

5.15 Permissive Tax Exemption

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POLICY STATEMENT

The District of Vanderhoof can 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 Vanderhoof will consider granting permissive tax exemptions under section 224 to agencies 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.

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.

GENERAL REGULATIONS

1. 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.

2. 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.

Permissive tax exemptions will be granted for a period of one year. Council will consider longer periods of permissive tax exemptions, for a maximum period up to 10 years, on a case-by-case basis.

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.

3. 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 Vanderhoof or the Regional District of Bulkley Nechako 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.

4. 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.

5. Partnering Agreement

Section 224(2)(e), provides for a permissive tax exemption 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.

6. 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.

7. 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.

8. Private Hospitals

Section 224(2)(j), provides for a permissive tax exemption 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.

9. 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 or engage in commercial revenue activities.

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.

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, this will be considered commercial activities not eligible for exemption.

10. 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:

- A description of any services or programs delivered by the organization and how these services and programs improve the quality of life within the community.
- 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;
- Information on how the organization seeks to involve members of the public;
- Information on the extent 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. The exemption will be reviewed annually and any organization granted a permissive exemption will be required to submit information annually.

Notifications will be sent to each group advising of the decision on exemption.

11. Application Deadlines

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