



# CITY OF KELOWNA

POLICY: 327

PAGE: 1 of 5

## COUNCIL POLICY MANUAL

APPROVAL DATE:@

RESOLUTION #:@

REPLACING #:n/a

DATE OF LAST REVIEW:@

**SUBJECT: PERMISSION TAX EXEMPTION POLICY**

### Preamble

The City of Kelowna recognizes the significant value of volunteers, volunteer groups and agencies to the spiritual, educational, social, cultural, and physical well-being of the community. A permissive tax exemption is a means for Council to support organizations within the community that further Council's objective to enhance the quality of life while delivering services economically to the citizens of Kelowna.

The Permissive Tax Exemption Policy is intended to:

- Provide clarity, consistency and certainty to the municipality, the public and prospective applicants.

### Extent, Conditions, and Penalties

1. Council may designate only a portion of land/improvements as exempted where the following circumstances exist:
  - a. A portion of the land/improvements is used by private sector and/or organization not meeting Council's exemption criteria.
  - b. The applicant already receives grant in aid from the municipality, provincial or federal government.
  - c. The applicant meets all eligibility criteria, however Council may at its discretion grant a partial exemption.
2. Council may impose conditions on the exempted land/improvements with the applicant organization, including but not limited to:
  - a. Registration of a covenant restricting use of the property
  - b. An agreement committing the organization to continue a specific service/program
  - c. An agreement committing the organization to have field/facilities open for public use for specific times or a total amount of time
  - d. An agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates
  - e. An agreement committing the organization to immediately disclose any substantial increase in the organization's revenue or anticipated revenue (i.e. receives large operating grant from senior government)
3. Council may impose penalties on an exempted organization for knowingly breaching 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.



# CITY OF KELOWNA

POLICY: 327  
PAGE: 2 of 5

## COUNCIL POLICY MANUAL

APPROVAL DATE:@  
RESOLUTION #:@  
REPLACING #:n/a  
DATE OF LAST REVIEW:@

SUBJECT: **PERMISSION TAX EXEMPTION POLICY**

### PROCESS

Council will consider permissive tax exemption applications from Places of Worship, Private Schools and Hospitals for a period of up to 5 years. Other Non-Profit organizations will be considered annually.

The opportunity to apply for a permissive tax exemption will be advertised in the local newspaper once in the month of June. Application forms can be downloaded from the City of Kelowna website, or picked up at City Hall in the Revenue Division of the Financial Services Department.

#### Application Forms

Places of Worship, Private Schools and Hospitals are required to complete the *Place of Worship, Private School, and Hospital 5 Year Application*. The City of Kelowna will administer these applications on a 5 year cycle. If the application is approved the organization will be exempt for the number of years remaining in the cycle. At the end of the 5 year cycle all organizations must complete an application for the next 5 years. It is the organization's responsibility to notify the City of Kelowna of any changes in property ownership and/or use of the property.

For example:

Application Period	Number of Years Exempt	Application Due Date
2006 – 2010	5 Years	August 15, 2005
2007 – 2010	4 Years	July 15, 2006
2008 – 2010	3 Years	July 15, 2007
2009 – 2010	2 Years	July 15, 2008
2010	1 Year	July 15, 2009

Other Non-Profit Organizations will be required to complete a *Comprehensive Non-Profit Application*. If the application is approved for the next tax year, the organization will be required to submit a short renewal application every year for the next 4 tax years. The renewal application is confirmation that ownership and use of property has not changed and will be reviewed and approved before a permissive tax exemption is granted.

The Place of Worship, Private Schools and Hospital applications and the Comprehensive Non-Profit applications must have the following information attached before consideration of a 5 year permissive tax exemption:

- Copy of last Registered Charity Information Return or Non-Profit Organization Information Return submitted to the CCRA
- Copy of most current Audited Financial Statements
- Financial Budget (pro-forma Balance Sheet and Income Statement) for the current 12 months
- Scale Drawing of Property, that includes buildings, parking lots, landscaping, playgrounds, fields, etc.
- Copy of Lease Agreement if applicable



# CITY OF KELOWNA

## COUNCIL POLICY MANUAL

POLICY: 327

PAGE: 3 of 5

APPROVAL DATE:@

RESOLUTION #:@

REPLACING #:n/a

DATE OF LAST REVIEW:@

**SUBJECT: PERMISSION TAX EXEMPTION POLICY**

Applications with required supporting information must be submitted prior to July 15<sup>th</sup> of each year to be considered for the next permissive tax exemption year or cycle.

### Additional Information

- Council may request a presentation from applying organization.
- The City of Kelowna may request additional information.
- The City of Kelowna reserves the right to review records and/or property to verify information provided in support of application.
- Successful applicants may be asked to publicly acknowledge the exemption.
- Council may, at its discretion, reject any or all applicants in any given year.
- This policy does not apply to permissive tax exemptions for heritage revitalization, riparian, and other special exemption authority.

### Eligibility Criteria

To be eligible for a permissive tax exemption an organization must comply with all of the eligibility criteria outlined below. The application forms and supporting documentation are an integral part of this policy. There is no obligation on the part of Council to grant permissive tax exemptions in any given year.

The applicant(s):

1. qualifies for an exemption under the provisions of the Community Charter, general authority for permissive exemptions. (Part 7, Division 7, Section 224).
2. and/or the property owner is in compliance with municipal policies, plans, bylaws, and regulations (i.e. business licensing, zoning).
3. is a Non-Profit Organization.

Tax exemptions will only be granted to organizations that are a Registered Charity or Non-Profit Organization.

The intent of this requirement is to ensure that municipal support is not used to further activities of an organization or individual that, if not for it's *not-for-profit* status would otherwise be considered business, i.e. an organization that is operating as a Non-Profit; although it charges market value for services available, and would be comparable in operations and perception to public as a For Profit Business.

# CITY OF KELOWNA

POLICY: **327**

PAGE: 4 of 5

## COUNCIL POLICY MANUAL

APPROVAL DATE:@

RESOLUTION #:@

REPLACING #:n/a

DATE OF LAST REVIEW:@

**SUBJECT: PERMISSION TAX EXEMPTION POLICY**

4. provides services or programs that are compatible or complementary to those offered by the City of Kelowna.

Services provided by an organization should fulfill some basic need, or otherwise improve the quality of life for residents of Kelowna.

5. principal use of property meets Council's objectives.

Permissive tax exemptions will be based on the principal use of the property, not on the non-profit or charitable services of the organization.

6. will provide benefits and accessibility to the residents for Kelowna.

Kelowna residents must be the primary beneficiaries of the organization's services. The services provided on the property must be accessible to the public. Council may at its discretion provide partial exemptions.

### Administration

The Revenue Division in the Financial Services Department will review all applications for completeness and contact the applicant if additional information is necessary.

The Revenue Division will prepare a summary report of applications and bylaw for presentation to Council the first week of October for approval and adoption prior to October 31<sup>st</sup> of each year.

A public notice will be placed in the local newspaper of proposed bylaw. The notice will include:

- Property subject to bylaw
- Description of the proposed exemption
- Number of years the exemption will be provided
- Estimate of the amount of taxes that would be imposed on the property if it were not exempt for the year of exemption and following 2 years.

Public notice will be in accordance with Section 94 of the Community Charter.

Places of Worship, Private Schools, and Hospitals that have been approved for permissive tax exemption will be exempt for up to 5 years.

All other Non-Profit Organizations that have been approved will be exempt for 1 year. To be considered for future years a renewal application must be submitted prior to July 15<sup>th</sup> of each year of the next 4 tax years. A comprehensive application must be submitted at least every 5 years.



# CITY OF KELOWNA

POLICY: **327**

PAGE: 5 of 5

## COUNCIL POLICY MANUAL

APPROVAL DATE:@

RESOLUTION #:@

REPLACING #:n/a

DATE OF LAST REVIEW:@

**SUBJECT: PERMISSION TAX EXEMPTION POLICY**

### Late Application

Applications received after the deadline for submission will be held until the next scheduled October presentation to Council that meets the application due date. Applicants may, at that time, request Council to consider a refund of the Municipal portion of taxes paid for the property to be exempted the following year.

**REASON FOR POLICY:** Provide clarity for permissive property tax exemption applications

**LEGISLATIVE AUTHORITY:** Section 224 – Community Charter

**PROCEDURE FOR IMPLEMENTATION:** Council resolution