



DISTRICT OF WEST KELOWNA

COUNCIL POLICY MANUAL

Pages: 1 of 5
Approval Date: 2015-JUN-23

SECTION: FINANCE SUBJECT: PERMISSIVE TAX EXEMPTION POLICY
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Policy Statement:

The District of West 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 West Kelowna.

Purpose:

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, regional district, 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.

Policy Procedure:

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 twice prior to the application deadline. Application forms can be downloaded from the District of West Kelowna website, or picked up at City Hall in the Finance Department.

Application Forms

Places of Worship, Private Schools and Hospitals are required to complete the *Place of Worship, Private School, and Hospitals 5 Year Application*. The District of West 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 District of West Kelowna of any changes in property ownership and/or use of the property.

For example:

Application Period	Number of Years Exempt	Application Due Date
2009 – 2013	5 Years	October 7, 2008
2010 – 2013	4 Years	August 31, 2009
2011 – 2013	3 Years	August 15, 2010
2012 – 2013	2 Years	August 15, 2011
2013	1 Year	August 15, 2012

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 Hospitals 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 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 the deadline of each year to be considered for the next permissive tax exemption year or cycle.

Additional Information

- Council may request a presentation from the applying organization.
- The District of West Kelowna may request additional information.
- The District of West 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.
- The District of West Kelowna reserves the right to exclude any applications not deemed to meet the principal intent of this policy. These applications will not be brought forward for Council's consideration.
- Council may, at its discretion, reject any or all applications brought forward for consideration 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 criteria below form the principal intent of this policy.

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. 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. must provide services or programs that are compatible or complementary to those offered by the District of West Kelowna. When a service or program is offered by a non-

profit group or club, the community benefits 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 the District of West Kelowna.

5. principal use of the property must provide benefit to the community as a whole. 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. must provide benefits and accessibility to the residents of the District of West 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;

West 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.

Applicants not meeting these eligibility criteria and the principal intent of this policy will not be considered by Council.

Administration

The Finance Department will review all applications for completeness and contact the applicant if additional information is necessary.

The Finance Department will prepare a summary report of applications and bylaw for presentation to Council at their mid-September meeting for consideration, approval and adoption prior to October 31st of each year. The Finance Department will contact applicants prior to the completion of the summary report if their application will not be brought forward for consideration due to the application not meeting the eligibility criteria or principal intent of this policy.

A public notice of the proposed bylaw will be placed in the local newspaper. 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 the 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 September of each year of the next 4 tax years. A comprehensive application must be submitted at least every 5 years.

Late Applications

Applications received after the deadline will not be considered until the following year's submissions to Council. 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.

Previous Revisions: [2008-OCT-13](#) / [2009-SEPT-30](#) / [2010-JAN-26](#)