

# CITY OF PARKSVILLE

## POLICY

SUBJECT: <i>Permissive Taxation Exemption Applications</i>	POLICY NO: 6.15 RESO. NO: 04-285 CROSS REF:
EFFECTIVE DATE: September 8, 2004	APPROVED BY: Council
REVISION DATE: July 15, 2013 June 15, 2015	RESO. NO: 13-200 RESO. NO: 15-161 CROSS REF: PAGE 1 OF 10

### PURPOSE

The purpose of this policy is to provide guidelines to Council for evaluation of permissive property tax exemption applications pursuant to Section 224 of the *Community Charter* and set out the requirements from permissive tax exemption recipients in order to continue to receive support.

### BACKGROUND

Section 220 of the *Community Charter* provides for statutory tax exemptions for a range of properties including those held or used by the province, municipalities, regional districts, libraries, hospitals, schools, cemeteries and places for public worship. For some properties, such as those used for public worship, the statutory exemption is limited to only the land and building specifically for public worship. All other land and buildings that are ancillary to the place of public worship are taxable, unless given a permissive exemption by Council.

Section 224 provides for permissive tax exemptions for properties used by a variety of non-profit organizations that provide services which Council considers directly related to the purpose of the organization. It also provides for permissive exemptions for some properties which are additional to statutory exemptions under Section 220, such as church halls or land surrounding places for public worship and privately run schools.

The *Community Charter* permits exemption from municipal taxes. Similar provisions in other taxing authority legislation extend the exemption to those levies.

Exemptions provided for in Section 224 are at the discretion of Council. There is no obligation to give the exemption.

Exemptions cannot be granted if the organization does not qualify under the *Community Charter*.

## APPLICATION AND RESPONSIBILITY

Council is responsible for:

- Approving this policy;
- Considering each tax exemption request annually on its own merits, using this policy, as well as considering information regarding the impact on the annual budget as provided by the Director of Finance.

The Permissive Tax Exemption program will be administered jointly by the administration department and the finance department. They will be responsible for:

- Receiving and processing all permissive tax exemption applications;
- Reviewing individual permissive tax exemption applications for compliance with this policy and making recommendations to Council;
- Providing public notice in a local newspaper and on the City's website as well as inviting applications at least two months prior to the application deadline.

## POLICY RATIONALE

The intent of this policy and associated evaluation categories and guidelines is to identify the services and organizations which provide the most complementary extension of municipal services and for which the burden resulting from the exemption is a justifiable expense to the taxpayers of Parksville.

## STATEMENT OF POLICY

1. The following information will be considered when determining whether to grant a permissive tax exemption:
  - the principal use of the property, including the services offered,
  - the need for the services,
  - the availability of services,
  - other funding sources,
  - the use of volunteers to deliver services.
2. A permissive tax exemption may not be granted where:
  - the organization is unable to demonstrate a need for its services,
  - the organization has made no effort to obtain other funding sources for provision of services,
  - the organization does not make use of volunteers to provide services.
3. Exemptions are based on the principal use of the property, not on the charitable service of the organization as a whole.
4. Exemptions can only be granted to the portion of a property that meets all the requirements of this policy. The exemption may apply to the whole or part of the taxable assessed value of land, improvements or both.
5. Over a period of 10 years, beginning in 2014, permissive tax exemptions will be reduced from the current 2.5% annual budget allocation to a maximum 1.67% annual budget allocation.

The permissive exemption values will be calculated by using the current year's assessment multiplied by the current year's tax rates. In the case where the calculated permissive exemption values for the subsequent year exceeds the maximum allocation of the current year's total budgeted property tax requisition, all permissive exemptions will be proportionately reduced.

**Example:** If the tax increase is 3% each year - the tax exemption cap is \$225,000 until the desired 1.67% is reached.

Year	2013	Year 1 2014	Year 2 2015	Year 3 2016	Year 4 2017	Year 5 2018	Year 10 2023
Property Tax Requisition	10 mil	3%	3%	3%	3%	3%	3%
Increase	--	300,000	309,000	318,270	327,818	337,653	391,300
Amount	10 mil	10.3 mil	10.609 mil	10.927 mil	11.255 mil	11.593 mil	13.439 mil
Exempt %	2.5%	2.2%	2.12%	2%	2%	1.94%	1.67%

6. Tax exemptions under Section 224 (except rail and track properties) will be considered each year unless a bylaw specifies a longer term. Exemptions for rail and track properties can be granted for a ten year term; the term cannot exceed ten years under Section 224(4) (a) of the *Community Charter*.
7. Subject to Section 6 above, all permissive tax exemptions must be renewed by the applicant each year on the approved form (as may be amended from time to time), including a copy of the organization's most recent financial statements. Exemptions are not automatically renewed and must not be assumed, even if obtained in the prior year.
8. Applications and supporting documentation must be received by **4 pm on June 30<sup>th</sup>** of each year. Applications received after the deadline or applications which do not include all required information may not be considered.
9. A tax exemption is similar in effect to a cash grant and therefore is subject to budget considerations.
10. All recipients of tax exemptions from the City of Parksville may be required to publicly acknowledge the exemption.
11. The organization must justify the need for the services and may be required to make a presentation to Council.
12. The use of the property must be consistent with and in compliance with all applicable municipal policies, bylaws and legislation.
13. Services and activities should be equally available to all residents of the City.

14. A recreation or community facility must be accessible by the public and the activities carried out on the property must be enjoyed by a significant proportion of the general public.
15. The organization must be seen to be working towards self-sufficiency by seeking funding from other sources.
16. The organization may be required to show evidence of ongoing, active volunteer involvement.
17. Only the portion of the property used for non-profit activities will be considered for exemption. Commercial activities will be excluded; however, the intent of this guideline is to limit the exemption of property that is used to generate business revenue unrelated to the service provided by the organization.
18. Applications must show evidence of a clear mandate and competent administration.
19. Applicants must not be in arrears with the City.
20. Exemptions will not be granted for land held for future development or land greater than normally required for off street parking, buffer zones or to make a reasonably shaped parcel.

#### EVALUATION CATEGORIES

All applications must meet the description of at least one of the categories below:

1. Places of Worship:
  - a. facilities for public worship - up to 100% exemption.
  - b. land surrounding places for public worship; church halls and land surrounding them or other property attached and deemed necessary - *up to 100% exemption.*
2. Societies for Seniors and Disadvantaged:
  - a. short term emergency or crisis protection for members of the community, supportive housing for people with special needs, halfway houses, transitional homes and group homes with supportive staff and programs - *up to 100% exemption.*
  - b. support services and programs to members of the community with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life - *up to 100% exemption.*
3. Rail / Track Property: rail or track and other related property owned by a non-profit organization - *up to 100% exemption.*
4. Public Park / Recreation / Athletic / Youth: provide space and equipment for the physical and mental enjoyment of the participants - *up to 50% exemption; where*

*annual space and equipment operating and maintenance costs exceed 30% of annual revenue, up to a 100% permissive tax exemption may be provided.*

5. Seniors Housing: complex seniors care facilities or non-profit organizations providing affordable housing for low income seniors in the community - *up to 100% exemption.*
6. Arts and Cultural facilities: preparation and delivery of artistic and cultural events or exhibits to the public - *up to 100% exemption.*
7. Environmental: programs and/or facilities to preserve environmentally and/or ecologically significant area of the community - *up to 100% exemption where limited public access is provided; up to 50% where no public access is allowed.*