

COUNCIL POLICY:
PERMISSIVE TAX EXEMPTION POLICY



Council Approval Date: July 3, 2013

Department: Finance

Amended:

1. PURPOSE

The purpose of this policy is to provide guidance to Council to determine which properties to grant permissive tax exemptions to.

2. SCOPE

Council uses its authority to grant permissive tax exemptions as a way to fulfill its municipal purposes according to section 7 of the Community Charter:

"The purposes of a municipality include:

- a) providing for good government of its community,
- b) providing for services, laws and other matters for community benefit,
- c) providing for stewardship of the public assets of its community, and
- d) fostering the economic, social and environmental well-being of its community."

Council's primary consideration of whether to grant a permissive tax exemption will be the benefit that the organization offers to the community. The organization must fulfill some basic need or otherwise improve the quality of life for North Cowichan residents.

3. PROCESS

Council will consider applications for permissive tax exemptions annually. Each year, staff will contact all organizations with expiring exemptions to invite them to reapply. Completed application forms must be received by North Cowichan before August 1. Staff will review the applications for completeness and eligibility and present Council with a summary report of the applications for its review in September. To comply with the requirements of procedural fairness, Council will provide applicants with an adequate opportunity to be heard in respect of their applications for exemptions, and will provide reasons to an applicant if it refuses to grant an exemption, or decides to discontinue an exemption. After Council considers the applicants and their input, Council will direct staff which properties to include in the bylaw. Staff will then draft the bylaw for Council consideration. After 3rd reading, but before adoption, staff will publish notice of Council's intention to adopt the bylaw. Following adoption, staff will send the bylaw to BC Assessment.

4. ELIGIBILITY CRITERIA

Eligibility criteria for permissive tax exemptions are set out in the Community Charter. Priority will be given to:

- a) lands surrounding exempt churches, hospitals, and private schools,

- b) church halls and surrounding lands considered necessary to statutorily exempt churches,
- c) properties providing athletic or recreational programs or facilities for public use,
- d) properties that provide services to youths, seniors, and special needs groups,
- e) heritage properties that build community character,
- f) properties used publicly for arts and culture programs or facilities,
- g) properties used to provide public services under a formal partnership with the Municipality,
- h) ecologically sensitive areas designated within the Official Community Plan,
- i) other properties available for public use that benefit the general public.

5. DURATION OF EXEMPTION

Council will consider exemptions for periods up to 10 years, after which time Council must reconsider whether to continue to offer the exemptions. Council may at any time reconsider and amend its permissive tax exemption bylaw. Any changes will take effect for the following tax year.

6. EXTENT AND CONDITIONS

Council may exempt only a portion of the land or improvements in the following circumstances:

- a) a portion of the land or improvement is used by the private sector and does not meet Council's eligibility criteria;
- b) the applicant already receives a grant-in-aid or other benefit from the Municipality;
- c) Council wishes to limit the total of all permissive tax exemptions granted.

Council may consider whether to impose conditions on the exempted land or improvements such as:

- a) Registration of a covenant restricting use of the property; or
- b) Execution of an agreement committing the applicant to
 - continue a specific service or program,
 - provide lands or facilities for public use during certain times,
 - provide use of lands or facilities to certain groups free of charge or at reduced rates,
 - disclose any material increases in the organization's revenue.

Council may impose penalties on an exempted organization for knowingly breaching the conditions of exemption. The penalties may include: revoking an exemption with notice, disqualifying any future application for exemption for a specific time period, or requiring repayment of monies equal to the foregone tax revenue.