

TAX EXEMPTIONS, PERMISSIVE TAX EXEMPTIONS		
ORIGIN:	FINANCE	AMENDED:
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PURPOSE

The purpose of this policy is to establish protocol surrounding permissive tax exemptions.

SCOPE

A permissive tax exemption is a mechanism for Council to provide economic support, by bylaw, to eligible organizations that enhance community services. Council must be satisfied that the burden resulting from the permissive tax exemption is a justifiable expense to City taxpayers.

Section 220 of the *Community Charter* provides for automatic statutory exemptions for a range of properties including but not limited to those held or used by the Province, municipalities, regional districts, libraries, hospitals, schools, cemeteries and places for public worship. Council has no discretion over these statutory exemptions. For some properties, such as places for public worship, the statutory exemption is limited to the building and the land on which the building stands. Land surrounding the building for public worship, or ancillary buildings for public worship, do not receive statutory exemptions.

Section 224 of the *Community Charter* provides for permissive tax exemptions at Council’s discretion. A full or partial permissive tax exemption may be designated on the land and/or improvements held or occupied by qualifying organizations including:

- Charitable, philanthropic or other not-for-profit organizations;
- Buildings, and/or surrounding areas, for public worship that do not receive a statutory exemption.

Permissive exemptions must be passed by bylaw prior to October 31st in order to apply for the following year. Permissive tax exemptions do not allow for a reduction or elimination of property taxes previously levied. In addition to the Community Charter requirements, these organizations must comply with the guidelines set out in this policy.

POLICY

1.0 Eligibility Criteria

1.1 Organizations must meet the general authority criteria as outlined in Section 224 of the *Community Charter*, as well as the requirements of this policy. Specifically, organizations must be a registered charity or non-profit organization and provide needed:

- 1.1.1 Direct social and community services of benefit to City residents; or
- 1.1.2 direct arts and cultural services of benefit to City residents and that can reasonable be considered an extension of City-provided arts and cultural services; or
- 1.1.3 direct recreational services to City residents that can reasonable be considered an extension of municipal recreational services.

1.2 The following will be considered when determining whether or not to grant a permissive tax exemption:

- 1.2.1 The principal use of the property, including the services offered;
- 1.2.2 The need for the services;
- 1.2.3 The availability of the services, equally to all residents;
- 1.2.4 The use of volunteers to deliver the services;
- 1.2.5 Other funding sources to support the services.

2.0 Extent of Exemption

- 2.1** Permissive tax exemptions are based on the principal use of the property, not on the service delivery of the organization as a whole.
- 2.2** Permissive tax exemptions will only be granted to the portion of the property that meets all the requirements of this policy. The permissive tax exemption may apply to all or a portion of the taxable assessed value of the land, improvements or both.
- 2.3** Permissive tax exemptions will provide for exemption from both municipal taxes levied, as well as those taxes levied on behalf of other taxing jurisdictions.
- 2.4** Permissive tax exemptions do not provide for exemption from parcel taxes or user fees.

3.0 Duration of exemption

- 3.1** Tax exemptions under section 224(2) of the *Community Charter*, excluding section 224(2)(f) and 224(2)(h) (*buildings for public worship; seniors homes and hospitals*), will be granted for a four-year term, coinciding with the Council election term, unless a bylaw specifies differently. The term cannot exceed ten years under section 224(4)(a) of the *Community Charter*. Applications received mid-term will be harmonized with the remaining term.
- 3.2** Tax exemptions under section 224(2)(f) of the *Community Charter* (*buildings for public worship*), will be granted into perpetuity, unless a bylaw specifies differently.
- 3.3** Any permissive tax exemptions will require a declaration from the organization that should the use of the property change, the City will be informed and will recover taxes that would have otherwise been payable. Refer to section 6.2.5. It is the organization's responsibility to notify the City of any changes in property ownership and/or use of the property.

4.0 Process

- 4.1** Council will consider new applications for permissive tax exemption annually.
- 4.2** The opportunity to apply will be publicly advertised.
- 4.3** Notification will be given to an existing permissive tax exemption recipient whose exemption is expiring.
- 4.4** Applications must be submitted to Finance Management by June 30th using the prescribed application form. Applications received after the deadline will only be considered if they meet eligibility criteria as defined under section 1.0. No further consideration will be given to applications received after the current year's bylaw has been presented to Council.
- 4.5** Finance Management will present a summary report of the applications to Committee of the Whole for review and discussion. Committee of the Whole will make recommendations to Council.
- 4.6** Council will provide for notice of any proposed bylaws in accordance with section 227 of the *Community Charter*.
- 4.7** Council will adopt the permissive tax exemption bylaw(s) by October 31st.

5.0 Application Guidelines

- 5.1** Permissive tax exemption applications must be submitted on the City's prescribed permissive tax exemption application form.
- 5.2** The permissive tax exemption application form will include evidence of the general eligibility criteria, and will also include:
- 5.2.1 Full description of the organization, its purpose and programs or projects, and how the services delivered benefit the City.
 - 5.2.2 Supporting documentation to high-light the portion of land and/or improvements used for purposes of the eligible service delivery.
 - 5.2.3 Proof of financial responsibility and accountability by way of independently audited financial statements, or equivalent.
 - 5.2.4 Evidence of seeking funding from other sources, including exemptions from other levels of Government.
 - 5.2.5 Declaration of the following
 - 5.2.5.1 If the property is no longer held or occupied by the organization, the organization will remit to the City an amount equal to the taxes that would have otherwise been payable to the City by a non-exempt owner.
 - 5.2.5.2 The property will be in compliance with all applicable municipal policies and bylaws.
 - 5.2.5.3 The organization will publicly acknowledge the permissive tax exemption granted by the City.

RESPONSIBILITY

Council is responsible for:

- Approving this policy and any subsequent amendments;
- Approving or denying any property tax exemption applications.

Finance management is responsible for:

- Receiving and processing all permissive tax exemption applications;
- Reviewing permissive tax applications, ensuring compliance with legislation and summarizing the applications for Council consideration.