continue to meet policy requirements and have a Grant amount of less than \$250,000 per property will be approved by the Provincial Tax Commissioner or Deputy Minister of Finance in accordance with signing authority and will have a credit applied against the property tax account of the applicant. The Department of Finance will forward a copy of approved grants by property purpose (see section (2)) as well as whether the approval is based on financial need or special circumstance to Treasury Board annually.

All renewal applicants who no longer clearly meet policy requirements and are recommended for denial, or for whom the Grant amount is over \$250,000 per property, will be forwarded with a recommendation for approval or denial to Treasury Board for consideration.

All new applicants will be forwarded with a recommendation for approval or denial to Treasury Board for consideration.

If a Grant is approved, a credit will be made against the property tax account of the applicant.

A letter or notice signed by the Minister of Finance or their designate will be mailed to all applicants indicating the amount of Grant approved.

As a general rule, the Department of Finance will not consider Grant requests which are more than one year prior to the fiscal year in which the Grant is requested unless a

retroactive Grant is being made by a previously approved Grant recipient who has legitimate reasons for failing to provide a renewal application on time.

(5) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Taxation and Property Records Division of the Department of Finance, who will make the interpretation or refer the matter to Treasury Board, if a Board decision is deemed necessary.