

Section 5 - Finance	Policy #	1960.00.01
Subject: Permissive Property Tax Exemption	Revision #	2

SCOPE:

A permissive tax exemption is a means for Council to support not-for-profit organizations within the community which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically. A permissive tax exemption is strictly at the discretion of the City of Courtenay Council. After careful consideration of all applications Council may approve a full, a partial, or no tax exemption. The tax exemption may vary for the different applicants. This policy guides identification of organizations meeting Council's objectives.

POLICY**1. Overall Amount**

A projected amount of revenue to be foregone by Permissive Tax Exemptions will be set by Council annually during the development of the Financial Plan. This amount will be used to calculate the following year's tax exemption for approved organizations based on the current year's assessment and tax rates. The actual amount of the exemption may vary according to the following year's assessment and tax rates.

The cumulative estimated value of the exemptions may not exceed 2% of the total tax levy in the previous year. The bylaw for exemptions for any given year must be adopted and submitted before any assessment or tax rate information is available for that year. The 2% amount will therefore be calculated based on the previous year's assessment and tax rate information.

2. Process

Council will consider applications for permissive tax exemptions annually. Reminder letters to re-apply will be mailed annually or as the term of the exemption expires to current tax exemption recipients. In addition, application packages will be available at any time from the Municipal Office or on our website at www.courtenay.ca.

Applications must be submitted to the Director of Financial Services, using the prescribed application form. The Director will review the applications for completeness, and arrange contact with applicants for additional information as necessary.

Application submissions must include:

- Copies of audited financial statements for last three (3) years for first time applicants, and for the last year for current tax exemption recipients.

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- Copy of state of title certificate or lease agreement, as applicable.
- In the case of a lease agreement for premises rather than ownership, documents are required which indicate that the applicant will benefit by the exemption. Documents should demonstrate that the lease is currently, or will, on approval of the exemption, be reduced by the amount of the exemption, or that other considerations will be provided by the landlord equivalent to the value of the exemption.
- Description of programs/services/benefits delivered from the subject lands/improvements including participant numbers, volunteer hours, benefiting groups/individuals/special needs populations, fees charged for participation
- Description of any 3rd party use of the subject land/improvements including user group names, fees charged conditions of use.
- Information as to the extent to which the activities of the applicant are regional or local (within the City of Courtenay) in nature.
- Financial information on how the tax exemption amount is put back into the community through charitable means or reduced fees paid by the general population of the City of Courtenay.
- Confirmation that the organization’s activities do not compete with any other duly licensed business in the Municipality.

The Director of Financial Services will present a summary report of the applications, relative to the eligibility criteria, to Council and arrange for delegations to Council by applicants as necessary.

3. Criteria

- a) Subject Property must be one of:
 - Land and/or improvements owned by the applicant
 - Land and/or improvements leased under an agreement
 - Land and/or improvements ancillary to a statutory exemption under section 220 of the *Community Charter (Statutory Exemptions)*

- b) Nature of Organization must meet the requirements of *Division 7* of the *Community Charter (Permissive Exemptions)* which includes:
 - Non-profit organization
 - Charitable/philanthropic organization
 - Athletic or Service Club/Association
 - Care facility/licensed private hospital

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- Partner of the municipality by agreement under s. 225 (Partnering, heritage, riparian and other special exemption authority) of the *Community Charter*
- Other local authority
- Organization eligible under *Section 220 of the Community Charter* statutory exemption (e.g. place of public worship, cemetery, library, Indian land, senior’s homes, hospital, etc.)

c) The applicant organization’s use of the land/improvements must benefit the community in one or more of the following ways:

- provides recreational facilities for public use
- provides recreation programs to the public
- provides programs to and/or facilities used by youth, seniors or other special needs groups
- preserves heritage important to the community character
- preserves an environmentally, ecologically significant area of the community
- offers cultural or educational programs to the public which promote community spirit, cohesiveness and/or tolerance
- offers services to the public in formal partnership with the municipality
- [other]

d) All accounts for fees and charges levied by the City of Courtenay to the applicant must be current.

4. Duration of Exemption

Eligible organizations may be considered for tax exemptions exceeding one year (to a maximum of 10 years) where it is demonstrated that the services/benefits they offer to the community are of a duration exceeding one year (i.e. for the period of the tax exemption).

5. Extent, Conditions, and Penalties

a) The following activities and circumstances will be not be considered as eligible for exemption by Council. Exemptions will exclude the portion of land/improvements where the following circumstances exist:

- land/improvements used by the private sector and/or organizations not meeting Council’s exemption criteria
- land/improvements used for commercial or for-profit activities by the not-for-profit organization

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- the activities of the organization are not confined to the City of Courtenay. Council has designated a maximum exemption of 40% for regional service organizations. This policy will not be applied retroactively, and regional service organizations that have previously been approved by bylaw will be grandfathered into the exemption bylaw at those prescribed percentages.
 - **prescribed grandfathered permissive exemption percentages will not change in the event an organization re-locates within the municipality. However, a reduction of the exemption shall apply if the nature of the services provided by the organization changes at its new location.**
 - The applicant already receives grant-in-aid from the municipality and/or other sources

- b) Council may impose conditions on the exempted land/improvements with the applicant organization, including but not limited to:
 - registration of a covenant restricting use of the property
 - an agreement committing the organization to continue a specific service/program
 - an agreement committing the organization to have field/facilities open for public use for certain times or a total amount of time
 - an agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates
 - an agreement committing the organization to immediately disclose any substantial increase in the organization’s revenue or anticipated revenue or any change in the status of the property
 - [other]

- c) Council may impose **penalties** on an exempted organization for knowing breach of conditions of exemption, including but not limited to:
 - revoking exemption with notice
 - disqualifying any future application for exemption for specific time period
 - requiring repayment of monies equal to the foregone tax revenue
 - [other]

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