



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

COUNCIL POLICY

**TITLE: Permissive Tax Exemption Policy**

**NO. FIN - 16**

**Preamble :**

Section 220 of the *Community Charter* describes the general statutory taxation exemptions available to a municipality, providing automatic exemptions for certain types of properties.

Section 224 of the *Community Charter* authorizes Council to provide permissive tax exemptions. A permissive tax exemption is a means for Council to support organizations within the community which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically.

Permissive tax exemptions must be passed by bylaw prior to October 31<sup>st</sup> for the following taxation year.

**Purpose :**

To provide guidance in the processing of applications for exemption from property taxes pursuant to Section 224 of the *Community Charter*. This policy is intended to establish general principles, which can serve as a guide in evaluation of applications for exemptions.

**Policy :**

**1. Process**

Council will consider applications for permissive tax exemptions annually. The opportunity to apply will be posted on the website for the first two weeks of July and reminder letters will be mailed prior to July 15<sup>th</sup> to tax exemption recipients whose exemption duration is expiring.

Applications must be submitted to the Financial Officer, using the prescribed form, before August 31<sup>st</sup> each year. The Financial Officer or designate will review the applications for completeness and arrange contact with applicants for additional information as necessary.

Applications submissions must include:

- Copy of audited financial statements for the previous year.
- Copy of state of title certificate or lease agreement, as applicable.
- Description of programs/services/benefits delivered from the subject lands/improvements (including participant numbers, volunteer hours, benefiting group/individuals/special needs populations, fees charged for participation) supporting the requirement that the use is "for a purpose that is directly related to the purposes of the corporation."
- Description of any third party use of the subject land/improvements including user group names, fees charged and conditions of use.
- Statement if grant-in-aid approved for the current year.

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The Financial Officer or designate will present a summary report of the applications, relative to the eligibility criteria, to the Local Grant Committee at its scheduled meeting and will arrange for delegations to the meeting by applicants as necessary.

**2. Eligibility Criteria:**

2.1 Subject property must be one of:

- a) Land and/or improvements, owned or held by a corporation listed in 2.2, the use of which Council considers to be directly related to the purposes of the corporation.
- b) Land and/or improvements, ancillary to a statutory exemption under Section 220 of the *Community Charter*.

2.2 Nature of the organization must be one of:

- a) Not for profit corporation;
- b) Athletic or service club/association;
- c) Licensed community care facility, licensed private hospital, registered assisted living residence;
- d) Partner of the municipality by agreement under Section 225 of the *Community Charter*;
- e) Municipality, regional district or other local authority;
- f) Religious organization as tenant or licensee; or
- g) Organization is eligible for the Section 220 statutory exemption (e.g. place of public worship, cemetery, library, Indian land, seniors' home, hospital, etc.)

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

- a) Provides recreational facilities for public use.
- b) Provides recreation programs to the public.
- c) Provides programs to and/or facilities used by youth, senior or other special needs groups.
- d) Promotes economic development or tourism.
- e) Preserves heritage important to the community character.
- f) Preserves an environmentally, ecologically significant area of the community.
- g) Offers cultural or educational programs to the public which promote community spirit, cohesiveness and/or tolerance.
- h) Offers services to the public in formal partnership with the municipality.

2.4 Preference will be given to applications from organizations based in Esquimalt or those that provide a service to Esquimalt residents.

**3. 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.)

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**4. Extent, Conditions, Penalty:**

- 4.1 Council may designate only a portion of the land/improvements as exempted where the following circumstances exist:
  - a) A portion of the land/improvements is used by the private sector and/or organizations not meeting Council's exemption criteria.
  - b) The applicant already receives a grant-in-aid from the municipality.
  
- 4.2 Council may impose conditions on the exempted land or improvements or both, with the applicant organization, including but not limited to:
  - a) An agreement committing the organization to continue a specific service or program.
  - b) An agreement committing the organization to have field/facilities open for public use for certain times or a total amount of time.
  - c) An agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates.
  - d) An agreement committing the organization to immediately disclose any substantial increase in the organization's revenue or anticipated revenue (e.g. receives large operating grant from senior government.)
  
- 4.3 Council may impose penalties on an exempted organization for breach of conditions of exemption, including but not limited to:
  - a) Revoking exemption with notice.
  - b) Disqualifying any future application for exemption for specific time period.
  - c) Requiring repayment of monies equal to the foregone tax revenue.

**5. Assessment Process :**

- 5.1 Applications will be reviewed by the Financial Officer to ensure each application is complete and will forward complete applications to the Local Grant Committee.
  
- 5.2 The Local Grant Committee will consist of two members of Council, as appointed annually by the Mayor, and will be supported by a representative from the Finance Department.
  
- 5.3 For an application to be considered, all first-time petitioners and previously approved applicants for a permissive tax exemption **must** appear before the Committee to speak to their application.
  
- 5.4 If an organization has been previously authorized to receive a permissive tax exemption and its function does not substantially change in the following year, the organization may appear if they choose to make a presentation to the Local Grant Committee, but the organization will only be required to make a presentation to the Local Grant Committee in the first term of a new Council.
  
- 5.5 Organizations will make their presentation before the Local Grant Committee during the first part of the committee meeting in which their application is being reviewed. In all cases, the presentation should be limited to 5 minutes.

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- 5.6 Following presentations, the Committee will review the applications and make its recommendations to Council. Council makes the final decision.
  
- 5.7 All organizations must submit their documentation annually to the Financial Officer for verification, as required in Section 1– Process.

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