



1. Statement of Policy

The Government of the Northwest Territories may pay grants-in-lieu of property taxes for its properties located within cities, towns or villages.

2. Principles

The Government of the Northwest Territories will adhere to the following principles when implementing this Policy:

- (1) The Government of the Northwest Territories should provide fair compensation for municipal services provided to Government of the Northwest Territories properties by community governments.
- (2) Properties owned by the Government of the Northwest Territories should be assessed by the same methods as those used for privately owned property.
- (3) The Government of the Northwest Territories will treat properties used for the same purpose in different municipal taxation areas in a consistent and equitable manner.

3. Scope

This Policy applies to properties owned by the Government of the Northwest Territories, as well as those owned by public agencies and territorial corporations, located within cities, towns and villages in the Northwest Territories, except where specifically exempted in this Policy.

4. Definitions

The following terms apply to this Policy:

Applicable Mill Rate - the mill rate that would apply to the property of the Government of the Northwest Territories, public agencies and territorial corporations 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 a department, 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 which is to be paid by the Government of the Northwest Territories or a territorial corporation for certain properties for which it holds title or has a reserve.

Land - physical land, whether or not covered by water or ice, and includes artificial islands and artificial accretions to physical land.

Mill Rate - 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:

$$\text{Mill Rate} = \frac{\text{Total property tax revenue requirement of the municipal taxing authority}}{\text{Total assessed value of property on which property taxes and grants-in-lieu of property taxes may be collected in the municipal taxation area}}$$

The assessed value of a property is then multiplied by the mill rate in order 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 or charter community designated as a municipal taxing authority in accordance with the *Hamlets Act* or *Charter Communities Act* respectively.

Municipal Programs and Services - those programs and services which are normally provided by community governments, 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 which is not liable to taxation under the *Property Assessment and Taxation Act*.

Taxable Property - assessed property that is liable to taxation under the *Property Assessment and Taxation Act*.

Territorial Corporation - any statutory corporation specified in the *Financial Administration Act*.

5. Authority and Accountability

(1) General

This Policy is issued under the authority of the Executive Council. The authority to make exceptions and approve revisions to this Policy rests with the Executive Council. Authority and accountability is further defined as follows:

(a) Minister

The Minister of Municipal and Community Affairs (the Minister) is accountable to the Executive Council for the implementation of this Policy.

(b) Deputy Minister

The Deputy Minister of Municipal and Community Affairs (the Deputy Minister) is accountable to the Minister and responsible to the Minister for the administration of this Policy.



(2) Specific

(a) Minister

The Minister determines whether or not a property is eligible for the payment of a grant-in-lieu of property taxes.

(b) Deputy Minister

The Deputy Minister will review and make recommendations to the Minister on the lists of eligible properties submitted by each city, town and village.

(c) Deputy Heads

Deputy Heads (or designates) will:

- (i) inform the Deputy Minister of properties acquired and disposed of by their departments, boards or agencies; and
- (ii) 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.

6. Provisions

(1) Amount of Grant to be Paid

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



(2) Property Eligible for Grants-in-Lieu of Property Taxes

A grant-in-lieu of property taxes may be paid for properties that are owned by the Government of the Northwest Territories and which are required for the administration of the Government. These include the following:

- (a) regional hospitals;
- (b) regional schools;
- (c) correctional centres;
- (d) children's receiving homes and group homes;
- (e) liquor stores;
- (f) offices;
- (g) warehouses and garages;
- (h) staff housing; and
- (i) vacant land reserved for the use of the Government of the Northwest Territories.

(3) Property Eligible for Partial Grants-in-Lieu of Property Taxes

A partial grant-in-lieu of property taxes, based on 60 percent of the assessed value of the property and the prevailing tax rate, may be paid on the following properties owned by the Government of the Northwest Territories:

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



(4) Property Not Eligible for Grants-in-Lieu of Property Taxes

The Government of the Northwest Territories 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 Government of the Northwest Territories;
- (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 leased to third parties which are not otherwise exempt from municipal property taxation, except as provided under the *Property Assessment and Taxation Act*;
- (d) property leased to a third party which is exempt from property taxation by a by-law under *the Property Assessment and Taxation Act*;
- (e) property which provides 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.

(5) Method of Assessment

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



(6) Other Provisions

- (a) If a taxable property is acquired by the Government of the Northwest Territories during the year, the Government of the Northwest Territories may pay a partial grant to a city, town or village based on the period of time during the year that the Government of the Northwest Territories held title to the property.
- (b) If property that is exempt from property taxation is acquired by the Government of the Northwest Territories during the year, then the city, town or village may be eligible to receive a partial grant based on the period of time during the year that the Government of the Northwest Territories held title to the property.
- (c) If property is disposed of by the Government of the Northwest Territories during the year, a city, town or village may be eligible to receive a partial grant based on the period of time during the year that the Government of the Northwest Territories held title to the property.
- (d) The Government of the Northwest Territories will not pay any interest or late payment fees with respect to grants-in-lieu of property taxes.

(7) Public Agencies and Territorial Crown Corporations

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

(8) Administrative Procedures

- (a) After funds have been appropriated by the Legislative Assembly, the Department of Municipal and Community Affairs or public agencies and territorial corporations will, as soon as possible, pay an advance of 75 percent of the previous year's grant to cities, towns and villages.



- (b) The remainder of the grants-in-lieu of property taxes will be paid after the Department of Municipal and Community Affairs or any other public agency and territorial corporation has received an application from the city, town or village and they are satisfied that the applicable properties are eligible for a grant under the provisions of this Policy.
- (c) Notwithstanding Section 6(7)(b), the Northwest Territories Power Corporation will pay grants-in-lieu of property taxes, on applicable properties, to cities, towns or villages or to the Government of the Northwest Territories, as applicable, upon receipt of a notice of tax payable.

7. Financial Resources

Financial resources required under this Policy are conditional on approval of funds in the Main Estimates by the Legislative Assembly and there being a sufficient unencumbered balance in the appropriate activity for the fiscal year for which the funds would be required.

8. Prerogative of the Executive Council

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

Premier and Chairman of the
Executive Council