

Dear Mayoral and Council Candidates:

October 11<sup>th</sup>, 2021

**Re: Tax Situation at MacBride Museum and other Charities**

The City of Whitehorse has three tax classes: “business”, residential and agricultural. All NPO/NGO/Charities who own land are taxed at the “business” rate.

Between 2012 and 2015 MacBride worked with Council and staff to develop and approve a tax solution that ensured MacBride would not pay going forward. Council passed this resolution, which is still on the books at the City: “2015-12-07 as amended by 2015-12-08 (June 15) COMMUNITY SERVICE GRANTS

It was duly moved and seconded:

**THAT museums that hold title to their own property be exempted from the provisions of the Municipal Charges and Community Services Grant Policy and the City Grant-making Policy and be provided with a tax grant equal to the full amount of property tax owed;”**

Then after almost 70 years of 100% exemption / abatement, in 2018, the City sent MacBride a tax bill. We believe that MacBride continues to be tax-exempt based on the Council vote 2015-12-08 however we do not have the financial or legal resources to fight City Hall. Our website has a section outlining the history of this issue.

**MacBride is an entity that solely exists for the benefit of preserving history and showcasing it to our community and visitors. It is not financially viable for MacBride to pay taxes with the O&M that we receive and to remain open year-round.**

As a candidate, we are asking the following questions

1. Will you honour resolution 2015-12-08, which has not been rescinded, and provide a 100% exemption to MacBride?

**Answer:** Council resolutions are not like Bylaws or Council policies and don’t need to be rescinded. These resolutions result from an approved motion usually in response to a particular Administrative Report brought forward to City Council, therefore, are not binding on a go-forward basis. The resolution you are referring to was approved for the 2015 and 2016 grants – it was not a policy change. In the past, MacBride’s property taxes fell below the City’s grant cap, so it was fully covered by the grant. However, since the museum expansion was done, the property tax assessment increased accordingly and exceeded the cap. The grant cap exists because the City recognizes its resource limitations but also wants to ensure that they can support organizations making valuable contributions to our city in fair, equitable and transparent manner.

2. Will you commit to a review of the tax classes at the City with a view to creating a tax class for museums at a rate of zero that does not harm the operations of the organizations in the first year of your mandate?

**Answer:** My understanding is that the Yukon Government has made arrangements to work with the MacBride Museum to ensure its sustainability and has paid off its outstanding debt to the

City. YG has also offered assistance going forward. The value that MacBride and other museums provide - not just to Whitehorse - but to the Yukon as a whole, is indisputable. Therefore, I feel that Whitehorse taxpayers should not solely be burdened with their support. The offer YG has provided is generous, and I hope that should another museum find itself under similar circumstances, they will be extended similar assistance. Whitehorse has many worthy organizations that require the City's support. When the City developed the current Grant-Making Policy with the significant participation of non-profit groups, the resulting policy was considered fair. Consequently, this is the policy that the City should and does honor.

3. We invite you to review the list of 23 charities/NGOS paying \$165K to the City in taxes in 2021. The City has been in a "surplus" position for many years yet taxes museums and service organizations in our community. Will you commit to an immediate review (year one) of Municipal Charges and Community Services Grant Policy and the City Grant-making Policy?

**Answer:** Public sector accounting is done differently than private sector accounting. It requires that the accumulated surplus (deficit) be reported in the consolidated statement of financial position. The surplus is not a financial windfall. It represents assets minus liabilities plus net non-financial assets (ie. value of city infrastructure). Furthermore, in addition to revenue from taxes and fees, the City receives significant government transfers from YG and Canada. These funds are generally earmarked for current or future projects and cannot be redirected into anything else, unlike in a private business where the owner has the flexibility to cash manage.

Having said all that, the City reviews policies on a regular basis. Therefore, I am confident that the City will be reviewing the Municipal Charges and Community Services Grant Policy and the City Grant-making Policy at the first available opportunity.

We would appreciate your reply by noon on Friday, October 15<sup>th</sup>. We will be sending replies to our members and posting them on our social media.

Regards,

Patricia Cunning  
Executive Director