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**Subject:** Heritage Tax Rebate By-law Amendment

**Report to:** Corporate Services Committee

**Report date:** Wednesday, August 10, 2022

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## Recommendations

1. That By-law No. 36-2008, being a By-law authorizing the Region to provide matching funding for Fort Erie's Tax Rebate Program, **BE AMENDED** to update reference to Fort Erie's updated By-law to implement a Heritage Tax Rebate Program;
2. That the Region **MATCH** the City of Port Colborne's percentage refund or reduction on each eligible property participating in the City's Heritage Properties Tax Rebate Program; and
3. That the necessary By-laws **BE PREPARED** and **PRESENTED** to Council for consideration.

## Key Facts

- The purpose of this report is a housekeeping matter to continue the Region's participation in the Heritage Tax Rebate Program for Fort Erie and Port Colborne.
- As part of the Incentive Review it was identified that the Heritage Tax Rebate program did not align with the previously established Council approved incentive priority areas and therefore Regional participation would be cancelled. This recommendation was defeated by Regional Council on December 10, 2021.
- As per section 365.2 (7) of the *Municipal Act, 2001*, the Region passed a By-law to partner under the Town of Fort Erie program in 2008 (By-law 36-2008), this By-law requires an amendment to continue Regional participation in the Heritage Tax Rebate Program.
- The Region does not currently have an active By-law authorizing Regional participation in Port Colborne's Heritage Tax Rebate Program. Despite this, the Region has been, on an annual basis, participating in Port Colborne's Program and requires a By-law to be put in place to continue this participation.

## Financial Considerations

Upon conclusion of the Incentive Review, \$2,000 in Regional funding for the Fort Erie and \$3,060 in Regional funding for the Port Colborne Heritage Tax Rebate program was

repurposed in the 2022 operating budget for other incentives as per the approved Incentives Policy Review recommendations of Council.

Due to amendments in the Town of Fort Erie's Heritage Tax Rebate By-law, the rebate percentage increased from 25% to 40% and cap on maximum assessment value increased from \$250,000 to \$500,000. These changes have the potential to triple the Region's financial contribution in partnership with the Fort Erie program. As a result of the continuation of the Region's partnership in this program, it is estimated that \$6,000 will be spent on Heritage Tax Rebates in Fort Erie based on prior year trends. Port Colborne has not suggested that any changes will be made to their existing program. Based on prior year trends, it is estimated that \$3,000 will be spend on an annual basis on Heritage Tax Rebates in Port Colborne. As there is no budget for this program in 2022, this will need to be spent from the total grants budget already approved. This will further impact the anticipated deficit for the year in the grants and rebates budget.

As part of the extensive Incentives Review process, Council approved grant programs that aligned with their priority areas. The 2022 budget for grants was created with the changes in grants and incentives approved in this policy. As a result of the continuation of programs that were expected to be discontinued (for example residential agricultural use, places of workship) resulting from the Incentives Policy, the overall grant budget for 2022 is understated. This will be addressed as part of the 2023 budget.

## **Analysis**

The Tax Reduction for Heritage Properties Program, section 265.2 of the Municipal Act, 2001, provides local municipalities with an optional mechanism to provide tax relief in the form or reductions or refunds to eligible heritage properties.

The Region currently has one active By-law authorizing Regional participation on a Heritage Tax Rebate Program at a Local Area Municipality (being the Town of Fort Erie). The purpose of this report is to action the repeal and replacement of Regional By-law 36-2008. This By-law references the Town of Fort Erie's By-law 204-07, which was repealed and replaced with By-law 157-2021, on December 13, 2021. As a result of this amendment, in order to continue Regional participation on a Heritage Tax Rebate Program, Regional By-law 36-2008 must also be repealed and replaced with a new By-law in reference to the changes made by Fort Erie.

The Region does not currently have an active By-law authorizing Regional participation in Port Colborne's Heritage Tax Rebate Program. Despite this, the Region has been, on

an annual basis, participating in matching Port Colborne's program since Port Colborne's By-law was passed in 2004 (and later amended in 2005 & 2006). In October 2002, Regional Council adopted report 133-2002, which recommended that the Region match the relief percentage adopted by a municipality under section 365.2 of the Municipal Act, 2001. In 2005, Port Colborne was the first area municipality to request application of the Region's policy. The lack of a By-law being created to authorize Regional participation in Port Colborne's program, is likely an administrative oversight, and therefore the purpose of this report is to initiate a By-law to continue the Region's participation in this program.

As part of the Town of Fort Erie's amendment of By-law 157-07, the rebate percentage increased from 25% to 40% (the maximum percentage permitted under the Municipal Act) and the cap on the maximum assessment value increased from \$250,000 to \$500,000 from previous By-law 204-07. Regional participation will be impacted accordingly, as the proposed By-law amendment matches the percentage refund or reduction on each eligible heritage property participating in the Town of Fort Erie's Heritage Properties Tax Rebate Program.

As a point of clarification, the Heritage Tax Rebate program which is the subject of this report is separate and distinct from the SNIP Heritage Restoration Grant program which Council endorsed the continuance of until 2023.

### **Alternatives Reviewed**

None as this is a housekeeping matter to continue the Region's participation in the Heritage Tax Rebate Programs.

### **Relationship to Council Strategic Priorities**

None.

## Other Pertinent Reports

- 133-2002
- CSD 79-2021 Repealing Heritage Tax Rebate By-law
- PDS 31-2021 Niagara Region Incentives Policy

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### Prepared by:

Blair Hutchings, MBA, CPA  
Senior Tax & Revenue Analyst  
Corporate Services

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### Recommended by:

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Corporate Services

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### Submitted by:

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy, and reviewed by Helen Chamberlain, Director, Financial Management & Planning/Deputy Treasurer.

## Appendices

None