



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, "to the extent, for the period and subject to the conditions provided in the bylaw". A permissive tax exemption is a means for Council to support community organizations which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically.

A Permissive tax exemption bylaw must be passed prior to October 31st for the next 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 evaluating applications for exemptions, including:

- Provide consistent and equal treatment, and consideration for all applicants.
- Optimize the provision of charitable and not for profit services for the benefit of Esquimalt residents.
- Allow for consideration of a wide diversity of organizations and evaluation of each application on its own merits.
- Make certain that municipal support is not used to further the activities of an individual or organization that, but for its not-for-profit status, would otherwise be considered a business.

Policy:

1. Process

Council will consider applications for permissive tax exemptions annually. The opportunity to apply will be posted on the website by mid-July and reminder letters will be mailed prior to July 15th to tax exemption recipients whose exemption duration is expiring.

Applications must be submitted using the prescribed form by August 31st of each year to the Director of Financial Services, or designate (Finance). Finance will review the applications for completeness and contact the applicants for additional information as necessary.

EFFECTIVE DATE:
September 9, 2013

APPROVED BY: Council

REF:
Staff Report No. FIN-13-010

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Application **must** include:

- Five copies of the completed application and accompanying material.
- A copy of the audited financial statements (or if audited financial statements are not available) previous year's financial statements, approved and signed by at least two of the organization's Board of Directors (or equivalent). Should a financial statement not be available, an explanation must be provided.
- A copy of the current year property tax assessment or lease agreement, as applicable.
- A description of programs/services/benefits delivered from the subject lands/improvements, providing information supporting the requirement that the use is "for a purpose that is directly related to the purposes of the organization, including: participant numbers; volunteer hours; benefiting group/individuals/special needs populations; fees charged for participation.
- A description of any third party use of the subject land/improvements including user group names, fees charged and conditions of use.
- Disclosure of financial and non-financial assistance provided by the Township of Esquimalt for the current year - such as Local Grants, waiving of fees, provision of staff - and where applicable, the amount.

Finance will present the material and a summary report of the valid applications to the Local Grant Committee at its scheduled meeting and will notify applicants of the meeting date.

2. Eligibility Criteria:

To be eligible for a Permissive Tax Exemption, the requirements set out in Section 224 of the *Community Charter* must be met and maintained throughout the duration of the Permissive Tax Exemption year.

2.1 Subject property must be one of:

- a) Land and/or improvements owned or held by an organization listed in 2.2 below, the use of which Council considers to be directly related to the purposes of the organization.
- 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.)

4. Extent, Conditions, Penalty:

4.1 Council will deny any Local Grant applications from organizations which receive a permissive tax exemption within the same taxation year.

4.2 Council may, at their discretion, designate only a portion of the land/improvements as exempted. Examples of circumstances where less than a full exemption may be granted:

- a) A portion of the land/improvements is used by the private sector and/or organizations not fully meeting Council's exemption criteria.
- b) The applicant already receives financial or non-financial assistance from the Township.

4.3 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 exemption conditions, 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 The Local Grant Committee will consist of three members of Council, as appointed annually by the Mayor, supported by a Finance representative.

5.2 All organizations desiring a Permissive Tax Exemption must submit their documentation annually to Finance, as required in Section 1 – Process.

5.3 Applications will be reviewed by Finance staff to ensure each application is complete. Completed applications will be forwarded to the Local Grant Committee.

5.4 For an application to be considered, applicants must appear before the Committee to speak to their application where:

- the applicant is a first- time petitioner for a Permissive Tax Exemption;
- Council is in their first year of a new term;
- an organization's function has substantially changed from the past year.

5.5 Any Applicant may choose to appear before the Local Grant Committee to make a presentation.

5.6 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.

5.7 Following the presentations, the Committee will review the applications and make its recommendations to Council.

5.8 Council makes the final decision.

