



## COUNCIL REPORT

To: Paul Gipps, CAO

Date: October 13, 2020

From: Lisa Siavashi, Financial Services Manager

Subject: **2021 Permissive Tax Exemption Bylaw**

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### RECOMMENDATION

**THAT** Council give first, second and third reading to “Property Tax Exemption Bylaw No. 0283, 2020; and

**THAT** notice of intention to proceed with Bylaw No. 0283 be published on the 14th and 21st day of October 2020 in the WestK News newspaper, circulating in the City of West Kelowna, pursuant to Section 94 of the *Community Charter*.

### LEGISLATIVE REQUIREMENTS

In accordance with Section 225 (7) of the *Community Charter*, Council may, by bylaw adopted on or before October 31, 2020, exempt eligible properties from taxation for 2021. The bylaw must establish the term of the exemption and may only be adopted after public notice of the proposed bylaw has been given.

If adopted without amendment Bylaw No. 0283 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, 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. As such, all previously approved organizations were required to submit a

comprehensive application in 2018 which covers exemptions for the years 2019 to 2023. Even though renewal applications are not required by the places of worship, private schools and hospitals, 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 2021. 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 2020 and staff recommends no change to the full permissive tax exemption to the GBBC properties for 2021.

### **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. The charitable status and mandate of the operation remains unchanged and staff is therefore supporting this renewal application for the 2021 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 support for 2021 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. Staff is supporting the renewal application for 2021.

## **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 2020, a 90% permissive tax exemption has been reflected in the bylaw. The 10% portion of property taxes that are not exempt (approximately \$385 for 2021) will be invoiced to GWBOT in June 2021 for payment before the property tax deadline. Council has the authority, at its discretion, to set the % 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 2021.

Two public authorities (both renewals) have applied for a permissive tax exemption for 2021 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 parcel of land which is a municipal lease from the Crown on an area covered by water in the Rose Valley park area.

## **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 2021.

## FINANCIAL IMPLICATIONS

Attached is a draft of the advertisement required by legislation, which details the estimated taxes to be “permissively” exempted for 2021 through 2023. The values therein have been estimated using 2020 levies while allowing for a 3% tax increase for each of the next three years. School tax rates have been approximated at twice of the 2020 rate (plus 3%) since the province reduced the 2020 rates by approximately 50% due to COVID-19.

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 2021 \$ 112,049

b) Other tax levies for 2021:

School Tax	46,888
Hospital	9,667
Regional District	9,877
Other	9,412
	<u>\$ 75,844</u>
Total:	<u>\$ 187,893</u>

The respective amounts for the 2020 taxation year were:

As advertised:

a) City of West Kelowna 2020 taxes \$ 106,233

b) Other tax levies in 2020:

School Tax	68,960
Hospital	9,054
Regional District	9,408
Other	8,966
	<u>\$ 96,388</u>
Total:	<u>\$ 202,621</u>

Adjusted amounts after COVID-19 changes:

a) City of West Kelowna 2020 taxes \$ 108,785

b) Other tax levies in 2020:

School Tax	23,232
Hospital	9,358
Regional District	9,561
Other	9,116
	<u>\$ 51,267</u>
Total:	<u>\$ 160,052</u>

(Increases in the adjusted amounts levied are due to increases in property assessments as the actual property tax increase for the City of West Kelowna was 2.8% and not the 3% estimated at the time the permissive tax exemptions were advertised in October 2019.)

**Alternate Motion**

1. **THAT** Council direct staff to make the necessary amendments and that Bylaw No. 0283 be given first, second and third readings as amended.

Or

2. **THAT** Council direct staff to change the percentage of permissive tax exemption provided to Greater Westside Board of Trade for 2021 and that Bylaw No. 0283 be given first, second and third readings as amended.

**REVIEWED BY**

Warren Everton, Director of Finance/CFO

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

**APPROVED FOR THE AGENDA BY**

Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

**Attachments:**

1. B0283 2020 Property Tax Exemption Bylaw
2. 2020 Property Tax Exemption Advertisement