



Committee of the Whole Report For the Meeting of April 22, 2021

To: Committee of the Whole **Date:** April 9, 2021
From: Susanne Thompson, Deputy City Manager and Chief Financial Official
Subject: Permissive Tax Exemption Policy - Ethno-Cultural Groups Community Centres

RECOMMENDATION

That Council receive this report for information.

EXECUTIVE SUMMARY

At the September 10, 2020 Committee of the Whole meeting, Council directed staff to report back on options and implications for revising the Permissive Tax Exemption Policy to provide exemptions for community centres owned and operated by ethno-cultural groups.

The City's current policy includes an Arts and Culture category that may provide a 100% exemption for eligible properties. This category does not currently extend to ethno-cultural groups. Eligible properties under this category include art galleries, museums, theatres, music centres, public gardens and historic sites. Examples of current exemptions include the Art Gallery of Greater Victoria, The Conservatory of Music, Belfry Theatre Society, and The Land Conservancy of BC.

Based on research using BC Assessment (BCA) data, such as actual use codes, currently there appear to be six ethno-cultural groups within the City who own and operate community centres. The BCA database may not be complete and is updated regularly; therefore, there may be additional properties that would fit this category. However, the exact number of eligible properties would not be known until applications have been received and evaluated. There are other properties operated as community centres by ethno-cultural groups in Victoria, however, they are leased rather than owned. Since there is no database that tracks leased properties, staff have been unable to develop an estimate.

Should Council wish to amend the Permissive Tax Exemption Policy to add a category for ethno-cultural groups or expand the current Arts and Culture category, Council may also wish to consider partial or full exemptions. Assuming that there are five eligible properties, the impact of providing a 100% exemption is estimated at approximately \$129,000 in City taxes and \$176,000 in total taxes. Exemptions shift the tax burden to non-exempt properties. Therefore, should Council direct an amendment to the Policy and subsequently grant the exemptions, non-exempt properties would see an equal increase in their tax bills as a result.

PURPOSE

The purpose of this report is to provide Council with options and implications of amending the Permissive Tax Exemption Policy to include exemptions to cultural centres owned and operated by ethno-cultural groups.

BACKGROUND

Permissive property tax exemptions are granted pursuant to section 224 of the *Community Charter*. Exemptions may only be granted for properties used by a variety of non-profit organizations that provide services which Council considers directly related to the purposes of the organization.

In 2013, Council approved amendments to the Permissive Property Tax Exemption Policy. Among other things, these amendments set a cap on permissive tax exemptions, established a three-year exemption approval cycle and set limits on off-cycle applicants.

Under current policy, Council considers permissive property tax exemptions on a three-year cycle. Council approved permissive property tax exemptions for 2020-2022 in the fall of 2019. Each subsequent year during the three-year cycle, additional applications are considered by Council.

The City's policy provides exemptions to 7 broad categories of properties.

Category	Brief description	Maximum Exemption
1. Special needs and supportive housing	Short term, crisis or emergency housing, housing for people with special needs, transitional or halfway houses, group homes with supportive staff	100%
2. Social Services	Services provided to community members who are disadvantaged	100%
3. Arts and Culture	Preparation and delivery of artistic and cultural events or exhibits to the public	100%
4. Educational Facilities	Independent schools	Aligned with provincial funding
5. Athletic or Recreational Facilities	Provide space and equipment for physical and mental enjoyment of participants	50%
6. Places of Worship	Properties occupied or owned by a religious organization	100%
7. Rail/Track	Rail or track property or administrative offices owned by related organizations	100%

ISSUES, ANALYSIS AND IMPACTS

Cap

Already approved exemptions total 1.37% of the City's current tax levy, leaving approximately \$346,000 in room for off-cycle applications. As per the Policy, off-cycle applications will be accepted as long as the exemptions do not exceed the cap. Assuming staff's initial analysis is accurate, exemptions for eligible properties (estimated at \$129,000) would be within this cap. Should Council wish to expand the Policy further, the cap may be reached resulting in off-cycle applications not being accepted and/or prorated reductions for all exemptions at the beginning of the next three-year exemption cycle.

Partial or full exemption

Council may provide up to 100% exemptions to eligible properties but has the ability to establish lower thresholds. Some properties may also have multiple tax classifications and Council can choose to only provide exemptions for a portion of the tax bill related to certain tax classes instead of exempting all classes.

Accessibility Consideration

Not applicable regarding permissive property tax exemptions.

2019 – 2022 Strategic Plan

While permissive property tax exemptions are not identified in the City's Strategic Plan, the services provided by many of the organizations that receive permissive exemptions align with many Strategic Plan objectives including those of Health, Well-Being and a Welcoming City and Strong, Liveable Neighbourhoods.

Impacts to Financial Plan

The Permissive Tax Exemption Policy does not directly impact the City's Financial Plan, however, providing exemptions does shift the tax burden to non-exempt properties.

Official Community Plan Consistency Statement

Not applicable to permissive property tax exemptions.

CONCLUSIONS

Respectfully submitted,

Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager

List of Attachments

Appendix A – Permissive Tax Exemption Policy