



Statutory and Permissive Tax Exemption Policy

Policy Statement:

The District of Sooke will provide in accordance with the *Community Charter* statutory exemptions under section 220(h) to buildings for public worship, and the land on which the building stands.

The District of Sooke will consider granting permissive tax exemptions under section 224 to agencies within the District who financially require such exemptions in order to provide a service to the community and whose service results in an improvement to the quality of life within the community.

Purpose:

To provide guidance in the processing of applications for exemption from property taxes pursuant to section 224 of the *Community Charter*. Areas of concern are principally whether or not the District is indirectly subsidizing activities or facilities that are the responsibility of another government agency; whether the organization requires such exemptions; and whether the organizations in receipt of the tax exemptions are providing a benefit to the District of Sooke. This policy is intended to establish general principles, which can serve as a guide in evaluation of applications for exemption.

Policy:

Statutory Exemptions – Section 220, *Community Charter*

1. Section 220(1)(h) provides that a building set apart for public worship, and the land on which the building stands is exempt from taxation.

Permissive Tax Exemptions – Section 224, *Community Charter*

2. Under section 224(1), a Council may, by bylaw, exempt land or improvements, or both from taxation. There is no obligation to give an exemption and an exemption cannot be granted if the owner does not qualify under the *Community Charter*.

3. A bylaw under section 224 must establish the term of the exemption, which may not be longer than 10 years; must comply with the notice requirements of section 227; and must come into force on or before October 31 in the preceding calendar year.
4. A permissive tax exemption may be granted for a period up to 10 years. Council will consider permissive tax exemptions for a period up to 10 years.
5. All existing exemptions and new applications will be reviewed annually by the Finance Department to ensure, based on the most current available information, that the organizations qualify for a permissive exemption. The results of that review and any new applications are to be reported to Council for consideration and amendment to the permissive tax bylaw. Any new permissive tax exemptions approved by Council will have a exemption period that coincides with the end of the most current 10 year permissive tax exemption bylaw.
6. The value of permissive tax exemptions should be taken into consideration when the annual grants to organizations are considered, recognizing that the exemption is similar in effect to a cash grant.

7. Aid to Charitable, Philanthropic Organizations and Not for Profit Corporations

Section 224(2)(a) provides for a permissive tax exemption for land and improvements that are owned or held by charitable, philanthropic or other not for profit corporation, and the Council considers are used for a purpose that is directly related to the purposes of the corporation.

The objective is to provide assistance to community organizations which provide services over and above those which are normally provided by the provincial ministries and which depend in large part upon charitable contributions to sustain their operations.

Permissive exemptions may be granted to such property subject to the following:

A permissive exemption shall only be granted where:

- The organization can show a financial need for exemption;
- The organization can establish that it is a charitable or philanthropic organization;
- That the property is not operated for profit or gain and is used exclusively for charitable or philanthropic purposes;

- The organization can show that it is in receipt of public funding.

An exemption will not be granted where there is a contract with the Province for the provision of specific services and where the contract covers virtually all of the operating costs of the facility.

Exemptions will not be granted where the service is one that is normally provided by the Provincial Government (homes for the handicapped or infirm, including the mentally challenged, homes for juveniles who have been judged delinquent or who are deemed to be in need of custody or rehabilitation services, etc.). Each instance will be reviewed to determine whether the application for exemption arises because of the “privatization” or “regionalization” program.

Where there is a mix of uses, some of which are supported by the Province and some, which are supported by private philanthropy, Council may determine the proportion of the assessment that is subject to permissive tax exemption.

8. Partnering Agreement

Section 224(2)(e), provides for a permissive tax exemptions for the interest of a public authority, local authority or any other corporation or organization in land and improvements that are used or occupied by the corporation or organization if:

- i) the land and improvements are owned and used by a person who is providing municipal services under a partnering agreement; and
- ii) the partnering agreement expressly contemplates that the council may provide an exemption.

9. Public Worship

Section 224(2)(f), provides for a permissive tax exemptions for, property that is exempt under section 220 (1) (h) [buildings for public worship], an area of land surrounding the exempt building that is considered reasonably necessary in connection with the public worship.

Section 224(2)(g), provides for a permissive tax exemptions for land or improvements used or occupied by a religious organization, as tenant or licensee, for the purpose of public worship or for the purposes of a hall that council considers is necessary to land or improvements so used or occupied.

Exemptions will not be granted for land held for future development.

10. Private Schools

Section 224(2)(h) provides for a permissive tax exemption for buildings and land used as private schools, together with an area of land surrounding the building determined by Council as being reasonably necessary in conjunction with the private school.

Permissive exemptions of land (other than the land on which the building stands, which is exempted by statute) may be limited to that land that is required for off-street parking, playgrounds, buffer zones to screen the school from residential, commercial or industrial uses.

Permissive exemptions will not be granted for land held for future development.

11. Recreational Facilities

Section 224(2)(i) provides for permissive tax exemption for land owned or held by an athletic or service club or association and used as a public park or recreation ground or for public athletic or recreational purposes.

The permissive exemption may apply to the whole or part of the taxable assessed value of land, improvements or both.

12. Private Hospitals

Section 224(2)(j), provides for a permissive tax exemptions for properties operated as a private hospital licensed under the "*Hospital Act*" or as a licensed community care facility, or registered assisted living residence, under the Community Care and Assisted Living Act.

13. General Conditions

A permissive tax exemption shall only be granted where the organization can show a financial need for the exemption. Determination of financial need would involve showing that the lack of a tax exemption would seriously impair services to the community or would impose significant hardship on the users of the facilities (such as user fees which would be substantially higher than those charged for other activities involving similar levels of supervision, instruction or capital investment).

The purpose of the use to be exempted should be one that, in the opinion of Council, will result in an improvement in the quality of life within the community.

The facility must be accessible by the public, but this is not to be taken as preventing:

- The imposition of admission fees or membership fees, provided that membership is available to any member of the community, without limitation as to numbers, and provided that admission is available to any member of the community (subject to limitations of the facility's capacity); and
- The granting of preferential rates or times of use for members as opposed to non-members.

The activities carried out on the land or in the facility must be of a type enjoyed by a significant proportion of the general public (that is, they must not be activities which cater only to a small minority).

The operators must be able to demonstrate that they actively seek to involve the general public in the facility's use and in particular that they encourage youth activities (where appropriate).

The facility must not be operated for profit.

Where a facility competes directly with privately owned facilities providing a similar service, Council may exempt only a portion of the assessed value of the land and/or improvements. In considering the proportion to be exempted, Council shall take into account the proportion of the use that is granted at nominal charges without charge to community groups (and especially youth organizations).

Where the facility contains service areas such as food services, licensed premises, retail facilities, or concession stands operated either by the owner or by tenants, the proportion of the assessed values of the improvement eligible for exemption may be determined by Council.

If all or part of the facility is leased to commercial ventures, or to organizations not eligible for exemption, Council may determine the proportion of the assessed values of the improvement eligible for exemption.

Where the activity requires significant amounts of land, and where such land is deemed by Council to provide a desirable greenbelt for the enjoyment of the general public, exemption may be granted for the land only.

Where the applicant receives Senior Government funding, Council will review the application and make its decision based on merit and ability of the applicant to pay property taxes.

14. Information Requirements

The information to be provided on the form attached as Schedule “A” by applicants may vary depending upon the nature of the appellant, and shall include the following exhibits:

- Financial statements most current actual and budget;
- A statement of the likely impact if tax exemption is not granted;
- A statement as to whether the facility is to be open to the public or to members only, and whether the membership (if required) is available to any member of the community;
- Information on how the organization seeks to involve members of the public and how the organization encourages youth activities:
- An explanation of any retail facilities (such as food, liquor, equipment sales, etc.) and details of the operating arrangements;
- Information on any leases of the property for commercial or private purposes;
- Information on the extent of use of the property, and the types of users;
- A statement explaining the use of the property;
- Information on any contracts with the Province for the provision of services.

Council reserves the right to request any additional information which may be required to enable Council to determine if property tax exemption is warranted.

15. Application Deadlines

All applications are to be received no later than August 31, in the year prior to which an exemption is being requested.



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Schedule A

Policy No. 5.3, *Statutory and Permissive Tax Exemption Policy*

PERMISSIVE TAX EXEMPTION APPLICATION

Name of Organization: _____

Address of Organization: _____

Property description -legal _____

-civic address _____

Phone: _____

Fax: _____

Contact Person: _____

Have you applied before? _____ For what taxation year? _____

Incorporation number and date of this incorporation: _____
(Applicants must be not-for-profit organizations or be otherwise publicly accountable)

Does your organization have any contracts with the Province for the provision of services? ____
If yes, provide details of contracts. _____

Describe your organization, its mandate and program (s). Indicate whether your facility or service is open to the public or to members only and whether membership is open to any member of the community.

Please indicate how your organization seeks to involve members of the public and how the organization encourages youth activities. Feel free to use additional sheets of paper.

Statement of the likely impact if tax exemption is not granted. _____
