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City of Kelowna

MEMORANDUM

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DATE: May 10, 2006  
FILE: 1970-50  
TO: City Manager  
FROM: Permissive Tax Exemption Task Force Chair  
RE: REPORT OF THE PERMISSIVE TAX EXEMPTION TASK FORCE

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**RECOMMENDATION:**

THAT Council amend Council Policy #327 (Permissive Tax Exemption Policy), and related application forms, as outlined in the May 10, 2006 report from the Permissive Tax Exemption Task Force;

AND THAT Council adopt the implementation of a 5 year phase-out process for the organizations that are no longer eligible for permissive tax exemption under the amended Council Policy #327 based on a cumulative 20% reduction of the exemption each year, beginning in 2007 until the organization pays 100%, as outlined in the May 10, 2006 report from the Permissive Tax Exemption Task Force.

**BACKGROUND:**

In July of 2005 Council approved Permissive Tax Exemption Council Policy #327. 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.

This policy is intended to provide clarity, consistency and certainty to the municipality, the public, and prospective applicants. Given that many of the organizations are one of a kind, and provide specialized, often unique services, it is difficult to measure to what extent, if at all, property use conforms to the Permissive Tax Exemption Policy.

To address this, Council resolved on October 25, 2005:

- That a process be developed to review the merits of all exemptions prior to the adoption of the 2007 Tax Exemption Bylaw and,
- That a committee be formed to undertake the review process.

This resolution led to the formation of the Permissive Exemption Task Force which was appointed by Council for a 3 month term, March to May 2006.

## **TASK FORCE OBJECTIVE**

The objective of the Task Force is to amend Council Policy #327 in order to clarify the Permissive Tax Exemption Eligibility Criteria as defined in said policy. This amended policy, when adopted by Council, contains fair, consistent, and unified permissive exemption eligibility criteria. It provides staff and Council with an adopted framework to follow when reviewing permissive tax exemption applications. When staff and Council adhere to this framework, the result will be the granting of exemptions to non-profit organizations that are clear, consistent and certain.

## **MEMBERSHIP**

In order to provide representation from the Community, the Task Force is composed as follows:

- 1 Council member (Carol Gran)
- 2 Business representatives (Dr Alan Jenks, Clint McKenzie)
- 2 Residents Association representatives (David Porteous, Dave Thomas)
- 2 non-profit organization representatives. (Shelley Cook, Vonnie Lavers)

As specified in the Task Force Terms of Reference, the Council member chaired the Task Force.

## **TASK FORCE PROCESS**

During the 3 month term, Task Force members undertook a variety of meeting activities in order to meet their objective. These activities are described below.

### ***March 16th***

#### ***Background Research***

Task Force members familiarized themselves by reading a substantial information package compiled by staff. This information package started with a review of the Community Charter legislation outlining what a permissive tax exemption entails, how it is interpreted in the current City of Kelowna policy, and a history of the related issues.

### ***March 27<sup>th</sup>***

#### ***Background and Training Session***

Task Force members attended a 2 hour training session with City staff that included a review of:

- the Task Force Terms of Reference (Attachment #1)
- the Community Charter legislation related to permissive exemptions
- Policies from other municipalities (Victoria, Kamloops, White Rock)
- Council Policy #327 and historical issues
- Permissive tax exemption application forms.

### ***March 28<sup>th</sup>***

#### ***Public Meeting***

Task Force members attended this 2 hour public meeting in Council Chambers in order to hear the concerns and requests of non-profit organizations. There were 18 organizations on the Speakers List (Attachment #2), and most of these presentations were made by church representatives speaking to the importance of tax exemptions to their organizations' financial situations.

### ***Review of Written Submissions***

In addition to the public meeting, there were 15 Written Submissions (Attachment #3) from currently exempted organizations and members of the public. These were distributed to Task Force members and read by them before the April 4th meeting. The majority of the submissions reinforced the messages that the Task Force heard at the Public Meeting.

### ***April 4th***

#### ***Full Day Workshop***

The goal of this workshop was to determine fair criteria for acceptance and/or denial of tax exemption applications. The Task Force reviewed previous bylaws and historical data in order to; understand past practices; address ambiguities in the current policy criteria; strive for clarity in interpretation.

Throughout the deliberations, Task Force members emphasized their desire to ensure that the principles of fairness, equity and consistency were integral to all recommendations. They took seriously their mandate to “level the playing field” for all non-profit organizations.

During this meeting the Task Force debated a number of topics that appeared “open to interpretation” under the existing criteria. Some of the more challenging issues discussed included; non-profit organizations leasing to other non-profit organizations; non-profit housing residences where the length of residency is longer than 1 year; and whether or not athletic clubs should be eligible for tax exemption.

The issue of day care centres was particularly emotional and difficult as it relates to non-profit organizations leasing to other non-profit day-care operations. The Task Force also recognizes the need in the community for quality day care services. There are a number of social service agencies and places of worship that are currently tax exempt and rent or provide property to non-profit day cares and/or offer day care services themselves. Under the amended policy, if the non-profit organization leases out space or if the daycare rates charged are equitable to those charged in for-profit day care facilities, they will no longer be eligible for exemption.

### ***April 11th***

#### ***Meeting to Revise and Finalize Criteria***

This 3 hour meeting provided the opportunity for the Task Force members to review the decisions made at the full-day workshop on April 4<sup>th</sup>, and to clarify the exemption criteria with a further understanding of how these decisions could impact the various categories of applicants. The Task Force remained committed to their original mandate, focusing on clarity, fairness and consistency as members revised and finalized their decisions. Under this renewed scrutiny and objectivity, some previous decisions were reversed (e.g. athletic clubs) and some were upheld (e.g. day care centres).

Although the members made a number of decisions that they found difficult, and in some cases painful, at the end of this meeting they were unanimous in believing that they had established clear and fair guidelines, and that the amended policy will facilitate the application of these guidelines without prejudice or unfair advantage to any type of organization.

The Task Force decided against weighting the criteria, since to be eligible for an exemption, an organization is required to meet all of the criteria.

During this meeting the Task Force discussed how to treat fairly all organizations that have previously received exemptions that would now be ineligible under the proposed amendments to Council Policy #327. It was decided that these organizations should be advised of their

revised status and that they are now included in a 5 year phase-out process. The phase-out will be based on a cumulative 20% reduction of exemption each year until the organization pays 100%. The purpose of the phase-out is to provide these affected organizations with sufficient time to adjust their budgets to include payment of taxes.

### ***May 2nd***

#### ***Meeting to Review and Adopt Draft Report to Council***

This 2 hour meeting of the Task Force entailed; reviewing its work to-date; clarifying the amended Policy details; and suggested revisions to the draft report. The members moved to adopt the report and attachments, as revised, and to present it to Council for resolution and adoption.

### ***May 15th***

#### ***Report to Council***

Task Force members will attend and support the Chair who will present the report to Council. They will be prepared to answer questions and explain the principles and rationale on which the Council Policy recommendations are based.

In completing its work, the Task Force met as a group for a total of 18 hours. It is estimated that each Task Force member will have contributed at least 23 hours of volunteer time to ensure the Task Force fulfills its mandate.

## **RATIONALE FOR POLICY AMENDMENTS**

The following table details the amendments to Policy #327 and provides the rationale for the Task Force's decisions.

<b>Original Policy Statement</b>	<b>Task Force Changes, Clarification or Additions to Original Policy</b>	<b>Rationale for Amendment</b>
Eligibility Criterion #3 states that, to qualify for exemption, an organization must have non-profit status. It further states that, "the intent of this requirement is to ensure that municipal support is not used to further activities 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."	The Task Force clarified this criterion by adding, "Non-profit organizations conducting retail and/or commercial activity and charging rates or fees at market value are considered to be in competition with for-profit businesses and will not be eligible for tax exemption."	For-profit businesses are not compatible or complementary to services or programs offered by the City of Kelowna for the purposes of permissive tax exemption.
Eligibility Criterion #4 states that, to qualify for an exemption an organization must provide services or programs that are compatible or complementary to those offered by the City of Kelowna	The Task Force added a further interpretation: "When a service or program is offered by a non-profit group or club, the community may benefit from a more cost effective provision of services."	The added interpretation provides further explanation as to why some groups benefit the community. If a service is provided at reasonable cost, it may mean the City does not need to provide that service.

Original Policy Statement	Task Force Changes, Clarification or Additions to Original Policy	Rationale for Amendment
Eligibility Criterion #5 states that, to qualify for an exemption the applicant's principal use of property meets Council's objectives, and that exemptions will be based on the principal use of the property.	The Task Force added a clarifying statement: "The 'principal use of the property' means the use related directly to the principal purpose of the organization owning the property."	This clarifies the intent of the Policy in regard to; non-profit organizations leasing to other non-profits or rental of non-profit space to community members.
Eligibility Criterion #6 states that to be eligible for exemption the services provided by the applicant must be accessible to the public.	The Task Force defined 'accessible to the public' to mean that, within an appropriate age range, members of the public are able to join a club or organization and participate in its activities at a nominal rate."	This recognizes and clarifies that it is not necessarily appropriate for all persons to access all tax exempt services. Some age restrictions may apply.
No existing statement	The Task Force added Eligibility Criterion #7: "Non-profit organizations that provide liquor and/or meal services as their primary function and/or source of revenue will not be eligible for tax exemption."	There are several non-profit organizations within the City that offer restaurant type services including meals and /or liquor. This is seen as competing with for-profit business, and is also not a service that the City would normally provide.
No existing statement	The Task Force added Eligibility Criterion #8: "Exemptions will not be granted for housing with stays longer than two years. Exemptions will be permitted for short term housing with stays up to a maximum of two years. This would include: emergency shelters, transitional housing, halfway houses, supportive housing for people with special needs, and group homes."	The City would not normally provide long-term housing, and housing provided for periods longer than 2 years is not deemed to be emergency-type housing.
No existing statement	The Task force added Eligibility Criterion #9: "Residences will be excluded from otherwise tax exempt property unless the resident(s) on the property provide a caretaking function and the property owner (organization) can provide a copy of an agreement demonstrating: 1. Rent is not collected on the residence, and 2. There is a caretaker agreement in place."	This provides consistency with the policy of not exempting church manses or other residences on church property. At the same time it recognizes that, for some properties, it is in the public's interest to support a resident caretaker.

Council Policy #327 has been amended to include the changes described above, (Attachment #4).

### **TAX EXEMPTION APPLICATION FORMS**

Tax Exemption Application Forms have been revised to reflect the amended Policy, (Attachment #5, 6, 7).

### **OTHER BUSINESS**

The Task force noted that there needs to be clarification of which groups have the benefit of leases on City property. The Task force members want to alert City Council to the fact that there may be some inequity in who benefits from these leases. As lease agreements expire, Financial Services will coordinate with the Real Estate and Community Planning division in making recommendations to Council, where appropriate, to ensure that future leasing opportunities are equitable through the implementation of an open and transparent leasing process.

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Carol Gran, Chairperson

Attachments

pc Paul Macklem, Director of Financial Services  
Genelle Davidson, Revenue Manager

**City of Kelowna  
Terms of Reference  
Permissive Exemption Task Force**

**INTRODUCTION**

The City of Kelowna recognizes the significant value of volunteers, volunteer groups and agencies to the social, spiritual, cultural, educational and physical well-being of the community by providing partial or complete property tax exemptions that are subject to review of property utilization.

Given that many of the organizations are one of a kind and provide specialized, often unique services, it is difficult to measure to what extent, if at all, a use conforms to the Permissive Exemption Policy.

On October 25, 2005 Council resolved:

- THAT a process be developed to review the merits of all exemptions prior to the adoption of the 2007 Tax Exemption Bylaw
- THAT a committee be formed to undertake the review process

**OBJECTIVE**

The objective of the Task Force is to provide an addendum to Council Policy #327 clarifying the Permissive Exemption Eligibility Criteria as defined in said policy

AND

That Council will adopt the addendum in order to amend the Policy resulting in consistent and unified application of the policy.

**SCOPE OF WORK**

To achieve this objective the Task Force will undertake the following:

- Background and training session
- Meet with representatives from currently exempted organizations
- Determine criteria for acceptance and/or denial of application
- Recommend criteria to Council for resolution and adoption by May 15, 2006
- Provide criteria, after Council adoption, to staff for implementation in the 2007 Permissive Exemption Bylaw.

**MEMBERSHIP**

In order to provide representation from the community the Task Force is as follows:

- 1 Council member
- 2 Business representatives
- 2 Residents Association representatives
- 2 Non-profit organization representatives

**APPOINTMENT AND TERM**

Members shall be appointed by Council and shall serve for a 4 month term, beginning February 2006 until the final report is presented to Council in May.

Council may, at any time, remove any member of the Task Force. A member of the Task Force may resign at any time upon sending written notice to the Chairperson of the Task Force.

Task Force members who are absent for three consecutive meetings shall forfeit their appointment, unless such absence is authorized by resolution of the Task Force.

Members of the Task Force shall serve without remuneration.

In the event of a vacancy occurring during the 4 month term, the vacancy may be filled upon resolution of Council.

**CHAIR**

The Council member shall be the Chair of the Task Force.

**MEETING PROCEDURES**

The Task Force shall meet a minimum of once per month and the Chairperson shall call special meetings of the Task Force as required.

Unless otherwise authorized by Division 3 of Part 4 of the Community Charter or City of Kelowna Council Procedure Bylaw No. 9200, all meetings will be held in open session and in a location accessible to the public.

Unless otherwise authorized by the Task Force, the public shall only address the Task Force when they are a scheduled delegation on the Task Force meeting agenda.

A majority of the Task Force shall represent a quorum.

The order of business is to be set out in an agenda package to be provided to the members in advance of the meeting date. A copy of the agenda will be forwarded electronically to the Clerks Department at least three complete working days prior to the meeting date. Minutes of the meeting will be prepared and then signed by the Chairperson.

Task Force members have a responsibility to make decisions based on the best interests of the City-at-large referring to the existing Permissive Exemption Council Policy and the Community Charter legislation.



**Voting:**

- All members of the Task Force, including the Chair, vote on every question
- Any member who does not indicate how they vote, or has left the meeting is counted as having voted in favour.

When speaking in public or to the media on an issue, Task Force members must distinguish whether they are speaking as a member, or as a representative of another agency or community group, or as an individual.

**REPORTING TO COUNCIL**

Recommendations of the Task Force must be adopted by Task Force resolution prior to presentation to Council. The Chairperson will report to Council on behalf of the Task Force.

**BUDGET**

The routine operations of the Task Force shall be funded by the Financial Services Department budget.

**STAFF SUPPORT**

The Revenue Manager shall serve as staff liaison to the Task Force.

The Financial Services Department will provide all staff support for the Task Force. Typical support functions include the following:

- Organize and prepare the agenda, in conjunction with the Task Force Chairperson and staff liaison
- Forward the agenda to the City Clerk for posting as a public notice
- Distribute the agenda package to the Task Force members
- Edit and/or take draft minutes and provide the final minutes to the City Clerk and Task Force members
- Manage the files of the Task Force
- Maintain a list of outstanding items/issues for Task Force action
- In conjunction with the Chairperson, draft Task Force report(s) to Council
- Provide historical knowledge and practical application from a staff perspective



**Permissive Exemption Task Force  
Public Meeting - City Hall Council Chambers  
March 28, 2006 4:00 to 6:30 p.m.**

**Speakers**

<b>List</b>	<b><u>Who</u></b>	<b><u>Representing</u></b>
1	Lyle Howlet	Kelowna and District Fish and Game Club
2	Sam DiMaria	Kelowna Canadian Italian Club
3	Sture Gustafsson	Senior Citizens Branch 17
4	Lorna Duggan	Orchard City Abbeyfield
5	Mike Craig	Interior Health Authority
6	Lenora Duncan	Seventh-Day Adventist Church (BC Conference)
7	Stephen Ahrendt	First Baptist Church Kelowna
8	Morris Goodrow	Father DeLestre Columbus Society
9	Les Humphries	Kelowna Free Methodist Church (now operating as Mainstreet Community Church)
10	Lester Messenbrink	Ethel Church
11	Marg Skully	Marg Skully
12	Sally Lockhart	Okanagan Gymnastics Centre
13	Louise McKenzie	Unitarian Fellowship of Canada
14	Bob Ingram	Knights of Columbus
15	Reverend Anita Dejardins	Faith Lutheran Church
16	Al Harrison	First United Church
17	Clare Neufeld	First Mennonite Church



**Permissive Exemption Task Force  
Public Meeting - City Hall Council Chambers  
March 28, 2006 4:00 to 6:30 p.m.**

**Written Submissions**

	<u>Who</u>	<u>Representing</u>
1	Dave Goertz	Willow Park Church
2	Noel and Lora Wentworth	Wentworth Music Education Centre
3	Bob Carlson	The Royal Canadian Legion
4	Sadie Peatman	Orchard City Abbeyfield Society
5	Bob Elliott	Bob Elliott
6	Doug Stickney	Good Samaritan Canada
7	Les Humphries	Kelowna Free Methodist Church (now operating as Mainstreet Community Church)
8	Mike Craig	Interior Health Authority
9	Michael Wixwat	Seventh-Day Adventist Church (BC Conference)
10	Stephen Ahrendt	First Baptist Church Kelowna
11	Rev. Peter Tompkins	Immaculate Conception Church
12	Joe Rush	Holy Spirit Parish
13	R.J. Weber	Welcome Inn Transitional Housing Society
14	Rev. David Van Essen	Rev. David Van Essen
15	Lyle Howlett	Kelowna and District Fish and Game Club





# CITY OF KELOWNA

## COUNCIL POLICY MANUAL

POLICY: 327  
PAGE: 1 of 5

APPROVAL DATE: 2005/08/08  
RESOLUTION #: R759/05/08/08  
REPLACING #:n/a  
DATE OF LAST REVIEW: August 2005

SUBJECT: **PERMISSIVE 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

## COUNCIL POLICY MANUAL

POLICY: **327**  
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APPROVAL DATE: 2005/08/08  
RESOLUTION #: R759/05/08/08  
REPLACING #: n/a  
DATE OF LAST REVIEW: August 2005

SUBJECT: **PERMISSIVE 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**  
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A APPROVAL DATE: 2005/08/08  
RESOLUTION #: R759/05/08/08  
REPLACING #:n/a  
DATE OF LAST REVIEW: August 2005

### SUBJECT: **PERMISSIVE 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 its *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.

Non-profit organizations conducting retail and/or commercial activity and charging rates or fees at market value are considered to be in competition with for-profit businesses and will not be eligible for tax exemption.



# CITY OF KELOWNA

POLICY: 327  
PAGE: 4 of 5

## COUNCIL POLICY MANUAL

APPROVAL DATE: 2005/08/08  
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4. provides services or programs that are compatible or complementary to those offered by the City of Kelowna. When a service or program is offered by a non-profit group or club, the Community may benefit from a more cost effective provision of services.

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

5. principal use of property meets Council's objectives. The "principal use of the property" refers to the use related directly to the principal purpose of the organization owning the property.

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 of Kelowna. Specifically, members of the public, within the appropriate age range, are able to join a club or organization and participate in its activities for a nominal rate or fee.

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.

7. that provide liquor and/or meal services as their primary function and/or source of revenue will not be eligible for permissive tax exemption.
8. provides short term housing with length of stay up to a maximum of two years.

This would include: emergency shelters, transitional housing, supportive housing for people with special needs, and group homes

9. that have a residence in the building or on the property will only be exempt if a caretaking function is performed and the property owner (organization) can provide a copy of an agreement demonstrating:
  1. rent is not collected on the residence, and
  2. there is a caretaker agreement in place.



# CITY OF KELOWNA

POLICY: **327**  
PAGE: 5 of 5

## COUNCIL POLICY MANUAL

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SUBJECT: **PERMISSIVE TAX EXEMPTION POLICY**

### 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.

### Late Application

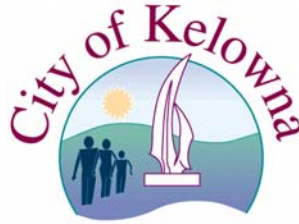
Applications received after the deadline for submission will be held until the next scheduled October presentation to Council that meets the application due date. Applicants may, at that time, request Council to consider a refund of the Municipal portion of taxes paid for the property to be exempted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





## **Permissive Tax Exemption Application for Places of Worship, Private Schools and Hospitals 5 Year Application (2006-2010)**

**PLEASE FORWARD PRIOR TO July 15, 2006**

City of Kelowna  
**Attention: Financial Services – Revenue Division**  
1435 Water Street  
Kelowna, BC V1Y 1J4

The following items must be submitted with the application:

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

Consideration will only be given to applications with all of the information submitted.

**Permissive Tax Exemption Application for Places of Worship,  
Private Schools and Hospitals  
5 Year Application**

Application Date: \_\_\_\_\_  
For Taxation Years: 2006-2010  
Business Number: \_\_\_\_\_ BN: \_\_\_\_\_  
Society Registration Number: \_\_\_\_\_  
If Hospital, license number under Hospital Act: \_\_\_\_\_

1. Full Name or Title of Organization:

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2. Is the organization the registered owner of the property?  
☐ Yes  
☐ If No, Is the organization a lessee under a lease that requires direct payment of property taxes to the City of Kelowna?  
☐ If Yes, attach copy of lease  
☐ If No, Not eligible for Permissive Tax Exemption

3. Does anyone live in the building(s)?  
☐ No  
☐ Yes,  
☐ attached is a caretaker agreement that specifies rent free accommodation in exchange for this service

4. Mailing Address of the Organization:

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5. Civic Address of Property if Different then mailing address:

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6. Property Legal Description Roll # \_\_\_\_\_

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Plan: \_\_\_\_\_ Lot: \_\_\_\_\_



12. Has the organization received grants from The City of Kelowna, Senior Government (Provincial or Federal), Regional Government, Crown Agencies, or Other Funding Agencies in the last 5 years?

If Yes, complete the below information:

Year

Purpose of Grant

Amount

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13. Is the Organization in compliance with all municipal policies, plans, bylaws and other applicable regulations (i.e. business licensing, zoning)?

☐ Yes

☐ If No, please explain:

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I understand that additional information may be requested, prior to consideration of this application for a Permissive Tax Exemption.

I understand that if this application is approved in full or part for the tax years 2007 to 2010, it is our organization's responsibility to contact The City of Kelowna if changes occur with respect to ownership or use of property.

I certify that I am a current board member of this organization and that the information provided in this application and supporting documentation is true and accurate to the best of my knowledge.

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Date:** \_\_\_\_\_

*Knowingly submitting an application or information that is not true or accurate will result in loss of eligibility.*





# **Comprehensive APPLICATION FOR 2007 PERMISSIVE TAX EXEMPTION Non-Profit Organization**

**PLEASE FORWARD PRIOR TO July 15, 2006**

City of Kelowna  
**Attention: Financial Services – Revenue Division**  
1435 Water Street  
Kelowna, BC V1Y 1J4

The following items must be submitted with the application:

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

Consideration will only be given to applications with all of the above information submitted.

**Comprehensive Permissive Tax Exemption Application for 2007****Non-Profit Organization**

Application Date: \_\_\_\_\_  
For Taxation Year: \_\_\_\_\_  
Business Number: BN \_\_\_\_\_  
Society Registration Number: \_\_\_\_\_

1. Full Name or Title of Organization:

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2. Is your organization the registered owner of the property?

☐ Yes

☐ If No, Is the organization a lessee under a lease that requires direct payment of property taxes to the City of Kelowna?

☐ If Yes, attach copy of Lease

☐ If No, Not eligible for Permissive Tax Exemption

3. Does anyone live in the building(s) or on the property?

☐ No

☐ Yes,

☐ attached is a caretaker agreement that specifies rent free accommodation in exchange for this service

4. Mailing Address of the Organization:

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5. Civic Address of Property if Different then mailing address:

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6. Property Legal Description Roll # \_\_\_\_\_

Plan: \_\_\_\_\_ Lot: \_\_\_\_\_

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7. Name, phone number, and e-mail address of Contact Person:

Name	Phone #	e-mail (will be communication method)
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8. Is the Organization a Registered Charity?

☐ No

☐ If Yes,

- Provide a copy of last Registered Charity Information Return that has been submitted to the CCRA.

Has the board of directors, property usage, or nature of organization changed since that last submission of Registered Charity Information Return?

☐ No

☐ If Yes, explain below:

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9. If the Organization is not a Registered Charity is it a Non-Profit?

☐ If Yes,

- Provide a copy of the Organization last Non-Profit Return submitted to the CCRA, and attach a list of the current board of directors.

☐ If No, Not eligible for Permissive Tax Exemption

10. List all licenses held by Organization. (i.e. licenses under the Community Care Facility Act, Hospital Act, Library Act, City of Kelowna Business License, or Other)

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11. a) Describe the goal(s) or purpose(s) of the Organization?

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- b) How is the property used to accomplish the Organizations goal(s) or purpose(s)?

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12. Size of membership, number of patients, or residence utilizing the property.

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13. How will the community and/or participants benefit?

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14. Nature of Organization, please tick boxes that apply to your organization:

<input type="checkbox"/>	
<input type="checkbox"/>	Community Care Facility licensed under Community Care Facility Act
<input type="checkbox"/>	Short Term Emergency or Protective Housing
<input type="checkbox"/>	Halfway Houses, Group Homes or Supportive Housing for People with Special Needs
<input type="checkbox"/>	Social Services, such as Food Banks, Drop in Centres for People with Special Needs, Seniors, or Youth
<input type="checkbox"/>	Support Services and Programs for People with Special Needs, who are in some way disadvantaged and need assistance in maximizing their quality of life; such as counselling for substance abuse, or employment re entry programs
<input type="checkbox"/>	Athletic Club or Association that has membership to the club or association available to residents of Kelowna

<input type="checkbox"/>	Recreational Facility that offers programs to the residents of Kelowna
<input type="checkbox"/>	Park or Recreational Ground available to the residents of Kelowna
<input type="checkbox"/>	Cultural Facility available to residents of Kelowna
<input type="checkbox"/>	Preservation of Wildlife, Environment or Domestic Animal Shelter
<input type="checkbox"/>	Other, please describe below:

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15. Does your organization have any 3<sup>rd</sup> party agreements including rental or use of the building(s), parking lot(s) or services rendered? i.e. Daycare
- ☐ No    ☐ If Yes, indicate the following:

Facility Name	ft <sup>2</sup> of leased premises	Leased Space Business Type	Rate charged

16. Has the organization received grants from the City of Kelowna, Senior Government (Provincial or Federal), Local Government, Crown Agencies, or Other Funding Agencies in the last 5 years?

☐ No    ☐ If Yes,

- Complete the below information:

Year                      Purpose of Grant                      Amount

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17. Is the Organization in compliance with all municipal policies, plans, bylaws, and other applicable regulations (i.e. business licensing, zoning)?

☐ Yes ☐ If No, explain below:

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I understand that all required information must be attached to this application to be considered for a Permissive Tax Exemption.

I understand that if this application is approved in full or in part for the year, it is our organization's responsibility to complete a comprehensive application or renewal application (as determined by the City of Kelowna), submitting prior to the **15th of July of each year** to be considered for future Permissive Tax Exemption.

I understand that it is our organization's responsibility to contact the City of Kelowna if any changes occur with respect to ownership or principal use of property.

I certify that I am a current board member of this organization and that the information provided in this application and supporting documentation is true and accurate to the best of my knowledge.

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Date:** \_\_\_\_\_

*Knowingly submitting an application or information that is not true or accurate will result in loss of eligibility.*



**Renewal APPLICATION FOR 2007  
PERMISSIVE TAX EXEMPTION  
Non- Profit Organization**

**PLEASE FORWARD PRIOR TO July 15<sup>th</sup> 2006**

City of Kelowna  
**Attention: Financial Services**  
1435 Water Street  
Kelowna, BC V1Y 1J4

- Applicants may be requested to submit additional information such as most current Financial Statements, Financial Budget, Non-Profit Organization Return or Registered Charity Return at a later date.

## Permissive Tax Exemption Renewal Application Non-Profit Organization

Application Date: \_\_\_\_\_  
 For Taxation Year: \_\_\_\_\_  
 Business Number: BN \_\_\_\_\_  
 Registered Society Number: \_\_\_\_\_

1. Full Name or Title of Organization:

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2. Mailing Address of the Organization:

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3. Civic Address of Property if Different then mailing address:

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4. Property Legal Description Roll # \_\_\_\_\_

Plan: \_\_\_\_\_ Lot: \_\_\_\_\_

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5. Name, phone number, e-mail of Contact Person:

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*Name Phone # e-mail (will be communication method)*

6. Has the Board of Directors changed since last year's application?

If Yes, please attach a list of the current Board of Directors.

7. Have any of the following changed since the last years comprehensive application or renewal application:

Changes in registered owner of property?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Changes in principal property use?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Changes in organization's purpose or goals?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Changes in programs offered?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>



Changes in 3 <sup>rd</sup> party agreements?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Changes in grant funding?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Changes in Registered Charity or Non-Profit status?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Changes in persons residing on property?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

If Yes, to any of the questions, please explain below:

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I understand additional information may be requested prior to consideration for a Permissive Tax Exemption.

I understand that if this application is approved in full or in part for the year of application, it is our organization's responsibility to complete a comprehensive application or renewal form (as determined by the City of Kelowna) submitting prior to the **15<sup>th</sup> July of each year** to be considered for a future Permissive Tax Exemption.

I certify that I am a current board member of this organization and that the information provided in this application is true and accurate to the best of my knowledge.

**Name:** \_\_\_\_\_ **Signature:** \_\_\_\_\_

**Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_

*Knowingly submitting an application or information that is not true or accurate will result in loss of eligibility*



