

	POLICY / PROCEDURE	No.	2.9
	Permissive Tax Exemption	Effective Date	October 9, 2013
		Revision Letter	A
		Council Approval	April 25, 2023

1. PURPOSE

- 1.1. The purpose of this policy is to:
 - a. provide guidance to staff and Council in the review and evaluation of applications for exemption from property taxes pursuant to Section 224 of the Community Charter; and
 - b. establish the application process for a permissive tax exemption.

2. SCOPE

- 2.1. This policy applies to all permissive tax exemption applications.

3. POLICY

- 3.1. This policy sets out the responsibility of the District to advertise the permissive tax exemption opportunity annually, establishes the application process, and describes the criteria Council will apply when evaluating an application for a permissive tax exemption.
- 3.2. The intent of this policy and associated evaluation categories and guidelines is to identify the services and organizations which are the most complementary extensions of municipal services, and for which the burden resulting from the exemption is a justifiable expense to the taxpayers of District of Fort St. James. Support by way of tax exemption should be directed towards services the municipality would consider providing given adequate resources.

4. BACKGROUND

- 4.1. Section 220 of the *Community Charter* establishes statutory tax exemptions for a range of properties including those held or used by the Province, municipalities, or regional districts, and those used for 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 the building and the land beneath the building.

Section 224 extends to municipalities the authority to grant permissive tax exemptions for properties used by non-profit organizations that provide services that Council considers to be directly related to the purposes of the organization and allows municipalities to grant permissive exemptions in addition to statutory exemptions under Section 220, such as church halls and 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*.

5. PROCEDURE

Public Notice of Permissive Tax Exemption Opportunity

- 5.1. District staff will advertise the permissive tax exemption opportunity and application deadlines through the District website, FaceBook page, on the public noticeboard, and once in the local newspaper, at least two weeks prior to the application deadline each year.

Application Process

- 5.2. An applicant for a permissive tax exemption shall submit to the District office prior to the deadline:
 - a. an application on an application form approved by the Chief Financial Officer for the District;
 - b. a copy of financial statements for the last three (3) years, except if the exemption being applied for is for one year only, in which case only the financial statement of the previous year is required;
 - c. copy of registered charity or non-profit information return for previous year;
 - d. copy of title certificate or lease agreement, as applicable;
 - e. description of programs, services, or benefits delivered from the subject property;
 - f. justification of the need for the services provided to the community; and
 - g. description of any third-party use of the subject land and improvements including user group names, fees charged, terms of use.
- 5.3. Staff or Council may choose not to consider an incomplete application.
- 5.4. Late applications will be held until the next review cycle.

- 5.5. The Chief Financial Officer will review each application received prior to the deadline and present a report to Council summarizing each application the extent to which each aligns with this policy.
- 5.6. If requested by staff or Council, an applicant must make a presentation to Council in support of the application.

Conditions for Approval of Permissive tax Exemption

- 5.6. Every organization receiving a permissive tax exemption from the District of Fort St. James will publicly acknowledge the exemption.
- 5.7. Permissive tax exemptions approved in the current year for the subsequent tax year will not exceed 1.5% of the current year's total budgeted property tax requisition 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 exceed 1.5% of the current year's tax requisition, all permissive exemptions will be proportionately reduced.

Evaluation of Application

- 5.8. Council will consider the following information will be considered when determining whether to grant a permissive tax exemption:
 - a. the principal use of the property and the services offered;
 - b. the community's need for the services;
 - c. availability of the services and facilities to all residents;
 - d. use of the services or facilities by a significant number of residents;
 - e. other funding sources;
 - f. evidence that the organization is working towards financial self-sufficiency;
 - g. evidence of active and ongoing volunteer involvement, including the use of volunteers to deliver services;
 - h. District budget; and
 - i. demonstration of clear mandate and competent administration.
- 5.9. A permissive tax exemption may not be granted if:
 - a. the organization is unable to demonstrate a need for its services;
 - b. the organization has made no effort to obtain other funding sources for provision of services;
 - c. use of the property contravenes any municipal policies, bylaws and legislation or any other applicable enactment;
 - d. the subject land is held for future development;

- e. the subject property includes more land dedicated to off street parking, buffer zones, or to make a reasonably shaped parcel than is normally required for these purposes; or
 - f. the organization is in arrears with the municipality.
- 5.10. Exemptions may only be granted to the portion of a property that meets all the requirements of this policy.
- 5.11. The exemption may apply to the whole or part of the taxable assessed value of land, improvements, or both.
- 5.12. Only that part of the property used for non-profit activities will be considered for an exemption. Land used for commercial activities will be excluded. For clarity, society administration is considered part of the non-profit's program delivery.
- 5.13. An organization receiving a permissive tax exemption must:
- a. be the registered owner of the property or a tenant under a lease requiring the tenant to pay taxes directly to the District; and
 - b. qualify for an exemption under the provisions of the *Community Charter* Part 7, Division 7, section 224.

Term of Tax Exemption

- 5.14. Tax exemptions under section 224, except those granted for rail and track properties, will be granted for a term not exceeding three years, unless a bylaw specifies a longer term.
- 5.15. Permissive tax exemptions for rail and track properties may be granted for a ten-year term pursuant to 224(4)(a) of the *Community Charter*.
- 5.16. An application to renew a permissive tax exemption must follow the application process set out in paragraphs 5.2 to 5.5 of this policy.

6. EXEMPTION CATEGORIES

- 6.1. An organization must meet the description of at least one of the categories below:
- a. **Special needs and supportive housing properties:** 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.

- b. **Social service properties:** 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.
- c. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.
- d. **Educational facilities** – exemption will be equivalent to the percentage of provincial funding allotted based on Certificate of Group Classification issued by the Inspector of Independent Schools.
- e. **Athletic or recreational facilities:** provide space and equipment for the physical and mental enjoyment of the participants.
- f. **Places of Worship:** facilities for public worship occupied by a religious organization as a tenant or land surrounding places for public worship; church halls and land surrounding them or other property attached and deemed necessary.

7. RESPONSIBILITY

7.1. Council is responsible for:

- a. approving this policy, and
- b. considering each permissive tax exemption application.

7.2. The Finance Department is responsible for:

- a. receiving and processing all permissive tax exemption applications,
- b. reviewing individual applications and making recommendations to Council, and
- c. updating the application form as necessary.