



## COUNCIL REPORT

To: Mayor and Council

Date: October 10, 2023

From: Paul Gipps, CAO

Subject: **2024 Permissive Tax Exemption Bylaw**

Report Prepared by: Lisa Siavashi, Finance Manager/Deputy CFO

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### **RECOMMENDATION** to Consider and Resolve:

**THAT** Council give first, second and third reading to “Property Tax Exemption Bylaw No. 0311, 2023.”

### **STRATEGIC AREA(S) OF FOCUS**

**Strengthen Our Community** – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

**Foster Safety and Well-Being** – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

### **LEGISLATIVE REQUIREMENTS**

In accordance with Section 225 (7) of the *Community Charter*, Council may, by bylaw adopt on or before October 31, 2023, exempt eligible properties from taxation for 2024. The bylaw must establish the term of the exemption and may only be adopted after public notice of the proposed bylaw has been given. Public notice of intention to proceed with Bylaw No. 0311 will be published on the 18<sup>th</sup> day of October 2023 in the WestK News, circulating in the City of West Kelowna and on the City website, pursuant to City of West Kelowna Public Notice Bylaw No. 0303 and Section 94.(2) of the *Community Charter*.

If adopted without amendment, Bylaw No. 0311 would contain full exemptions for 14 places of worship and private schools, full or partial exemptions for 6 not-for-profit organizations and full exemptions for 2 public/local authorities.

## **BACKGROUND**

The *Community Charter*, in Sections 220 through 226, provides for both “statutory” and “permissive” tax exemptions to be applicable to a variety of property types such as federal, provincial and municipally owned properties, hospitals, schools and churches. The “statutory” exemptions are managed by BC Assessment using the Charter and supporting regulations as the basis for including the exemptions in the annual assessment roll. “Permissive” exemptions, however, are the jurisdiction of municipal councils and are dealt with through an annual application and bylaw process.

Council, in January 2010, adopted the City of West Kelowna’s “Permissive Tax Exemption Policy” setting out the terms and conditions required to be met for consideration of inclusion in the City’s Annual Tax Exemption bylaw. As directed by that policy, the places of worship, private schools and hospitals are required to complete a full application every five years. The current five-year cycle ended with the 2023 tax year, as such, all previously approved organizations were required to submit a comprehensive application which will cover exemptions for the years 2024 to 2028. Even though renewal applications are not required by the places of worship, private schools and hospitals for the four years in between, these organizations are required to notify the CWK of any changes in property ownership and/or use of the property until a full application is required again.

Six not-for-profit organizations (all renewals) have applied for a permissive tax exemption for 2024. The following provides a summary of some key findings that have been considered from their applications:

### **Green Bay Bible Camp (“GBBC”)**

GBBC has established significant rental relationships with organizations on their property. Churches, recreational organizations/clubs, and the Royal Canadian Air Cadets are provided with access to GBBC property at rates well below market rates or free of charge to provide low-cost space to these organizations and support their ongoing operations. They are able to partner with these organizations as a result of the continued support from CWK in providing permissive tax exemptions to their properties. A full permissive tax exemption was granted for 2023 and staff recommends no change to the full permissive tax exemption to the GBBC properties for 2024.

### **Central Okanagan Community Food Bank Society**

On July 1, 2015, the Westside Community Food Bank and the Kelowna Food Bank amalgamated into the Central Okanagan Community Food Bank Society. The West Kelowna operations continue to function on the same basis as previously from their location at 2545 Churchill Road. Over the last several years, operations have expanded to their 3711 Elliot Road location as well and for 2024 they have added this location (2 property tax folios) to their application. The charitable status and mandate of the

operation remains unchanged, and staff is therefore supporting this renewal application for the 2024 tax year.

### **Morning Star Bible Camp (MSBC)**

MSBC operates the camp facility to provide a camp setting/experience for children/teens/adults/families throughout the year. As well, the facility is made available to school and church groups to provide a local venue for a variety of camp-related programs. Continued tax exemption status for 2024 is supported by staff.

### **Okanagan Boys and Girls Clubs (OBGC)**

OBGC's mission is to provide a supportive place where children and youth can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. As the club has moved from the main building into a portable, the exemption amount has reduced significantly for 2024. Staff is supporting the renewal application for 2024.

### **Greater Westside Board of Trade ("GWBOT")**

The CWK "Permissive Tax Exemption Policy" states:

1. Council may designate only a portion of land/improvements as exempted where the following circumstances exist:
  - a. A portion of 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, regional district, provincial or federal government.
  - c. The applicant meets all eligibility criteria, however Council may at its discretion, grant a partial exemption.

A portion of GWBOT property continues to be leased to the private sector (Music School). The business that is leasing the space would not be eligible for a tax exemption under the policy. Consistent with 2023, a 90% permissive tax exemption has been reflected in the bylaw. The 10% portion of property taxes that are not exempt (approximately \$500 for 2024) will be invoiced to GWBOT in June 2024 for payment before the property tax deadline. Council has the discretion, to set the percentage of partial exemptions granted to an organization.

### **Pathways Abilities Society**

Pathways Abilities Society provides services to people with disabilities in our local area. They expect to assist approximately 20 individuals in activities and volunteer work in West Kelowna. Staff supports providing a tax exemption to the Pathways Abilities Society for 2024.

Two public authorities have applied for a permissive tax exemption for 2024 under section 224.2(d) of the *Community Charter*. The following provides a summary of some key findings that have been considered from their applications.

### **Nature Trust of BC**

One of the parcels, as in prior years, involves a Crown lease on an area covered by water in the Rose Valley Park area. Staff again supports this exemption for 2024.

### **Westbank First Nations (WFN)**

Westbank First Nation owns this small parcel due to its significance as an archaeological site on which cultural and historical research will be performed. As research proceeds, WFN feels it will provide archaeological and historical value to the community. Staff is supporting the renewal application for 2024.

## **FINANCIAL IMPLICATIONS**

Attached is a draft of the advertisement required by legislation, which details the estimated taxes to be “permissively” exempted for 2024 through 2026. The values therein have been estimated using 2023 levies while allowing for a 4% tax increase for 2024 and 2025 and a 3% increase for 2026 (per Schedule A of the 2023 budget).

Should Council choose to adopt the “Property Tax Exemption” as presented, the estimated value of property taxes exempted through permissive exemptions is:

a) City of West Kelowna taxes for 2024 \$108,916

b) Other tax levies for 2024:

School Tax	81,994
Hospital	9,178
Regional District	10,331
Other	<u>8,557</u>
	<u>\$ 110,060</u>
Total:	<u><u>\$ 218,976</u></u>

The respective amounts for the 2023 taxation year were:

a) City of West Kelowna taxes for 2023 \$ 104,282

b) Other tax levies for 2023:

School Tax	74,398
Hospital	8,905
Regional District	9,667
Other	<u>7,600</u>
	<u>\$ 100,570</u>
Total:	<u><u>\$ 204,852</u></u>

**Alternate Recommendation** to Consider and Resolve:

1. **THAT** Council give first, second and third reading to “Property Tax Exemption Bylaw No. 0311, 2023” as amended.

Or

2. **THAT** Council direct staff to change the percentage of permissive tax exemption provided to Greater Westside Board of Trade for 2024; and

**THAT** Council give first, second and third reading to “Property Tax Exemption Bylaw No. 0311, 2023” as amended.

**REVIEWED BY**

Warren Everton, Director of Finance / CFO

Corinne Boback, Legislative Services Manager / Corporate Officer

Trevor Seibel, Deputy CAO

**APPROVED FOR THE AGENDA BY**

Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

**Attachments:**

1. B0311, 2023 Property Tax Exemption Bylaw
2. 2024 Permissive Tax Exemption Advertisement