

<b>POLICY NAME</b>	Permissive Property Tax Exemption	<b>POLICY NO.</b>	2.8.1
<b>POLICY OWNER</b>	Director of Financial Services	<b>REVIEW PERIOD</b>	
<b>EFFECTIVE DATE</b>	June 19, 1995	<b>RESOLUTION NO.</b>	9924
<b>AMENDMENT DATE</b>	October 2, 2002	<b>AMENDMENT RESOLUTION NO.</b>	15543
<b>AMENDMENT DATE</b>	October 1, 2008	<b>AMENDMENT RESOLUTION NO.</b>	08-10A-60a
<b>AMENDMENT DATE</b>	November 17, 2010	<b>AMENDMENT RESOLUTION NO.</b>	378-11/2010
<b>AMENDMENT DATE</b>	September 18, 2019	<b>AMENDMENT RESOLUTION NO.</b>	2019-09C-29
<b>AMENDMENT DATE</b>		<b>AMENDMENT RESOLUTION NO.</b>	

### **PURPOSE**

To provide guidance in the processing of applications for exemption from property taxes pursuant to section 224 of the *Community Charter*. This policy is intended to establish general principles, which can serve as a guide in evaluation of applications for exemption.

### **POLICY STATEMENT**

The District of Sechelt will provide statutory exemptions under section 220(1)(h) of the Community Charter for buildings used for public worship, and the land on which the building stands.

The District of Sechelt will consider granting permissive tax exemptions under section 224 to agencies within the District who financially require such exemptions in order to provide a service to the community and whose service results in an improvement to the quality of life within the community.

### **POLICY**

#### **Statutory Exemptions – Section 220, Community Charter**

Section 220(1)(h) provides that a building set apart for public worship, and the land on which the building stands, is exempt from taxation.

## **Permissive Tax Exemptions – Section 224, Community Charter**

Under section 224(1), a Council may, by bylaw, exempt land or improvements, or both from taxation. There is no obligation to give an exemption and an exemption cannot be granted if the owner does not qualify under the Community Charter.

A bylaw under section 224 must establish the term of the exemption, which may not be longer than 10 years; must comply with the notice requirements of section 227; and must come into force on or before October 31 in the preceding calendar year.

Council will consider approving permissive tax exemptions for up to 10 years.

All existing exemptions and new applications will be reviewed annually by the Finance Department to ensure, based on the most current available information, that the organizations qualify for a permissive exemption. The results of that review, and any new applications, are to be reported to Council for consideration.

The value of permissive tax exemptions should be taken into consideration when the annual grants to organizations are considered, recognizing that the exemption is similar in effect to a cash grant.

## **Aid to Charitable, Philanthropic Organizations and Not for Profit Corporations**

Section 224(2)(a) provides for a permissive tax exemption for land and improvements that are owned or held by charitable, philanthropic or other not for profit corporation, and that Council considers are used for a purpose that is directly related to the needs of the residents of the District of Sechelt, or the Sunshine Coast, where such services are regional in nature.

The objective is to provide assistance to community organizations which provide services needed by the residents, and which depend upon charitable contributions and volunteer efforts to sustain their operations.

Permissive exemptions may be granted to such property subject to the following:

A permissive exemption shall only be granted where:

- The organization can show a financial need for exemption;
- The organization can establish that it is a charitable or philanthropic organization;
- That the property is not operated for profit or gain and is used exclusively for charitable or philanthropic purposes; and
- The organization can show that it is in receipt of public funding and/or volunteer labour.

It is expected that some organizations will have a mix of financial inputs including from the Provincial or Federal Governments or their related crown agencies, combined with public, corporate and private philanthropy.

## **Mixed Use**

Section 224(2)(b) provides for a permissive tax exemption for land and improvements that are owned or held by a municipality, regional district or other local authority, and that Council considers are used for a purpose of the local authority.

Section 224(2)(c) provides for a permissive tax exemption for land and improvements that Council considers would otherwise qualify for exemption under section 220 [general statutory exemptions] were it not for a secondary use.

### **Partnering Agreement**

Section 224(2)(e), provides for a permissive tax exemptions for the interest of a public authority, local authority or any other corporation or organization in land and improvements that are used or occupied by the corporation or organization if:

- i. the land and improvements are owned and used by a person who is providing municipal services under a partnering agreement; and
- ii. the partnering agreement expressly contemplates that the council may provide an exemption.

### **Public Worship**

Section 224(2)(f) provides for permissive tax exemptions in relation to property that is statutorily exempt under section 220(1)(h) [buildings for public worship]. Under this section Council may provide an exemption for an area of land that is considered reasonably necessary in connection with the public worship.

Section 224(2)(g), provides for permissive tax exemptions for land or improvements used or occupied by a religious organization, as tenant or licensee, for the purpose of public worship or for the purposes of a hall that council considers is necessary to land or improvements so used or occupied.

A residence (Manse) and ancillary buildings located on the same property as the church, and the land upon which they stand, cannot be exempted for any portion utilized for residential purposes. An exemption may be requested for any portion that is being utilized for qualified purposes.

### **Recreational Facilities**

Section 224(2)(i) provides for permissive tax exemptions for land and improvements owned or held by an athletic or service club or association. This property may be used as a public park, recreation ground, or for public athletic or recreational purposes.

The permissive exemption may apply to the whole or part of the taxable assessed value of land, improvements or both.

### **Private Hospitals**

Section 224(2)(j), provides for a permissive tax exemptions for properties operated as a private hospital licensed under the "*Hospital Act*" or as a licensed community care facility, or registered assisted living residence, under the Community Care and Assisted Living Act.

### **General Conditions**

A permissive tax exemption shall only be granted where the organization can show a financial need for the exemption. Determination of financial need would involve showing the value of the services or programs provided and that the lack of a tax exemption would impair services to the community or would impose significant hardship on the users of the facilities (such as user fees which would be substantially higher than those charged for other activities involving similar levels of supervision, instruction or capital investment).

The purpose of the use to be exempted should be one that, in the opinion of Council will result in an improvement in the quality of life within the community.

It is understood that many non-profit organizations are not organized for the benefit of their members but to provide a range of services or programs to community residents who may not be members of the organization. These services or programs must be provided in a professional and ethical manner and, within budget constraints, provided fairly to those members of the public eligible and in need of the service.

The organizations must be able to demonstrate that they hold annual meetings open to the general public and have bylaws in line with the appropriate Provincial or Federal statutes governing the organization.

The organization should not be operated for profit.

In reviewing any application, consideration will be given to the type and range of funding sources to ensure the organization is viable, sustaining, and well run. It is intended that the exemption provided goes to an organization demonstrating good stewardship and successful program or service delivery.

Council may determine the proportion of the assessment that is subject to permissive tax exemption based upon the equivalent proportion of services or programs provided by the organization that Council feels are beneficial to the community.

Where an organization has a facility that contains service areas such as food services, licensed premises, retail facilities, or concession stands operated either by the owner or by tenants, the proportion of the assessed values of the improvement eligible for exemption may be determined by Council.

If all or part of the facility is leased to commercial ventures, or to organizations not eligible for exemption, Council may determine the proportion of the assessed values of the improvement eligible for exemption.

There will be no exemption or reduction to utility fees and charges for those properties granted Permissive Property Tax Exemption. Water, sewer, garbage and parcel taxes will be payable on all properties.

Council may consider the amount of Permissive Property Tax Exemption an organization has received when evaluating additional funding requests from the organization.

The total of Permissive Tax Exemptions approved in the current year for the subsequent year will not exceed 4.7% of the current year's total budgeted property tax requisition. The permissive exemption values will be calculated by using the current year's property assessment multiplied by the current year's tax rates. In the case where the total calculated permissive exemption values for the subsequent year exceed 4.7% of the current year's tax requisition, all permissive exemptions will be proportionately reduced.

Limit the area of property of a church that can be considered for Permissive Property Tax Exemption to 5 times the size of the building footprint located on that property.

### **Information Requirements**

The information to be provided on the Permissive Tax Exemption Application Form may vary depending upon the nature of the application and shall include the following information:

- Financial statements most current actual and budget
- A statement of the likely impact if tax exemption is not granted
- If a recreation or sport facility, a statement as to whether the facility is to be open to the public or to members only, and whether the membership (if required) is available to any member of the community
- A description of any services or programs delivered by the organization
- Information on how the organization seeks to involve members of the public
- Information on the extend of use of the property, and the types of users
- An explanation of any retail facilities (such as food, liquor, equipment sales, etc.) and details of the operating arrangements
- Information on any leases of the property for commercial or private purposes

Council reserves the right to request any additional information which may be required to enable Council to determine if property tax exemption is warranted.

### **Application Deadlines**

All applications are to be received no later than May 31, in the year prior to which an exemption is being requested.