

PERMISSIVE TAX EXEMPTION

1. PURPOSE

The purpose of this policy is to provide a framework for granting permissive tax exemptions to organizations that contribute to the community good and align with Council's goals and objectives.

2. SCOPE

The Municipality of North Cowichan recognizes the significant value of volunteers, volunteer organizations and agencies, and the importance of their contribution to the spiritual, educational, social, cultural, and physical well-being of the community. Through the provision of permissive tax exemptions, Council can support community organizations who enhance resident's quality of life by delivering services economically and upholding Council's objectives.

Council uses its authority to grant permissive tax exemptions 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 as a whole. The organization must fulfill some basic need or otherwise improve the quality of life for North Cowichan residents.

3. APPLICATION PROCESS

3.1. Applications for permissive tax exemptions will only be accepted on or before the due date of August 1 annually. Applications must be made using the Municipality's prescribed form to ensure reasonable consideration and opportunity for all applicants.

3.2. The Finance Department will review all applications for completeness and ensure that they meet the specified mandatory eligibility criteria listed in section 4.3 (a-e). Staff will contact the applicant if additional information is required, however applicants are responsible to ensure all required information and documentation is supplied, or a suitable explanation is offered as to why the information cannot be supplied. Applicants that do not include the required information and/or documentation or an explanation as to why there is missing information, will not be considered for a

permissive tax exemption.

- 3.3. The Finance Department will prepare a summary report, in September, of all applications for Council to review and evaluate based on the merit and financial need of the organization's application. Based on Council's review and direction, the Finance Department will prepare the Permissive Tax Exemption Bylaw for approval and adoption prior to October 31.
- 3.4. Applicants may be asked to appear as a delegation before Council in order to obtain more information regarding the organization's application.

4. ELIGIBILITY CRITERIA

- 4.1. To be eligible for a permissive tax exemption, an organization must meet all specified mandatory eligibility criteria. The application form and supporting documentation are an integral part of this policy. There is no obligation on the part of Council to grant Permissive Tax Exemptions in any given year. Permissive tax exemptions will not be considered where Council believes organizations are deemed to have sufficient funds or the ability to secure funding through other means.
- 4.2. At the time the bylaw is approved, the estimated aggregate value of permissive tax exemptions will not surpass 2% of the current year's total budgeted property tax levy.
- 4.3. Applicant organizations must comply with the requirements of Section 224 of the *Community Charter* (please refer to attached document). Additionally, they must adhere to Council's mandatory eligibility criteria outlined below:
 - (a) Registration as a Non-Profit society or charitable organization in the Province of British Columbia, Canada;
 - (b) Applicants must not be in arrears with the Municipality of North Cowichan regarding any accounts for taxes, fees, or charges;
 - (c) The use of the property must be consistent with, and in compliance with, all applicable municipal bylaws, policies, and legislation;
 - (d) Membership in the organization and/or use of the property is open to all North Cowichan residents who would be reasonably expected to benefit from the programs and/or services; and
 - (e) Provision of services that are an extension of, or complimentary to, the Municipality's programs and services.

In addition to demonstrating adherence to the above eligibility criteria, each organization is encouraged to showcase the value it provides to the municipality, its community impact, and its alignment with municipal objectives. Organizations should detail how they meet the additional eligibility criteria, if applicable:

- (f) Enhancing community well-being through programs, services, or other contributions;
- (g) Principal use of the property is service delivery or programs for the direct benefit of the community, if applicable;

- (h) Strong commitment to fostering diversity, promoting inclusivity, and/or championing conservation efforts;
- (i) Active and ongoing volunteer engagement plays a role in delivering services and supporting the organization’s objectives; and
- (j) Provide programs or services, if applicable, that promote equity in the community.

5. DURATION OF EXEMPTION

Council will consider permissive tax exemption applications for a cycle up to four (4) years for societies and non-profit organizations and ten (10) years for all Places of Worship. Approved applicants will be exempt for the number of years remaining in the cycle. At the end of the appropriate cycle, all Places of Worship and Non-Profit Organizations will be required to complete new applications to be considered for the following year’s cycle.

The first four-year cycle is shown in the table below. Following each four-year cycle, the dates in the table will be updated accordingly. Although the prescribed application forms are valid for four years, Council may at any time, reconsider and amend its Permissive Tax Exemption Bylaw and any changes will take effect for the following tax year.

Application Period	Number of Years Exempt	Application Due Date
2024 – 2027	4 years	August 1, 2023
2025 – 2027	3 years	August 1, 2024
2026 – 2027	2 years	August 1, 2025
2027	1 year	August 1, 2026

6. EXTENT AND CONDITIONS

- 6.1. Places of Worship may receive a 100% permissive tax exemption on land and improvements not receiving statutory exemption under Section 220 (1) of the *Community Charter*.
- 6.2. Receipt of a permissive tax exemption will be considered when applying for other municipal grants, ensuring a balanced approach to addressing financial needs.
- 6.3. 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 does not fully meet all relevant criteria;
 - (c) the applicant already receives a grant-in-aid or other benefit from the Municipality;
 - (d) When the cumulative calculated exemption values exceed the 2% threshold;
 - (e) Council wishes to limit the total of all permissive tax exemptions granted.

- 6.4. 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.

- 6.5. 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.

RELATED POLICIES & PROCEDURES

- Permissive Tax Exemption Bylaw

APPROVAL HISTORY

WRITTEN BY: Teri Vetter, Director, Financial Services	APPROVED BY: Council	DATE: June 19, 2024
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General authority for permissive exemptions

- 224.(1) A council may, by bylaw in accordance with this section, exempt land or improvements, or both, referred to in subsection (2) from taxation under section 197 (1) (a) [*municipal property taxes*], to the extent, for the period and subject to the conditions provided in the bylaw.
- (2) Tax exemptions may be provided under this section for the following:
- (a) land or improvements that
 - (i) are owned or held by a charitable, philanthropic or other not for profit corporation, and
 - (ii) the council considers are used for a purpose that is directly related to the purposes of the corporation;
 - (b) land or improvements that
 - (i) are owned or held by a municipality, regional district or other local authority, and
 - (ii) the council considers are used for a purpose of the local authority;
 - (c) land or improvements that the council considers would otherwise qualify for exemption under section 220 [*general statutory exemptions*] were it not for a secondary use;
 - (d) the interest of a public authority, local authority or any other corporation or organization in land or improvements that are used or occupied by the corporation or organization if
 - (i) the land or improvements are owned by a public authority or local authority, and
 - (ii) the land or improvements are used by the corporation or organization for a purpose in relation to which an exemption under this Division or Division 6 of this Part would apply or could be provided if the land or improvements were owned by that corporation or organization;
 - (e) the interest of a public authority, local authority or any other corporation or organization in land or improvements that are used or occupied by the corporation or organization if
 - (i) the land or improvements are owned by a person who is providing a municipal service under a partnering agreement,
 - (ii) an exemption under section 225 [*partnering and other special tax exemption authority*] would be available for the land or improvements in relation to the partnering agreement if they were used in relation to the service,
 - (iii) the partnering agreement expressly contemplates that the council may provide an exemption under this provision, and
 - (iv) the land or improvements are used by the corporation or organization for a purpose in relation to which an exemption under this Division or Division 6 of this Part would apply or could be provided if the land or improvements were owned by that corporation or organization;
 - (f) in relation to property that is exempt under section 220 (1) (h) [*buildings for public worship*],
 - (i) an area of land surrounding the exempt building,
 - (ii) a hall that the council considers is necessary to the exempt building and the land on which the hall stands, and
 - (iii) an area of land surrounding a hall that is exempt under subparagraph (ii);
 - (g) 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 the council considers is necessary to land or improvements so used or occupied;
 - (h) in relation to property that is exempt under section 220 (1) (i) [*seniors' homes*] or (j) [*hospitals*], any area of land surrounding the exempt building;
 - (h.1) in relation to land or improvements, or both, exempt under section 220 (1) (l) [*independent schools*], any area of land surrounding the exempt land or improvements;
 - (i) land or improvements owned or held by an athletic or service club or association and used as a public park or recreation ground or for public athletic or recreational purposes;
 - (j) land or improvements owned or held by a person or organization and 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*;
 - (k) land or improvements for which a grant has been made, after March 31, 1974, under the *Housing Construction (Elderly Citizens) Act* before its repeal.
- (3) The authority under subsection (2) (e) and (g) to (j) is not subject to section 25 (1) [*prohibition against assistance to business*].
- (4) Subject to subsection (5), a bylaw under this section
- (a) must establish the term of the exemption, which may not be longer than 10 years,
 - (b) may only be adopted after notice of the proposed bylaw has been given in accordance with section 227 [*notice of permissive tax exemptions*], and
 - (c) does not apply to taxation in a calendar year unless it comes into force on or before October 31 in the preceding year.
- (5) Subsection (4) (a) and (b) does not apply in relation to exemptions under subsection (2) (f), (h) and (h.1).
- (6) If only a portion of a parcel of land is exempt under this section, the bylaw under this section must include a description of the land that is satisfactory to the British Columbia Assessment Authority.
- (7) A bylaw under this section ceases to apply to property, the use or ownership of which no longer conforms to the conditions necessary to qualify for exemption and, after this, the property is liable to taxation.