

Appendix A:

Permissive Tax Exemption Policy



CORPORATE POLICY GUIDE

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CHAPTER:	FINANCE	
SECTION:	REVENUE	
SUBJECT:	PERMISSIVE TAX EXEMPTION	
SPONSOR:	DIRECTOR OF FINANCE	
AUTHORIZED BY:	COUNCIL	
EFFECTIVE DATE:	May 23, 2013	REVISION DATE: May 2013

PURPOSE / OBJECTIVES:

The purpose of this policy is to:

1. provide guidance in the evaluation of applications for exemption from property taxes pursuant to Section 224 of the Community Charter
2. set out the requirements from permissive tax exemption recipients in order to continue to receive support

BACKGROUND

Section 220 of the Community Charter provides for statutory tax exemptions for a range of properties including those held or used by the Province, municipalities, regional districts, libraries, hospitals, schools, cemeteries, and places for public worship. For some properties, such as those used for public worship, the statutory exemption is limited to the building and the land beneath the building – the land surrounding the building and land or ancillary buildings attached to the place of worship, may be given a permissive exemption by Council.

Section 224 provides for permissive tax exemptions for properties used by a variety of non-profit organizations that provide services which Council considers directly related to the purposes of the organization. It also provides for permissive exemptions for some properties which are additional to statutory exemptions under Section 220, such as church halls or land surrounding places for public worship and privately run schools.

The Community Charter permits exemption from municipal taxes. Similar provisions in other taxing authority legislation extend the exemption to those levies.

Exemptions provided for in Section 224 are at the discretion of Council. There is no obligation to give the exemption.

Exemptions cannot be granted if the organization does not qualify under the Community Charter.

APPLICATION AND RESPONSIBILITY

Council is responsible for:

1. approving this policy
2. approving each tax exemption request annually

The Finance Department is responsible for:

1. receiving and processing all permissive tax exemption applications
2. reviewing individual applications for tax exemptions and making recommendations to Council

POLICY RATIONALE

The intent of this policy and associated evaluation categories and guidelines is to identify the services and organizations which are the most complementary extensions of municipal services, and for which the burden resulting from the exemption is a justifiable expense to the taxpayers of Victoria. Support should be directed towards services the City would consider providing given adequate resources.

STATEMENT OF POLICY

1. The following information will be considered when determining whether to grant a permissive tax exemption:
 - the principal use of the property, including the services offered
 - the need for the services
 - the availability of the services
 - other funding sources
 - the use of volunteers to deliver services
2. A permissive tax exemption may not be granted where:
 - the organization is unable to demonstrate a need for its services
 - the organization has made no effort to obtain other funding sources for provision of services
 - the organization does not make use of volunteers to provide services
3. Exemptions are based on the principal use of the property, not on the charitable service of the organization as a whole.
4. Exemptions can only be granted to the portion of a property that meets all the requirements of this policy. The exemption may apply to the whole or part of the taxable assessed value of land, improvements or both.
5. Permissive tax exemptions approved in the current year for the subsequent tax year will not exceed 1.6% of the current year's total budgeted property tax requisition. The permissive exemption values will be calculated by using the current year's assessment multiplied by the current year's tax rates. In the case where the calculated permissive exemption values for the subsequent year exceed 1.6% of the current year's tax requisition, all permissive exemptions will be proportionately reduced.

6. Tax exemptions under section 224 (except rail and track properties) will be considered every three years unless a bylaw specifies a longer term. Exemptions for rail and track properties can be granted for a ten year term. The term cannot exceed ten years under section 224(4)(a) of the Community Charter. Applications received off cycle will be accepted as long as the exemptions do not exceed the exemption cap specified above. Such applications will be harmonized with the tax exemption cycle. All permissive tax exemptions must be renewed by application every three years on an approved form, including a copy of the organization's most recent financial statements. Exemption must not be assumed, even if obtained in a prior cycle.
7. Applications must be received by May 31st in each applicable year for exemptions that begin in the subsequent year. Applications received after the deadline or applications which do not include all required information may not be considered.
8. A tax exemption is similar in effect to a cash grant, and therefore is subject to budget considerations.
9. All recipients of tax exemptions from the City of Victoria are required to publicly acknowledge the exemption.
10. Grandfathered properties that received support above what this policy allows for will be harmonized over a ten year period. The difference between the grandfathered exemption and exemption value allowed under this policy will be reduced equally over a ten year period.
11. The organization must justify the need for the services and may be required to make a presentation to Council.
12. The use of the property must be consistent with and in compliance with all applicable municipal policies, bylaws and legislation.
13. Services and activities should be equally available to all residents of the City.
14. A recreation or community facility must be accessible by the public, and the activities carried out on the property must be enjoyed by a significant proportion of the general public.
15. The organization must be seen to be working towards self-sufficiency by seeking funding from other sources.
16. The organization may be required to show evidence of ongoing, active volunteer involvement.
17. Only that part of the property used for non-profit activities will be considered for exemption. Commercial activities will be excluded. For clarity, society administration is considered part of the non-profit's program delivery.
18. Applicants must show evidence of a clear mandate and competent administration.
19. Applicants must not be in arrears with the City.

20. Exemptions will not be granted for land held for future development or land greater than normally required for off street parking, buffer zones or to make a reasonably shaped parcel.
21. It is required that the organization is on title as owner of the property and responsible for payment of the property taxes except in the case of a place of worship.

EVALUATION CATEGORIES

All applications must meet the description of at least one of the categories below:

1. **Special needs and supportive housing properties:** short term emergency or crisis protection for members of the community, supportive housing for people with special needs, halfway houses , transitional homes and group homes with supportive staff and programs - 100% exemption
2. **Social service properties:** support services and programs to members of the community with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life - 100% exemption
3. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public – 100% exemption
4. **Educational facilities** – exemption will be equivalent to the percentage of provincial funding allotted based on Certificate of Group Classification issued by the Inspector of Independent Schools
5. **Athletic or recreational facilities:** provide space and equipment for the physical and mental enjoyment of the participants – 50% exemption
6. **Places of Worship**
 - a. facilities for public worship occupied by a religious organization as a tenant – 100% exemption
 - b. land surrounding places for public worship; church halls and land surrounding them or other property attached and deemed necessary – 100% exemption
7. **Rail/Track Property:** rail or track and other related property owned by a non-profit organization – 100%
8. **Affordable Rental Housing:** Specific projects reviewed at Council, Mar 25,2010, will be considered for exemption upon completion. The exemptions will be for a period not to exceed 10 years in length – 100% exemption

REVISION HISTORY

Amended May 2013
Amended February 2011
Amended April 2009
Amended June 2008
Amended September 2006