

3.17 PERMISSIVE TAX EXEMPTION POLICY

Established by Council on August 24, 2020 – Resolution No. 31600

The District of Mackenzie 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 Mackenzie.

PURPOSE

Section 224 of the *Community Charter* gives Council the authority to exempt certain land and/or improvements from property taxation. A permissive tax exemption is strictly at the discretion of Council. The purpose of this policy is to provide clarity, consistency and certainty to the municipality, the public and prospective applicants. Permissive tax exemptions must be passed by bylaw prior by October 31st for the following taxation year.

Permissive tax exemptions result in the remainder of the taxpayers having to absorb those taxes not paid by others, care must be taken to ensure all exemptions are well aligned with the objective and values of the District

OBJECTIVE

The objectives are:

- Support not-for-profit organizations serving the District of Mackenzie
- Strengthen and enhance the well-being of our community
- Promote volunteerism
- Meet the goals and objectives of the District's Official Community Plan and *Council Priorities*
- Provide a fair, consistent, effective and efficient evaluation process
- Promote transparency and accountability

ELIGIBILITY

- 1) Subject property must be one of:
 - a) Land and/or improvements, owned or held by an organization listed in 2 below, the use of which Council considers to be directly related to the purposes of the corporation

- b) Land and/or improvements, ancillary to a statutory exemption under s. 220 of the *Community Charter*
- 2) Nature of the applicant organization must be:
- a) Not for profit organization;
 - b) Athletic or service club/association
 - c) Partner of the municipality by agreement under s. 225 of the *Community Charter*
 - d) Municipality, regional district or other local authority
 - e) Religious organization as tenant or licensee; or
 - f) Eligible for s.220 statutory exemption (e.g. place of public worship, cemetery, library, Indian land, seniors' home, hospital etc.) were it not for a secondary use
- 3) The applicant organization's use of the land and/or improvements must benefit the community in one or more of the following ways:
- a) Provides recreational facilities for public use;
 - b) Provides recreation programs to the public;
 - c) Provides programs to and/or facilities used by youth, seniors, or special needs groups;
 - d) Promotes economic development or tourism;
 - e) Preserves an environmentally, ecologically significant area of the community;
 - f) Offers to the public cultural or educational programs which promote community spirit, cohesiveness and/or tolerance;
 - g) Offers services to the public in formal partnership with the municipality;

DURATION OF EXEMPTION

Each property owner approved for exemption through submission of their permissive tax exemption application will be eligible for exemption to a maximum of three (3) years as long as there is no change in use of other disqualifier as stated in the application. It is up to the applicant to notify Council of any change.

Organizations will be required to complete a comprehensive 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 two (2) 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.

Tax exemptions under section 224 will be considered every three (3) years unless a bylaw specifies a longer term. Applications received off cycle will be accepted. Such applications will be harmonized with the tax exemption cycle.

All permissive tax exemptions must be renewed by application every three (3) years on an approved form, including a copy of the organization's most recent financial statements. Exemption must not be assumed, even if obtained in a prior cycle.

EXTENT, CONDITIONS, AND PENALTIES

- 1) Council will consider applications for permissive tax exemptions annually, or as required.
- 2) Council shall consider the granting of a Permissive Tax Exemption in relation to other funding requests by the same organization.
- 3) Council may designate only a portion of the land/improvements as exempted where the following circumstances exist:
 - a) portion of the land/improvements is used by the private sector and/or organizations not meeting Council's exemption criteria;
 - b) the applicant already receives a grant-in-aid from the municipality.
- 4) Council may impose conditions on the exempted land or improvements, or both, with the applicant organization, including but not limited to:
 - a) an agreement committing the organization to continue a specific service/program;
 - b) an agreement committing the organization to have field/facilities open for public use for certain times or a total amount of time;
 - c) an agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates;
 - d) an agreement committing the organization to immediately disclose any substantial increase in the organization's revenue or anticipated revenue (e.g. receives large operating grant from senior government).
- 5) Council may impose penalties on an exempted organization for knowing breach of 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.
- 6) Council may at its discretion reject any or all applicants in any given year.
- 7) Application submissions must include:
 - a) Copy of audited financial statements for the previous year;
 - b) Copy of state of title certificate or lease agreement, as applicable;
 - c) Description of programs/services/benefits delivered from the subject lands/improvements (participant numbers, volunteer hours, benefiting groups/individuals/special needs populations, fees charged for participation) supporting the requirement that the use is "for a purpose that is directly related to the purposes of the corporation";
 - d) Description of any third-party use of the subject land/improvements including user group names, fees charged, and conditions of use.

- 8) The District's Grant Adjudication Committee will review and evaluate all applications to determine whether the applicant meets the criterion and provides benefit to the residents of Mackenzie. The Grant Adjudication Committee will provide grant award recommendations to Council. Council will determine the final extent of assistance and identify constraints which should be placed on the funding.
- 9) All successful applicants shall provide annual reporting to the Corporate Services department that includes information related to the programs, services and/or events delivered. A completed report is a requirement for consideration of future applications.
- 10) Successful applicants agree to have their name or society name, project name, and the amount of assistance published by the District on media releases, web sites, or in any other medium desired by the District.

PROCESS

- Applications can be found on the District's website: www.districtofmackenzie.ca.
- Permissive Tax Exemption applications and renewal forms must be submitted by September 15th of the preceding year.
- Submit applications to:

District of Mackenzie
ATTN: Corporate Services
Bag 340, 1 Mackenzie Boulevard
Mackenzie, BC, V0J 2C0
- Applications will be administered through the Corporate Services Department.
- The Chief Financial Officer or designate will review the applications for completeness, and contact applicants for additional information as necessary.
- The Grant Adjudication Committee, composed of two members of Council, will review applications and make recommendations to Council.
- Applicants will be notified in writing whether or not their grant request is approved.
- All organizations whose tax exemption period is set to expire will be contacted and reminded to reapply, if appropriate.