



POLICY STATEMENT

The Government of Nunavut (GN), under the authority of the *Financial Administration Act*, may pay grants to cities, towns, villages and hamlets to compensate for the municipal services provided to GN buildings, as cities, towns, villages and hamlets cannot tax a higher authority (GN).

PRINCIPLES

This policy is based on the following principles:

- The GN should provide fair compensation for municipal services provided to its properties by municipal corporations.
- Properties owned by the GN should be assessed by the same methods as those used for privately owned property.
- The GN should treat properties used for the same purpose in different municipal taxation areas in a consistent and equitable manner.

APPLICATION

This policy applies to properties owned by the GN, including those owned by public agencies, located within cities, towns and villages, except where specifically exempted in this policy.

DEFINITIONS

Applicable Mill Rate

The mill rate that would apply to the property of the GN, including public agencies, if it were privately owned property.

Assessable Property

Any land, improvement, mobile home, pipeline, works and transmission lines or railway that is liable to assessment.

Assessed Value

The value given to assessed property in accordance with the *Property Assessment and Taxation Act and Regulations*.

City, Town or Village

A municipal corporation as defined in the *Cities, Towns and Villages Act*.

Deputy Head

The deputy minister of other departments, the chief executive officer of a public committee, board or council or such person as may be appointed as deputy head.

Grant-in-Lieu of Property Taxes

A grant paid by the GN or a public agency for certain properties for which it holds title or has a reserve. Grants are paid in lieu of taxes because a city, town or village cannot tax the GN.

Land

Physical land, whether or not covered by water or ice, including artificial islands and artificial accretions to physical land.

Mill Rate

The rate used to determine the amount of property tax owed on a property. Each Property Class (type of property) may be assigned a different Mill Rate by the Municipality Taxing Area. The Mill Rate for each type of property is calculated by each municipal taxing Area using the following formula:

$$\text{Mill Rate} = \frac{\text{\textit{(Total Property Tax Revenue Requirement of the Municipal Taxing Authority for the Property Type)}}}{\text{\textit{(Total Assessed Value of all Properties of This Type on Which Property Taxes and Grants-in-Lieu of Property Taxes May be Collected in the Municipal Taxation Area)}}$$

The assessed value of a property is then multiplied by the mill rate to arrive at the amount of property tax owed.

Municipal Taxing Authority

A city, town or village established under the *Cities, Towns and Villages Act* or a hamlet established under the *Hamlets Act* that has been designated as a municipal taxing authority in accordance with the *Property Assessment and Taxation Act*.

Municipal Programs and Services

Those programs and services which are normally provided by municipal corporations, including the provision of water, collection, treatment and disposal of sewage and garbage, fire protection, road maintenance, recreation, by-law enforcement, land use control and community planning. This may also include land administration, borrowing, and the collection of property taxes.

Property Class

A class of property established by the *Property Assessment and Taxation Act* or by

by-law under the Act.

Public Agency

Any statutory body or territorial corporation specified in the *Financial Administration Act*.

Tax Exempt Property

Assessed property not liable to taxation under the *Property Assessment and Taxation Act*.

Taxable Property

Assessed property liable to taxation under the *Property Assessment and Taxation Act*.

ROLES AND RESPONSIBLES

1. Minister

The Minister of CGS:

- (a) is accountable to Cabinet for the implementation of this policy.

2. Deputy Minister

The Deputy Minister of CGS:

- (a) is responsible for the administration of all provisions pursuant to this policy; and
- (b) makes the final decision on whether or not a property is eligible for the payment of a grant-in-lieu of property taxes, and on the amount of such grant, or may designate such authority.

3. Deputy Heads

Deputy Heads (or designates):

- (a) inform the Deputy Minister of CGS of properties acquired and disposed of by their departments, boards or agencies in accordance to the Surplus Disposal Policy and
- (b) as properties are developed, existing facilities are renovated, and new facilities are constructed, the Deputy Minister of the funding Department constructing the facility and the Deputy Minister of the Department of Finance will ensure that adequate funds are included in the budget process and transferred to CGS thus ensuring that the GN provides fair compensation for municipal services provided to its properties by municipal corporations and

- (c) encourage the disposal of real property held by their departments, boards or agencies within cities, towns and villages that are no longer required, in order to reduce unnecessary payments of grants-in-lieu of property taxes.

PROVISIONS

Eligibility:

Eligibility for this policy is restricted to cities, towns, villages and hamlets to compensate for the municipal services provided to GN buildings

1. Municipal Taxing Authority

A city, town or village established under the *Cities, Towns and Villages Act* or a hamlet established under the *Hamlets Act* that has been designated as a municipal taxing authority in accordance with the *Property Assessment and Taxation Act*.

2. Taxable Property

Assessed property liable to taxation under the *Property Assessment and Taxation Act*.

3. Property Eligible for Grants-in-Lieu of Property Taxes

A grant-in-lieu of property taxes may be paid for GN-owned properties required for the administration of the GN, including:

- (a) regional hospitals and health centres,
- (b) schools,
- (c) correctional centres,
- (d) children's receiving homes and group homes,
- (e) liquor stores,
- (f) offices,
- (g) warehouses and garages,
- (h) airports,
- (i) staff housing not owned by the Nunavut Housing Corporation and
- (j) vacant land reserved for the use of the GN.

4. Property Eligible for Partial Grants-in-Lieu of Property Taxes

A partial grant may be paid on the following GN-owned properties based on 60 percent of the property's assessed value and the prevailing tax rate:

- (a) student residences,
- (b) nurses residences,
- (c) colleges, and
- (d) regional libraries.

5. Property Not Eligible for Grants-in-Lieu of Property Taxes

The GN shall not pay grants-in-lieu of property taxes on the following:

- (a) vacant, untitled (unpatented) lands or vacant, titled lands located within a city, town or village, except lands reserved for the use of the GN,
- (b) structures that do not use municipal services and which do not provide shelter to individuals, such as machinery and equipment, reservoirs, dams, bridges, docks, wharves, piers, floats, jetties, fortifications, fences, pole lines, transmission lines, gasoline pumps, airport equipment, aircraft runway paving and lighting, water mains, sewer mains, breakwaters and walls,
- (c) property not otherwise exempt from municipal property taxation leased to third parties except as provided under the *Property Assessment and Taxation Act*,
- (d) property exempted from property taxation by a by-law under *the Property Assessment and Taxation Act*, which is leased to a third party,
- (e) property providing a service which is normally provided by the municipal corporation such as utilidors, pump houses and water treatment plants,
- (f) territorial museums,
- (g) territorial parks, and
- (h) Legislative Assembly buildings.

Review:

Deputy Minister

The Deputy Minister of CGS:

- (c) is responsible for the administration of all provisions pursuant to this policy; and
- (d) makes the final decision on whether or not a property is eligible for the payment of a grant-in-lieu of property taxes, and on the amount of such grant, or may designate such authority.

Supporting Data

Administrative Procedures

- (a) After funds have been appropriated by the Legislative Assembly, CGS will disburse the authorized funds as outlined in the applicable program policies and in accordance with the Financial Administration Act (FAA) and more specifically the Financial Administration Manual (FAM), Section 801 for Grants and Contributions.
- (b) Standard procedures entail the disbursement of an accountable advance with the remainder of the grants-in-lieu of property taxes (GILT) to be remitted after CGS or any other public agency has received an eligible application from the city, town or village.

Accountable Requirements

Deputy Heads

Deputy Heads (or designates):

- (a) inform the Deputy Minister of CGS of properties acquired and disposed of by their departments, boards or agencies in accordance to the Surplus Disposal Policy and
- (b) as properties are developed, existing facilities are renovated, and new facilities are constructed, the Deputy Minister of the funding Department constructing the facility and the Deputy Minister of the Department of Finance will ensure that adequate funds are included in the budget process and transferred to CGS thus ensuring that the GN provides fair compensation for municipal services provided to its properties by municipal corporations and
- (c) encourage the disposal of real property held by their departments, boards or agencies within cities, towns and villages that are no longer required, in order to reduce unnecessary payments of grants-in-lieu of property taxes.

Amount

Mill Rate

The rate used to determine the amount of property tax owed on a property. Each Property Class (type of property) may be assigned a different Mill Rate by the Municipality Taxing Area. The Mill Rate for each type of property is calculated by each municipal taxing Area using the following formula:

$$\text{Mill Rate} = \frac{\text{(Total Property Tax Revenue Requirement of the Municipal Taxing Authority for the Property Type)}}{\text{(Total Assessed Value of all Properties of This Type on Which Property Taxes and Grants-in-Lieu of Property Taxes May be Collected in the Municipal Taxation Area)}}$$

The assessed value of a property is then multiplied by the mill to arrive at the amount of property tax owed.

1. Amount of Grant to be Paid

The amount of grants-in-lieu of property taxes payable are determined by multiplying the assessed value of all GN-owned properties eligible for a grant under this policy, by the applicable mill rates in each city, town or village.

2. Method of Assessment

All assessment of properties owned by the GN shall be completed by the same method as those used for assessing private property.

3. Other Provisions

- (a) If the GN acquires a taxable property during the year, the GN may pay a partial grant to a city, town or village pro-rated to the length of time the GN held title in that year.
- (b) If property exempted from property taxation is acquired by the GN during the year, then the GN may pay a partial grant to a city, town or village pro-rated to the length of time the GN held title in that year.
- (c) If the GN disposes of property during the year, a city, town or village may be eligible to receive a partial grant pro-rated to the length of time the GN held title in that year.
- (d) The GN will not pay any interest or late payment fees with respect to grants-in-lieu of property taxes.

4. Public Agencies

- (a) This policy does not apply to the Nunavut Housing Corporation.
- (b) Notwithstanding any other section in this policy, the Nunavut Power Corporation shall pay grants-in-lieu of property taxes on the assessed value

of its land and buildings, to cities, towns or villages or to the GN, as applicable, upon receipt of a notice of tax payable. The Nunavut Power Corporation shall not pay grants-in-lieu of property taxes on improvements not considered buildings, such as, machinery and equipment, and structures.

Method of Payment

One payment will be issued.

FINANCIAL RESOURCES

Financial resources required under this policy are conditional on approval by the Legislative Assembly and on the availability of funds in the appropriate budget.

PREROGATIVE OF CABINET

Nothing in this policy shall in any way be construed to limit the prerogative of Cabinet to make decisions or take action respecting the payment of grants-in-lieu of property taxes outside the provisions of this policy.

SUNSET CLAUSE

This policy shall be in effect from the date of the signature until March 31, 2023.

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Premier, The Honorable Joe Savikataaq

REVISED: June 12, 2018

Sunset: March 31, 2023

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Appendix B

Grant-in-Lieu of Property Taxes

Section	Existing Policy	Proposed Changes	Explanation
Definitions			
	<p><u>Grant-in-Lieu of Property Taxes</u> A grant paid by the GN or a public agency for certain properties for which it holds title or has a reserve. Grants are paid in lieu of taxes due to the fact that a city, town or village cannot tax the GN.</p>	<p><u>Grant-in-Lieu of Property Taxes</u> A grant paid by the GN or a public agency for certain properties for which it holds title or has a reserve. Grants are paid in lieu of taxes due to the fact that because a city, town or village cannot tax the GN.</p>	Grammatical Correction
	<p><u>Mill Rate</u> The rate used to determine the amount of property tax owed on a property. This rate is calculated by each municipal taxing authority using the following formula: See formula below.</p>	<p><u>Mill Rate</u> The rate used to determine the amount of property tax owed on a property. Each Property Class (type of property) may be assigned a different Mill Rate by the Municipality Taxing Area. The Mill Rate for each type of property is calculated by each municipal taxing Area using the following formula: See formula below</p>	Change is to reflect current practice.
	<p>The assessed value of a property is then multiplied by the mill rate in order to arrive at the amount of property tax owed.</p>	<p>The assessed value of a property is then multiplied by the mill rate to arrive at the amount of property tax owed.</p>	Correction
Provisions			
	<p><u>2.Property Eligible for Grants-in-Lieu of Property Taxes</u> A grant-in-lieu of property taxes may be paid for GN-owned properties required for the administration of the GN, including:</p>	<p><u>2.Property Eligible for Grants-in-Lieu of Property Taxes</u> A grant-in-lieu of property taxes may be paid for GN-owned properties required for the administration of the GN, including:</p>	Airports should have been added to policy when ownership transferred from Federal Government to GN.

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Grant-in-Lieu of Property Taxes

	<ul style="list-style-type: none"> (a) regional hospitals and health centres; (b) schools; (c) correctional centres; (d) children's receiving homes and group homes; (e) liquor stores; (f) offices; (g) warehouses and garages; (h) staff housing not owned by the Nunavut Housing Corporation; and (i) vacant land reserved for the use of the GN. 	<ul style="list-style-type: none"> (a) regional hospitals and health centres; (b) schools; (c) correctional centres; (d) children's receiving homes and group homes; (e) liquor stores; (f) offices; (g) warehouses and garages; (h) airports; (i) staff housing not owned by the Nunavut Housing Corporation; and (j) vacant land reserved for the use of the GN. 	<p>Airports were eligible for a grant in lieu when owned by Federal Government, so the GN and GNWT have been and should continue to pay grant in lieu of taxes.</p>
	<p><u>4. Property Not Eligible for Grants-in-Lieu of Property Taxes</u></p> <p>The GN shall not pay grants-in-lieu of property taxes on the following:</p> <ul style="list-style-type: none"> (a) vacant, untitled (unpatented) lands or vacant, titled lands located within a city, town or village, except lands reserved for the use of the GN; (b) structures that do not use municipal services and which do not provide shelter to individuals, such as docks, fences, breakwaters and walls; (c) property not otherwise exempt from municipal property taxation leased to third parties, except as provided under the Property Assessment and Taxation Act; (d) property, exempted from 	<p><u>4. Property Not Eligible for Grants-in-Lieu of Property Taxes</u></p> <p>The GN shall not pay grants-in-lieu of property taxes on the following:</p> <ul style="list-style-type: none"> (a) vacant, untitled (unpatented) lands or vacant, titled lands located within a city, town or village, except lands reserved for the use of the GN; (b) structures that do not use municipal services and which do not provide shelter to individuals, such as machinery and equipment, reservoirs, dams, bridges, docks, wharves, piers, floats, jetties, fortifications, fences, pole lines, transmission lines, gasoline pumps, airport equipment, aircraft runway paving and lighting, water mains, sewer mains, breakwaters and walls; (c) property not otherwise exempt from municipal property taxation 	<p>Change to reflect current practices of items not considered eligible, particularly considering airports and the new deep water port.</p>

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Grant-in-Lieu of Property Taxes

	<p>property taxation by a by-law under the Property Assessment and Taxation Act, which is leased to a third party;</p> <p>(e) property providing a service, which is normally provided by the municipal corporation, such as utilidors, pump houses and water treatment plants;</p> <p>(f) territorial museums;</p> <p>(g) territorial parks; and</p> <p>(h) Legislative Assembly buildings.</p>	<p>leased to third parties, except as provided under the <i>Property Assessment and Taxation Act</i>;</p> <p>(d) property, exempted from property taxation by a by-law under <i>the Property Assessment and Taxation Act</i>, which is leased to a third party;</p> <p>(e) property providing a service, which is normally provided by the municipal corporation, such as utilidors, pump houses and water treatment plants;</p> <p>(f) territorial museums;</p> <p>(g) territorial parks; and</p> <p>(h) Legislative Assembly buildings.</p>	
	<p>7. <u>Public Agencies</u></p> <p>(a) This policy does not apply to the Nunavut Housing Corporation.</p> <p>(b) Notwithstanding any other section in this policy, the Nunavut Power Corporation shall pay grants-in-lieu of property taxes on the assessed value of its land and buildings, to cities, towns or villages or to the GN, as applicable, upon receipt of a notice of tax payable.</p>	<p>7. <u>Public Agencies</u></p> <p>(a) This policy does not apply to the Nunavut Housing Corporation.</p> <p>(b) Notwithstanding any other section in this policy, the Nunavut Power Corporation shall pay grants-in-lieu of property taxes on the assessed value of its land and buildings, to cities, towns or villages or to the GN, as applicable, upon receipt of a notice of tax payable. The Nunavut Power Corporation shall not pay grants-in-lieu of property taxes on improvements which are not considered to be buildings,</p>	<p>Change to clarify current practices of items not considered eligible at Power Corp.</p>

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Grant-in-Lieu of Property Taxes

		such as, machinery and equipment and structures.	
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$$\text{Mill Rate} = \frac{\text{(Total Property Tax Revenue Requirement of the Municipal Taxing Authority)}}{\text{(Total Assessed Value of Property on which Property Taxes and Grants-in-Lieu of Property Taxes May be Collected in the Municipal Taxation Area)}}$$

$$\text{Mill Rate} = \frac{\text{(Total Property Tax Revenue Requirement of the Municipal Taxing Authority for the Property Type)}}{\text{(Total Assessed Value of all Properties of This Type on Which Property Taxes and Grants-in-Lieu of Property Taxes May be Collected in the Municipal Taxation Area)}}$$