

4.2 A.M.

Report to Council



Date: September 26, 2012
File: 0280-70
To: City Manager
From: George King, Revenue Manager
Subject: Review of Permissive Tax Exemption Policy #327

Recommendation:

THAT Council receives the report from the Revenue Manager, dated September 26, 2012 which reviews the Permissive Tax Exemption Policy No.327;

AND THAT Council endorses Permissive Tax Exemption Policy No.327 in its current state.

Purpose:

To review Permissive Tax Exemption Policy #327 prior to forwarding the 2013 permissive tax exemption bylaw.

Background:

I. Community Charter

The Community Charter requires that a tax exemption bylaw be considered and adopted by Council annually, prior to October 31st. The 2013 bylaw will be brought forward to Council on October 15, 2012. Refer to Appendix A, Permissive Tax Exemption Timetable

The Community Charter provides for tax exemption by:

- a) General Statutory Exemption, Section 220 includes classes of properties used by provincial and municipal authorities, libraries, hospitals, public schools and the portion of church properties "set aside for worship". For some properties such as churches, private schools and hospitals, this exemption is limited to the buildings and the land beneath the buildings - the land surrounding the buildings would require a permissive tax exemption by Council.
- b) Permissive Exemption, Sections 224 & 225 includes classes of properties which are mainly used by non-profit, social, cultural, athletic and recreational organizations. It permits the exemption of a property from all property taxation - municipal, provincial school and all other taxing jurisdictions with the exception of parcel taxes, user fees and other charges that are not based on property assessment. Permissive exemptions require a bylaw

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approved by a 2/3 vote of Council. Refer to Appendix B, Permissive Tax Exemption - Schedules Background.

II. Categories of Permissive Tax Exemptions:

There are nine (9) categories of Permissive Tax Exemptions that we have grouped together:

Schedules:

- A. Places of Worship
- B. Private Schools
- C. Hospitals
- D. Special Need Housing
- E. Social Services
- F. Public Park or Recreation Ground, Public Athletic or Recreational,
- G. Cultural Organizations
- H. Other Non-Profit Societies
- I. Partnering, Heritage Property and Revitalization

Refer to Appendix C, Permissive Tax Exemption Policy No.327 which governs the eligibility criteria for each of the schedules above.

Staff uses Policy # 327, which was adopted by Council in May, 2006, in conjunction with current legislation to determine the appropriateness of each exemption request.

III. Review Policy for Each Category of Exemption:

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 precisely whether a use conforms to the policy. For this reason, all organizations requesting a permissive tax exemption shall be subject to an eligibility review that will consist of an annual written request for assistance by completing the application form. Properties exempted under the general exemption categories that have also qualified for a permissive exemption will need to re-apply only every five years.

The granting of tax exemptions is seen as a cost¹ effective method of contributing to the social fabric of the community. In conjunction with the policy and legislation, Appendix D - Rationale For Policy Amendments are utilized by staff to help ensure that the broad range of community organizations in Kelowna is dealt with consistently and receive equal treatment

¹ Refer to Financial/Budgetary Considerations for a description of the "cost" of tax exemptions.

and consideration for tax exemption. Those organizations that are exempted from taxation by Council may then effectively promote themselves in order to secure additional funding from other sources.

IV. Properties Currently Under Review for 2013:

There are three tax exemption requests that are not being recommended for exemption:

NO.	ROLL NO.	LEGAL DESCRIPTION	CIVIC ADDRESS	REGISTERED OWNER/LESSEE	RATIONALE/COMMENTS
1	10738419	Lot 1, Plan KAP77109	1540 KLO Rd.	Good Samaritan Canada - A Lutheran Social Service Organization) Inc	Previously denied based on: Criterion #8: Exemptions will not be granted for housing with stays longer than two years. Rationale: 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.
2	10738422	Lot A Plan KAP80073	3070 Burtch Rd.	Good Samaritan Canada - (Lutheran Social Service Organization)	Previously denied based on: Criterion #8: Exemptions will not be granted for housing with stays longer than two years. Rationale: 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.
3	80251	Lot A Plan KAP67454	421 Cawston Ave	Kelowna Visual & Performing Arts Centre Society	Previously denied based on: 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 on that portion of the property." Note: KVPACS has chosen not to lease out the Bistro but operate it themselves. This portion of the property would remain taxable ² , as commercial, based on Policy # 327.

² The Bistro portion of the RCA property is on a separate tax roll #80251. Only this portion of the property would remain taxable.

Good Samaritan Society:

On June 23, 2010 staff prepared a report at the request of Council to re-examine criteria #8 of the Permissive Tax Exemption Policy No. 327. Refer to Appendix E: Council Request to Re-examine Criteria No. 8, Permissive Tax Exemption Policy No. 327. During this meeting Council reaffirmed their position with regards to Criteria # 8 with no requests for changes to the policy.

Kelowna Visual & Performing Arts Centre Society (KVPACS):

In 2012, city staff conducted a survey of all the twenty three (23) similar organizations provided by KVPACS. Twenty-one responded to the survey indicated that they were not set up like the KVPACS Bistro³. City staff then expanded the search and found two organizations that were a match and do receive a permissive exemption. The Cultured Café Bistro located in the North Peace Cultural Centre in Fort St. John and the Vancouver Art Gallery⁴. It became evident when staff contacted the associated municipality that it was not general practice to exempt a business like a “Bistro” even if it was located on municipally owned property, or operated by a non-profit organization. Refer to Appendix F: Survey Results for the KVPACS Bistro.

Staff will be recommending to Council to continue to have the Bistro portion of the Rotary Centre for the Arts building taxed as Class 6 -Business/Other for the following reasons:

- The organization is conducting retail and/or commercial activity which is not in the spirit of Council approved Policy #327 - Criteria # 3.
- The organization through its Bistro is providing liquor & meal services as a source of revenue which is not supported by Council approved Policy #327 – Criteria #7.
- It is not in keeping with the Community Charter Division 2 Section 25, which is a general prohibition against assistance to business. Note: The organization directly competes with several Bistros’ style operations in the surrounding neighborhood.

There is one tax exemption request that is being recommended for a partial exemption:

NO.	ROLL NO.	LEGAL DESCRIPTION	CIVIC ADDRESS	REGISTERED OWNER/LESSEE	RATIONALE/COMMENTS
1	77062	Lot 1, Plan 42511	1304 Ellis St.	City of Kelowna (Laurel Packinghouse)	Per Policy 327: Criterion # 3 "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." Note:

³ The KVPACS Bistro was previously leased to a third party business (Staccatos’ Gelateria & Bistro Ltd). KVPACS ended the lease agreement in 2010.

⁴ The City of Vancouver has the Vancouver Art Gallery property specifically identified in their Community Charter as permissively exempt. This exemption is not specific to the Bistro located in the building.

NO.	ROLL NO.	LEGAL DESCRIPTION	CIVIC ADDRESS	REGISTERED OWNER/LESSEE	RATIONALE/COMMENTS
					The portion of the Wine Museum which is a VQA Wines store would be taxable - Approx. 60% of the Wine Museum area (1,300 sq. ft.). This portion of the property would be taxable, as commercial, based on Policy # 327.

Kelowna Wine Museum (Laurel Packinghouse):

In 2012, city staff did conduct a review of all nineteen (19) VQA wine stores in the province and could only locate one (other than Kelowna); The BC Wine Information Centre in Penticton that is currently receiving a permissive exemption on the wine shop. However, City of Penticton staff will be reviewing its decision for its 2013 Permissive Tax Exemption Bylaw. Refer to Appendix G: Survey Results For The VQA Wine Stores.

Staff will be recommending to Council to deny further exemption on the wine shop portion of the property for the following reasons:

- The wine shop is conducting retail and/or commercial activity which is not in the spirit of Council approved Policy #327 - Criteria # 3.
- It is not in keeping with the Community Charter Division 2 Section 25, which is a general prohibition against assistance to business. Note: It directly competes with local liquor stores and wineries (Calona Vineyards) in the surrounding neighborhood.
- No other municipality that staff contacted considered a VQA wine store eligible for a permissive exemption or any sort of grant or funding.

Financial/Budgetary Considerations:

It is important to understand what is meant by the “cost” of tax exemptions. Tax exemptions are not financed through a budgetary line item in the same way as municipal spending, nor do they affect the amount that has to be raised through property taxes. Nevertheless, tax exemptions do impose a cost on taxpayers who are not exempt. Tax exemptions reduce the total value of the tax base (i.e. the taxable value of property). Therefore, tax exemptions transfer the burden of taxation from properties that are exempt to properties that are taxable. An increase in the value of tax exemptions increases the taxes paid by properties that are not tax exempt. Any efforts to control or limit tax exemptions would generate a tax saving for taxable properties. Refer to Appendix H, 2012 General Exemption & Permissive Exemption Summary - Municipal Tax Impact and Appendix I, 2012 Permissive Exemption Summary - Municipal Tax Impact.

Internal Circulation:

Sandra Kochan, Cultural Services Manager
Jim Gabriel, Director, Recreation & Cultural Services

Legal/Statutory Authority:

Council may, by bylaw in accordance with sections 220, 224 and 225 of the Community Charter exempt land or improvements, or both, from taxation to the extent, for the period and subject to the conditions provided in the bylaw.

Legal/Statutory Procedural Requirements:

Under section 227 of the Community Charter Council must give notice of a proposed bylaw in accordance with section 94 [public notice must be once a week for 2 consecutive weeks prior], identifying the property that would be subject to the bylaw, describe the proposed exemption, state the number of years that the exemption may be provided and provide an estimate of the amount of taxes that would be imposed on the property if it were not exempt, for the year in which the proposed bylaw is to take effect and the following 2 years. Under Division 7 - Permissive Exemptions of the Community Charter a bylaw may only be adopted by an affirmative vote of at least 2/3 of all Council members, and does not apply to taxation in a calendar year unless it comes into force on or before October 31 in the preceding year.

Existing Policy:

Permissive Tax Exemption Policy No. 327

Considerations not applicable to this report:

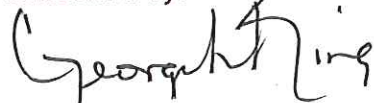
Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:



G. King, Revenue Manager

Approved for inclusion:



(Keith Grayston, CGA, Director, Financial Services)

Appendix A, Permissive Tax Exemption Timetable

The following is a timetable for the 2013 Permissive Tax Exemption (PTE) bylaw.

Description	Workshop	Tax Exemption Bylaw
Deadline for Organizations to Submit Application for PTE		July 15
Council Workshop SR#210491 - Report to GM & Director	Sept .21	
Council Workshop SR#210491 - Report to City Clerks	Sept. 26	
Council Workshop SR#210491 - Presentation to Council	Oct. 1	
PTE 2013 - 1 st Ad		Oct. 5
PTE 2013 Bylaw - Report to GM & Director		Oct. 5
PTE 2013 Bylaw - Report to City Clerks		Oct. 10
PTE 2013 - 2 nd Ad		Oct. 12
PTE 2013 Bylaw - Presentation To Council & First Three Readings		Oct. 15
PTE 2013 Bylaw - Fourth Reading		Oct. 22
PTE 2013 Bylaw - PTE Statutory Requirement		Oct. 31

Appendix B, Permissive Tax Exemption - Schedules Background:

SCHEDULE A

Places of Worship:

Place of worship are given a general exemption from taxation for the church building and the land on which the building stands under C.C. Section 220 (1) (h). While this part of the exemption does not require a bylaw, any other buildings (church hall) or lands (parking, etc.) to be exempted are at the discretion of Council through a permissive exemption. The exemption would not include living quarters (manse or other) for the staff.

If a statutory exemption occurs for a building set apart for public worship as well as the land on which the building stands the title to the land

- must be registered in the name of religious organization using the building
- or trustees for the use of that organization
- or religious organization granting a lease of the building and land to be used solely for public worship

A permissive tax exemption may be provided for the land surrounding the exempt building that Council considers necessary. (Section 224 (2) (f) of the Community Charter)

A permissive tax exemption may be provided for land and improvements used or occupied by a religious organization, as a tenant or licensee, for the purpose of public worship. (Section 224 (2) (g)) (The lessee under the lease must be required to pay property taxes directly to the City of Kelowna.)

SCHEDULE B

Private Schools:

Statutory Exemption

A building and the land on which the building stands if owned by an incorporated institution of learning that is regularly giving children instruction accepted as equivalent to that given in a public school, is exempt from taxation (Section 220(1)(l))

A permissive tax exemption may be provided for the land surrounding the exempt building. (Section 224(2)(h))

SCHEDULE C

Hospitals:

Statutory Exemption

A building set apart and used solely as a hospital under the Hospital Act, except a private hospital under that Act, together with the land on which the building stands is exempt from taxation. (Section 220 (1)(j))

- A permissive tax exemption may be provided for the land surrounding the exempt building. (Section 224(2)(h))
- A permissive tax exemption may be provided for land or improvements owned or held by a person or organization and operated as a private hospital licensee under the Hospital Act, or an institution licensed under the Community Care Facility Act. (Section 224(2)(j))

SCHEDULE D

Special Need Housing:

- a. A permissive tax exemption may be provided for land and improvements that are owned or held by a registered charity or non profit, and Council considers are used for a purpose that is directly related to the purposes of the corporation. (Section 224(2)(a)) Special needs housing to members of the community such as:
 - short term emergency or protection housing
 - halfway houses, group homes, or supportive housing for people with special needs

SCHEDULE E

Social Services:

A permissive tax exemption may be provided for land and improvements that are owned or held by a registered charity or non profit, and Council considers are used for a purpose that is directly related to the purposes of the corporation. (Section 224(2)(a)) Social services to members of community such as:

- Food banks, drop in centre for people with special needs, seniors or youth.
- Support services and programs for people with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life. (i.e. counselling for substance abuse, employment re- entry programs)

SCHEDULE F

Public Park or Recreation Ground, Public Athletic or Recreational

A permissive tax exemption may be provided for land or improvements owned or held by a person or athletic or service club or association and used as a public park or recreational ground or for public athletic or recreational purposes.(Section 224(2)(i))

- Facilities must be available to the public, exclusive membership clubs or associations not eligible for exemption.
- Council may impose covenant restricting use of property or require agreement committing organization to offer the field/facility to certain groups free of charge or at reduced rates.

A permissive exemption may be provided when land and improvements are owned by public authority or local authority, and used by a non-profit organization for the purpose of public park or recreation ground or athletic or recreational purposes, which would have been exempt if land and improvements were owned by that organization. (Section 224(2)(d) (The lessee under the lease must be required to pay the property taxes directly to the City of Kelowna, or have a partnership agreement with the City of Kelowna.)

SCHEDULE G

Cultural Organizations

A permissive exemption may be provided for land and improvements that are owned or held by a non profit that provides cultural education and recreation. (Section 224(2) (a)). The Facility must be available for members of the public.

SCHEDULE H

Other Non- Profit Societies

A permissive tax exemption may be provided for land and improvements that are owned or held by a registered charity or nonprofit society that Council deems beneficial to the community, such as museums, animal shelters, property to preserve wildlife and environmental areas. (Section 225(2)(a).

A permissive tax exemption may be provided for land or improvements, for which a grant has been made, after March 31, 1974, under the Housing Construction (Elderly Citizens) Act before its repeal. (Section 224 (2) (k))

SCHEDULE I

Partnering, Heritage Property and Revitalization

The following property is eligible for a tax exemption under this section:

- (a) eligible partnering property, being property that
 - (i) is owned by a person or public authority providing a municipal service under a partnering agreement, and
 - (ii) the Council considers will be used in relation to the service being provided under the partnering agreement;
- (b) eligible heritage property, being property that is
 - (i) protected heritage property,
 - (ii) subject to a heritage revitalization agreement under section 966 of the *Local Government Act*,
 - (iii) subject to a covenant under section 219 of the *Land Title Act* that relates to the conservation of heritage property, or
 - (iv) if property referred to in subparagraphs (i) to (iii) is a building or other improvement so affixed to the land as to constitute real property, an area of land surrounding that improvement;

Appendix C, Permissive Tax Exemption Policy No. 327:

POLICY 327



City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4
250 469-8500
kelowna.ca

Council Policy Permissive Tax Exemption Policy APPROVED August 8, 2005

RESOLUTION: R375/10/04/26
REPLACING: R446/06/05/15; R759/05/08/08
DATE OF LAST REVIEW: April 2010

A. 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.

B. 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.

C. 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 Branch 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
2011 – 2015	5 Years	July 15, 2010
2012 – 2015	4 Years	July 15, 2011
2013 – 2015	3 Years	July 15, 2012
2014 – 2015	2 Years	July 15, 2013
2015	1 Year	July 15, 2014

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

Applications with required supporting information must be submitted prior to July 15th 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.

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 fulfill 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 for 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.

Administration

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

The Revenue Branch 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 31st 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 15th 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

Appendix D, Rationale For Policy Amendments:

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

Original Policy Statement	Task Force Changes, Clarification or Additions to Original Policy	Rationale for Amendment
<p>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."</p>	<p>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."</p>	<p>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.</p>
<p>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</p>	<p>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."</p>	<p>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.</p>
<p>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.</p>	<p>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."</p>	<p>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.</p>
<p>Eligibility Criterion #6 states that to be eligible for exemption the services provided by the applicant</p>	<p>The Task Force defined 'accessible to the public'" to mean that, within an appropriate</p>	<p>This recognizes and clarifies that it is not necessarily appropriate for all persons to access all tax exempt services. Some age</p>

Original Policy Statement	Task Force Changes, Clarification or Additions to Original Policy	Rationale for Amendment
must be accessible to the public.	age range, members of the public are able to join a club or organization and participate in its activities at a nominal rate.”	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 on that portion of the property.”	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: <ol style="list-style-type: none"> 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.

Appendix E, Council Request to Re-examine Criteria No. 8, Permissive Tax Exemption Policy No. 327:

Memo



Date: June 23, 2010
File: 0280-70
To: City Manager
From: George L King, Revenue Manager
Subject: Council request to re-examine criteria #8 from the Permissive Tax Exemption Policy No.327

Recommendation:

THAT Council receives the report from the Revenue Manager, dated June 23, 2010 regarding Council's request to re-examine criteria #8 from the Permissive Tax Exemption policy No. 327;

AND THAT the permissive exemption conditions remain as previously approved by Council.

Purpose:

To ensure that Criteria #8 from the permissive tax exemption policy No. 327 still meets with current Council objectives.

Background:

In the fall of 2005, Council instructed staff to undertake a detailed review of the City's permissive exemption policy.

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 in the fall of 2006 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.

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

- 1 Council member (Carol Gran - chaired the Task Force)
- 2 Business representatives

- 2 Residents Association representatives
- 2 Non-Profit Organization representatives

The objective of the Task Force was 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 would provide 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.

During the 3 month term, Task Force members undertook a variety of meeting activities which included a 2 hour public meeting and a 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 and strive for clarity in interpretation.

At this meeting the Task Force debated a number of topics that appeared “open to interpretation” under the existing criteria. Amongst some of the more challenging issues discussed was non-profit housing residences where the length of residency is longer than 1 year.

Throughout this time the Task Force remained committed to their original mandate, focusing on clarity, fairness and consistency. Although the members made a number of decisions that they found difficult, and in some cases painful, in the end they were unanimous in believing that they had established clear and fair guidelines, and that the amended policy would facilitate the application of these guidelines without prejudice or unfair advantage to any type of organization.

On May 15, 2006 City Council approved the revised policy 327 (Appendix C), which amongst other changes, clarification, or additions to the Original Policy established new eligibility criterion such as criterion #8 with regards to short term housing with lengths of stay longer than 1 year:

“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, supportive housing for people with special needs, and group homes.”

Rationale for Change:

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.

Past Practice:

The City had used a length of stay of one year as the criteria. This was lengthened by the Task Force to two years based on generally accepted industry practice.” Currently defined by BC Housing⁵as:

Short-Term Housing:

- **Emergency Housing:** Short-stay housing of 30 days or less. Includes emergency shelters that provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.
- **Emergency Shelter:** Short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.

⁵ <http://www.bchousing.org/glossary>

- **Transitional Housing:** Housing from 30 days to two or three years that includes the provision of support services, on- or off-site, to help people move towards independence and self-sufficiency. Transitional housing is often called second-stage housing, and includes housing for women fleeing abuse.

Long-Term Housing:

- **Supportive Housing:** There is no limit on the length of stay. Provides ongoing supports and services to residents who cannot live independently and who are not expected to become fully self-sufficient. This form of housing may be located in a purpose-designed building or scattered site apartments.
 - **Assisted Living:** Assisted living units are self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care. Services provided include daily meals, social and recreational opportunities, assistance with medications, mobility and other care needs, a 24-hour response system and light housekeeping.
 - **Non-Profit Housing:** Rental housing that is owned and operated by community-based non-profit societies. The mandates of these societies are to provide safe, secure, affordable accommodation to households with low to moderate incomes. Most non-profit housing societies receive some form of financial assistance from government to enable them to offer affordable rents. Each society operates independently under the directions of a volunteer board of directors.

Survey:

Sixteen non-profit organizations that currently own and operate 30 properties that do fall under the permissive tax exemption policy criteria #8 were asked to complete the following survey questions:

1. Has the organization been negatively impacted by the Permissive Tax Exemption policy? Yes/No

If yes, please complete the following two questions:

1. What has been the impact to the organization?
2. How has the organization dealt with the impact?

Eighty three percent of respondents have indicated that they where not negatively impacted by the Permissive Tax Exemption policy. Refer to the SURVEY RESULTS on below.

Impact of Changing:

The impact of changing criteria #8 now was articulated best by former Councillor Gran in her email to Mayor and Council dated October 25, 2009:

"...The Mayor gave me the responsibility of chairing a committee to develop a policy for Permissive Taxes, quite out of my comfort zone and I told her so. To her credit she appointed the exact right people to this committee, most from the Social Services Sector of our community. We deliberated, assisted by the staff of the Finance Department, we disagreed, we argued, some cried, and in the end we all agreed on the policy that exists today. I as the Chair took complete ownership of that policy which meant that I had to explain too many organizations why they were losing their tax exemption status. Those same organizations are in the final year of the Phase Out and to change the rules now regarding two years would be disrespectful to them and to the tax payers..."

There are a lot of people in our community that are providing excellent services but giving all of them a tax exemptions will mean shifting costs to other taxpayers. The Task Force did make compromises for many of the sectors within the review, so by changing one part now may create a ripple effect with other organizations.

Legal/Statutory Authority:

Council may, by bylaw in accordance with sections 220, 224 and 225 of the Community Charter exempt land or improvements, or both, from taxation to the extent, for the period and subject to the conditions provided in the bylaw.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:

Alternate Recommendation:

Submitted by:

G. King, CMA, Revenue Manager

Approved for inclusion: Keith Grayston, CGA, Director, Financial Services

SURVEY RESULTS

Organization	1. Has the Organization been negatively impacted by the Permissive Tax Exemption Policy?	2. What has been the impact to the organization?	3. How has the organization dealt with the impact?	Other Comments
Adult Integrated Mental Health Services Society	No Response.			
Bridge Youth & Family Services Society	Yes	We do not have exemption status for a house we own but lease out (at cost) to another charitable organization. 2. We pay the full amount of property tax on a building we have leased for the purpose of providing counselling and support to children, youth and families in the community.	The society must budget to meet its occupancy costs, ultimately resulting in less service to the community.	
Bridges to New Life Society	No	The Bridges to New Life Society has been blessed by the Permissive Tax Exemption, without which we probably would not be able to enjoy property ownership. So thank you very much for this great break that helps struggling community service organizations like ourselves.	Because of Kelowna's Permissive Tax Exemption, Bridges has been able to have more than 4000 contacts with over 500 offenders in the community over each of the last two years. Those services include phone calls, internet access, employment referrals, recreational activities, 12 step programs, one to one mentoring, safe housing and much more. So thank you very much for the Permissive Tax Exemption. We believe the exemption is providing good value to the taxpayers of Kelowna in the area of crime reduction.	
Central Okanagan Emergency Shelter Society	No	The Permissive Tax Exemption Police has a positive impact on our society. As a non-profit, COESS appreciates the permissive tax exemption on both our properties.		Survey was received on 23 June 2010 after the deadline date.

Organization	1. Has the Organization been negatively impacted by the Permissive Tax Exemption Policy?	2. What has been the impact to the organization?	3. How has the organization dealt with the impact?	Other Comments
Good Samaritan Canada	Yes	<p>Our Mountainview Village site in Kelowna was commissioned in 2002. We provide housing, hospitality and support services to over 200 citizens of Kelowna. From 2002 to 2007 our Assisted Living area was tax exempt, and this was incorporated into our annual operating budget. This scenario changed significantly with the 2008 taxation year where we received only partial exemption, and this situation continues to be in effect. For the taxation years of 2008 - 2010 our organization has been required to remit \$91,652.54 in Property Taxes that our budget does not support. We are also unable to request these additional monies from our funding partners. To put this dollar figure in perspective, we would be able to provide two additional full -time Health Care Aides per day to better serve our Residents.</p> <p>Our Complex Care Area opened in 2007 and from inception has been 100% excluded from any property tax exemption. To date we have remitted over \$199,000.00 in taxes for this building. These funds would provide an additional 4 full time Health Care Aides or 3 full time Licensed Practical Nurses for our site. As our society continues to age in place, and resources continue to be in high demand, the allocation of these funds to front line care is essential to maintain the health, safety and dignity of the individuals in our care.</p> <p>The impact of this additional financial requirement directly impacts the front line care services we provide to our Residents. As a non-profit organization, our annual operating budgets do not contain variances to address these situations, and as a result we are required to create efficiencies in all areas to maintain a balanced budget. The overall sustainability of this program will be impacted in the future if situations such as this are not addressed and altered.</p>	<p>At the site level, we have implemented reductions of services where possible, while ensuring that all legislation pertinent to our industry is maintained. At a corporate level, the site operating budget has been supported through allocations from Reserves that are not intended for direct site operations. As indicated above, this corporate support is not sustainable for the future and must be addressed at the site operating level.</p>	

Organization	1. Has the Organization been negatively impacted by the Permissive Tax Exemption Policy?	2. What has been the impact to the organization?	3. How has the organization dealt with the impact?	Other Comments
Howard-Fry Housing Society	Yes	Financial	Significant factor in decision to evict tenant (Okanagan Halfway House Society - 2 years notice) and reclaim the property for use/operation by JHSCSO.	
Kelowna Child Care Society	No			
Kelowna Gospel Mission Society	No			
Lifestyle Equity Society	No Response.			
National Society of Hope	No Response.			
New Opportunities for Women (NOW) Canada Society	No			
Okanagan Halfway House Society Inc	No			The Okanagan Halfway House Society has not noticed any negative impact because of the Permissive Tax Exemption Policy. The application process is very user friendly and is very easy to complete
Okanagan Mental Health Services Society	No			
Orchard City Abbeyfield Soc.	Yes	Less cash to be put towards needed upgrades. Loss of clients due to forced increases in rates.	We have deferred some improvements. We have had to ask other community groups for assistance. The residents have had to pay more out of their already fixed incomes.	
Resurrection Recovery Resource Society Inc.	No			Organization has been positively affected by the exemption.
Society of Vincent De Paul of Central Okanagan	No			

Appendix F, Survey Results for the KVPACS Bistro⁶:

The first twenty three (23) organizations listed below are the list provided by KVPACS. The last two organizations highlighted in yellow below were located by staff.

ORGANIZATION	ORGANIZATION CONTACTED?	MUNICIPALITY	MUNICIPALITY CONTACTED?	CONTAIN A RESTAURANT?	MATCH WITH RCA?*	RATIONALE/COMMENTS
Maple Ridge ACT	Yes	Maple Ridge	Yes	No	No	Organization: No restaurant, bar that can be rented during performances Municipality: Municipality owned & operated
UBC, Chan Centre & the Exchange	No	Vancouver	No	No	No	Part of school tax exemption
Vernon Performing Arts Centre	Yes	Vernon	Yes	No	No	Organization: No restaurant Municipality: Municipality owned & operated by a non profit.
PAL Building Theatre	Yes	Vancouver	No	No	No	Organization: Does not have a PTE, provides housing & theatre support
Massey Theatre	Yes	New Westminster	Yes	No	No	Organization: Does not receive PTE Municipality: No PTE, receive a grant each year to provide support to societies in municipality
Chilliwack Arts Council	Yes	Chilliwack	Yes	No	No	Organization: Receives PTE, no restaurant, canteen open during performances Municipality: Party owned & operated by

⁶ While most theatres including the RCA have a bar that is open during shows, only two (highlight in yellow below) in the survey have a restaurant which is open both during show and non-show times.

ORGANIZATION	ORGANIZATION CONTACTED?	MUNICIPALITY	MUNICIPALITY CONTACTED?	CONTAIN A RESTAURANT?	MATCH WITH RCA?*	RATIONALE/COMMENTS
						municipality
Bell Performing Arts Centre	Yes	Surrey	Yes	No	No	Organization: No restaurant part of school district Municipality: Part of school tax exemption
North Vancouver Recreation, Centennial Theatre	Yes	North Vancouver	Yes	No	No	Organization: Owned by municipality Municipality: Operated: Recreation commission funded by City of North Van & District of North Van
Evergreen Cultural Centre	Yes	Coquitlam	Yes	No	No	Organization: No restaurant, unsure of PTE status Municipality: Used to be exempt though lease agreement, now municipality owned & tax exempt
Kay Meek Centre	Yes	West Vancouver	Yes	No	No	Organization: No restaurant, attached to West van School joint-use land agreement with school district Municipality: Provided an annual grant
Sagebrush Theatre	Yes	Kamloops	Yes	No	No	Organization: No restaurant, concession open for event nights Municipality: owned & operated by school district & City of Kamloops
Gateway Theatre	Yes	Richmond	No	No	No	Organization: No restaurant, bar open only during performances. Non-profit charity theatre

ORGANIZATION	ORGANIZATION CONTACTED?	MUNICIPALITY	MUNICIPALITY CONTACTED?	CONTAIN A RESTAURANT?	MATCH WITH RCA?*	RATIONALE/COMMENTS
The Cultch, East Vancouver Cultural Centre	Yes	East Vancouver	Yes	No	No	Organization: No restaurant, café/wine bar open during performances Municipality: Owned by municipality & considered heritage property
City of Vancouver Civic Theatres	Yes	Vancouver	Yes	No	No	Organization: No restaurants Municipality: Owned & operated by municipality
North Peace Cultural Centre	Yes	Fort St. John	Yes	Yes	Yes	Organization: Have a bistro (Cultured Café) Municipality: Owned by municipality & the society that operates has a PTE
Max Cameron Theatre	Yes	Powell River	No	No	No	Organization: No restaurant, part of school district 47 - school exemption
Port Theatre	Yes	Nanaimo	Yes	No	No	Organization: No restaurant, bar available during performances or rentals Municipality: Owned by municipality but operated by Port Theatre. Has a PTE considered part of city services
North Shore Credit Union Centre	Yes	North Vancouver	No	No	No	Organization: Part of Capilano University, no restaurant Municipality: Part of school tax exemption
Shadbolt Centre	Yes	Burnaby	Yes	No	No	Organization: no restaurant Municipality: owned & operated by municipality

ORGANIZATION	ORGANIZATION CONTACTED?	MUNICIPALITY	MUNICIPALITY CONTACTED?	CONTAIN A RESTAURANT?	MATCH WITH RCA?*	RATIONALE/COMMENTS
Royal & MacPherson Theatres Society	Yes	Victoria	Yes	No	No	Organization: No restaurant, concession/bar open only during shows Municipality: Provide PTE on entire property
Michael J. Fox Theatre	Yes	Burnaby	Yes	No	No	Organization: no restaurant, part of SD 41, school exempt
Vancouver	No	No	No	No	No	Cannot find any information on this organization
Surrey Arts Centre	Yes	Surrey	Yes	No	No	Organization: No restaurant, bar open only during events Municipality: Owned and operate by municipality
Schubert Centre	Yes	Vernon	Yes	Yes	??	Organization: Senior centre with restaurant & catering Municipality: Confirmed PTE on property, waiting for call back from municipality contact.
Vancouver Art Gallery	Yes	Vancouver	Yes	Yes	Yes	Organization: Contains a bistro & gift store Municipality: entire building is PTE exempt, written into City of Vancouver Community Charter

Appendix G, Survey Results for the VQA Wine Stores⁷:

The following are all of the VQA designated stores in the province of B.C.

VQA ORGANIZATION	MUNICIPALITY	MUNICIPALITY CONTACTED	RECEIVE PTE/GRANT/SPECIAL FUNDING?	RATIONALE/COMMENTS
Sumas Mountain Wines	Abbotsford	Yes	No	Municipality: "No wine store is exempt"
Kensington Square Wines	Burnaby	Yes	No	Municipality: Could find no evidence of any sort of exemption
Sardis Park VQA Wines	Chilliwack	Yes	No	
Westwood Wines	Coquitlam	Yes	No	
Courtenay BC VQA	Courtenay	Yes	No	Municipality: Considered a business and thus not exempt
Mud Bay Wines - Tswassen	Delta	Yes	No	
Discover Wines	Kelowna	Yes	No	
The Wine Emporium	Langley	Yes	No	
Swirl Wine Store	Maple Ridge	Yes	No	
BC Wineguys	Nelson	Yes	No	
Village VQA Wines - Edgemont	Dist. North Vancouver	Yes	No	
BC Wine Information Centre	Penticton	Yes	Yes	Municipality: Provided PTE until 2012, has recently reviewed with BC Assessment & determined wine shop portion should not be exempt. Will be recommending to Council to not exempt wine shop portion in 2013 & going forward
Sip Wines	Richmond	Yes	No	
Swirl Wine Store	Vancouver	Yes	No	
Village VQA Wines - Kitsilano	Vancouver	Yes	No	

⁷ While the City of Kelowna Wine Museum & the BC Wine Information Centre in Penticton are the only stores which are operated by non-profit organizations, their VQA Wine Store Agreements conditions are no different than the remaining For-Profit business's listed in the survey. E.g. This includes the profit margin (mark-up) they are allowed to earn and the sales quota which they must achieve to maintain their VQA wine store status.

VQA ORGANIZATION	MUNICIPALITY	MUNICIPALITY CONTACTED	RECEIVE PTE/GRANT/SPECIAL FUNDING?	RATIONALE/COMMENTS
Village VQA Wines - Dunbar	Vancouver	Yes	No	
BC Wineguys - Victoria	Oak Bay	Yes	No	
VQA Wine Shop at Mattick's Farm	Saanich	Yes	No	Municipality: New property no info yet, however will not be PTE
Swirl Wine Store	White Rock	Yes	No	

Appendix H, 2012 Tax Exemptions Summary - General Exemption & Permissive Exemption - Municipal Tax Impact:

The following table represents the total for both the General Exemption (i.e. Place of Worship, Private Schools and Hospitals) and the Council approved permissive exemptions.

Schedule ⁸	Class 01: Residential	Class 06: Business*	Class 08: Recreation / Non-Profit	Total
A - Places of Worship				
Assessed Values	6,800	7,569,600	131,314,550	138,890,950
Municipal Taxes	\$24	\$58,242	\$461,242	\$519,508
B - Private Schools				
Assessed Values	0	45,823,300	11,256,450	57,079,750
Municipal Taxes	\$0	\$352,574	\$39,538	\$392,112
C - Hospitals				
Assessed Values	31,281,000	189,729,000	0	221,010,000
Municipal Taxes	\$109,875	\$1,459,813	\$0	\$1,569,687
D - Special Needs Housing				
Assessed Values	22,080,900	695,400	0	22,776,300
Municipal Taxes	\$77,559	\$5,351	\$0	\$82,910
E - Social Services				
Assessed Values	3,220,100	23,784,800	643,600	27,648,500
Municipal Taxes	\$11,311	\$183,005	\$2,261	\$196,576
F - Public Park or Recreation Ground, Public Athletic or Recreational				
Assessed Values	15,862,800	51,886,400	21,212,900	88,962,100
Municipal Taxes	\$55,718	\$399,224	\$74,510	\$529,453
G - Cultural				
Assessed Values	1,900	31,431,400	2,355,000	33,788,300
Municipal Taxes	\$7	\$241,839	\$8,272	\$250,118
H - Other				
Assessed Values	5,785,000	3,693,000	1,127,100	10,605,100
Municipal Taxes	\$20,320	\$28,415	\$3,959	\$52,693
I - Partnering, Heritage or Other Special Exemption Authority				
Assessed Values	24,900	55,407,600	0	55,432,500
Municipal Taxes	\$87	\$426,317	\$0	\$426,404
Grand Total				
Assessed Values	78,263,400	410,020,500	167,909,600	656,193,500
Municipal Taxes	\$274,900	\$3,154,780	\$589,782	\$4,019,462

⁸ Schedule I: Includes partnering agreements for Prospera Place - 30 yr Agreement (Expires Dec 31, 2029 per bylaw 8461) & Capital News Centre - 20 yr Agreement (Expires Dec 31, 2028 per Bylaw 9680).

Appendix I, 2012 Tax Exemptions Summary - Permissive Exemptions - Municipal Tax Impact:

The following table represent just the Council approved permissive exemptions.

Schedule ⁹	Class 01: Residential	Class 06: Business*	Class 08: Recreation / Non-Profit	Total
A - Places of Worship				
Assessed Values	6,800	1,799,500	76,531,900	78,338,200
Municipal Taxes	\$24	\$13,846	\$268,818	\$282,688
B - Private Schools				
Assessed Values	0	22,468,400	4,517,500	26,985,900
Municipal Taxes	\$0	\$172,876	\$15,868	\$188,744
C - Hospitals				
Assessed Values	10,965,000	16,604,000	0	27,569,000
Municipal Taxes	\$38,515	\$127,754	\$0	\$166,269
D - Special Needs Housing				
Assessed Values	22,080,900	673,400	0	22,754,300
Municipal Taxes	\$77,559	\$5,181	\$0	\$82,740
E - Social Services				
Assessed Values	3,220,100	23,564,800	643,600	27,428,500
Municipal Taxes	\$11,311	\$181,312	\$2,261	\$194,884
F - Public Park or Recreation Ground, Public Athletic or Recreational				
Assessed Values	15,862,800	51,780,400	21,212,900	88,856,100
Municipal Taxes	\$55,718	\$398,409	\$74,510	\$528,637
G - Cultural				
Assessed Values	1,900	31,341,400	2,355,000	33,698,300
Municipal Taxes	\$7	\$241,147	\$8,272	\$249,426
H - Other				
Assessed Values	5,785,000	3,633,000	1,127,100	10,545,100
Municipal Taxes	\$20,320	\$27,953	\$3,959	\$52,232
I - Partnering, Heritage or Other Special Exemption Authority				
Assessed Values	24,900	55,383,600	0	55,408,500
Municipal Taxes	\$87	\$426,132	\$0	\$426,220
Grand Total				
Assessed Values	57,947,400	207,248,500	106,388,000	371,583,900
Municipal Taxes	\$203,540	\$1,594,612	\$373,688	\$2,171,840

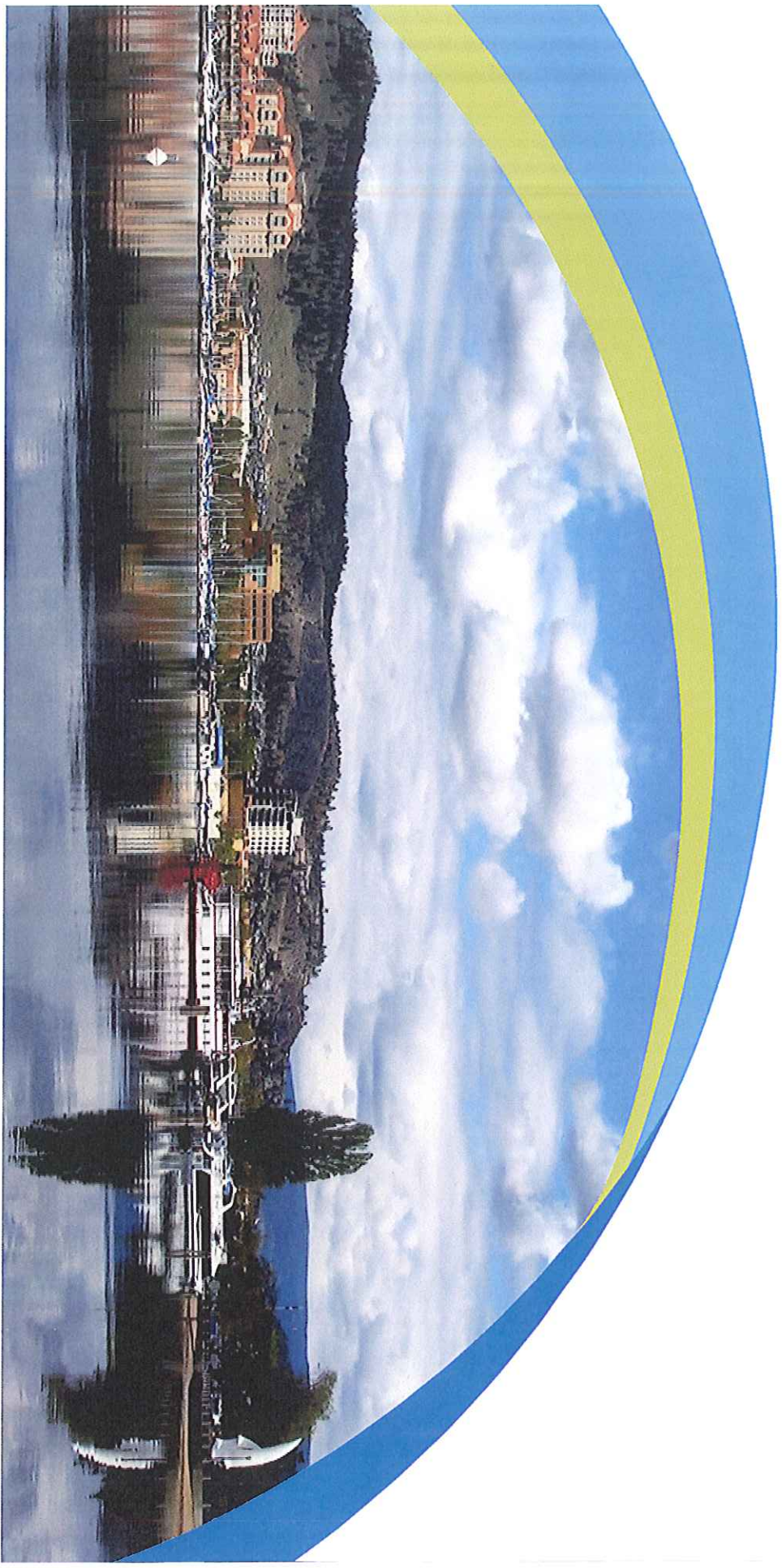
⁹ Schedules A, B & C include the land assessed values of the buildings footprint which is a general exemption.
Schedule I: Includes partnering agreements for Prospera Place - 30 yr Agreement (Expires Dec 31, 2029 per bylaw 8461) & Capital News Centre - 20 yr Agreement (Expires Dec 31, 2028 per Bylaw 9680).



City of
Kelowna

PERMISSIVE TAX EXEMPTION

Council Workshop



PURPOSE OF PRESENTATION

- ▶ To review Permissive Tax Exemption Policy 327 prior to forwarding the 2013 permissive tax exemption bylaw.

Service Request # 210491

COMMUNITY CHARTER PERMISSIVE EXEMPTION SECTION 224

- ▶ Provides the authority for permissive exemptions
- ▶ Automatically exempts property from all taxation: Municipal, School, Regional District, Hospital, BCAA
 - ▶ Not excluded from utilities fees or parcel taxes
- ▶ Exemption periods of up to 10 years

SECTION 224 EXEMPT PROPERTY CATEGORIES

- ▶ Property owned by Not-for-profit
 - ▶ Place of Worship
 - ▶ Private Schools
 - ▶ Social Services
 - ▶ Cultural

SECTION 224 EXEMPT PROPERTY CATEGORIES

- ▶ Property owned by Local Authority
 - ▶ Public Park
 - ▶ Recreational
 - ▶ Athletic

SECTION 224 EXEMPT PROPERTY CATEGORIES

- ▶ Property owned by Public Authority
 - ▶ Hospitals
 - ▶ Special Needs

SECTION 224 & 225 EXEMPT PROPERTY CATEGORIES

- ▶ Other
- ▶ Other Non-Profit Societies
- ▶ Partnering,
- ▶ Heritage Property
- ▶ Revitalization

POLICY 327 DURATION OF EXEMPTION

- ▶ 5 year cycle
 - ▶ Places of Worship
 - ▶ Private Schools
 - ▶ Hospitals
- ▶ Other Non-Profit Organizations
 - ▶ Year 1 - Comprehensive Application
 - ▶ Next 4 year - renewal application

POLICY ELIGIBILITY CRITERIA

- To be eligible for a permissive tax exemption an organization must comply with all of the eligibility criteria outline in Council Policy 327

POLICY ELIGIBILITY CRITERIA # 5

- ▶ The ‘principal use of the property’ means the use related directly to the principal purpose of the organization owning the property.

POLICY ELIGIBILITY CRITERIA # 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.

POLICY ELIGIBILITY CRITERIA # 8

- ▶ 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.

COST OF TAX EXEMPTIONS

- ▶ Tax exemptions transfer the burden of taxation from properties that are exempt to properties that are taxable

CONCLUSION

Permissive Tax Exemption Policy 327

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