

Statement of Policy

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|---------------------|---------------------------|-----------|---------------------------|
| Department:         | Finance Department        | Division: | Revenue Services Division |
| Policy area:        | Revenue Management        |           |                           |
| Subject:            | Permissive Tax Exemptions |           |                           |
| Issued date:        | 2019 November 28          |           |                           |
| Last Revision date: | 2020 April 14             |           |                           |
| Approved by:        | City Council              |           |                           |

**1 POLICY**

- 1.01 Permissive Tax Exemptions as permitted under Section 220 [*General Statutory Exemptions*] provide a means of supporting Charitable Organizations, Philanthropic Organizations and Not-for-Profit Organizations that provide spiritual, educational, social, cultural and physical well-being within the community.

Council shall consider requests for Permissive Tax Exemptions for certain categories of land and/or improvements that are permitted under Section 224 [*General Authority for Permissive Tax Exemptions*] of the Community Charter, subject to the provisions as outlined in this Policy.

**2 PURPOSE**

- 2.01 The purpose of this Policy is to set the parameters under which Council shall consider applications for permissive tax exemptions from organizations which qualify under the Community Charter. The purpose of these parameters are to ensure that charitable and not-for-profit community organizations providing services for the benefit of Burnaby residents who may apply for permissive tax exemption are dealt with consistently and receive equal and fair treatment and consideration.

**3 SCOPE**

**3.01 Statutory Permissive Tax Exemptions**

Statutory property tax exemptions are provided under Community Charter Section 220 for a range of properties including those being held or used by the Province, municipalities, regional districts, libraries, schools, public hospitals, cemeteries and buildings set apart for public worship. Statutory exemptions are administered through BC Assessment.

### 3.02 Council Provisions for Permissive Tax Exemptions

Council Provisions for Permissive Tax Exemptions are provided under Community Charter Section 224 for not-for-profit and charitable organizations. This section provides Council the discretionary authority to provide permissive exemptions for some properties which are additional to statutory exemptions under Section 220, such as church halls or land surrounding places for public worship and privately run schools used for parking lots, playgrounds etc.

## 4 DEFINITIONS

4.01 **Charitable Organizations** - are those defined in the Income Tax Act as for:

- Relief of poverty;
- Advancement of religion;
- Advancement of education; and,
- Other purposes of a charitable nature beneficial to the community as a whole.

4.02 **Philanthropic Organizations** - are those defined in the Collins English Dictionary as those showing concern for humanity, especially by performing charitable actions, donating money, etc.

4.03 **Not-for-Profit Organizations** - are those defined by the Institute of Chartered Accountants as: Entities, normally without transferable ownership interests, organized and operated exclusively for social, educational, professional, religious, health, charitable or other not-for-profit purpose. A not-for-profit organization's members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization. Not-for-profit organizations can be registered charities or societies who fall under the Society Act which have similar "charitable" criteria as that defined by the Institute of Charter Accountants.

## 5 CRITERIA

### 5.01 Eligibility Criteria

To be eligible for a permissive tax exemption, the organization must meet all of the following criteria:

- Compliance with the Community Charter – The organization must qualify for an exemption under the provisions of the Community Charter (Part 7, Division 7, Section 224);
- Charitable Status – The organization must be a registered charity, philanthropic, or not-for-profit organization;
- Compliance with municipal policies, plans, bylaws, codes and regulations;
- Nature of the service:
  - Complementary extension to municipal services and programs;
  - Services and activities must be equally available to the public at large; and,
  - Burnaby residents must be the primary beneficiaries of the service.
- Principle Use - Eligibility for exemption shall be based on ownership and principal use of the property by the organization rather than just the charitable service of the organization; and,
- Area in Use - Only that part of the property used for not-for-profit activities will be considered.

## 5.02 Ineligibility Criteria

Applications will not be considered for the following:

- For-profit organizations engaged in retail/commercial activities;
- Not-for-profit organizations or the proportionate area where the organization is conducting retail and/or commercial business activity and charging rates or fees at market value will be considered as competing with for-profit businesses and will not be eligible for an exemption.
- Private or non-profit Social Housing/Health Care Facilities - With the exception of Community Charter Section 220 (1) (i), a permissive tax exemption shall not be considered for:
  - Residential facilities such as seniors' housing;
  - Community care facilities;
  - Licensed group homes;
  - Private hospitals; and,
  - Assisted family housing.
- Properties Under Construction - Property under construction until construction is complete and an occupancy permit is issued. Occupancy must be issued by the City prior to April 30th to be considered for an exemption in the next calendar year.
- Tax Account Standing - Applicants in arrears on property taxes payable to the City.

## 6 APPLICATION PROCESS

- a) **Application Deadline** - The deadline for applications and supporting documents in any year shall be on or before June 30<sup>th</sup> of the year preceding the year of the tax exemption request. Organizations failing to submit a completed application by June 30<sup>th</sup> will be deemed to have not renewed, and will be sent a denied notification. Such organizations will be subject to the Appeal process as set out below. In cases where the City has determined the application on the grounds that it does not adhere to the policy criteria, the applicant will be informed within thirty (30) days of receipt of the application, or the application due date in the case of the failure to submit an application.
- b) **Appeals** - Any applicant wishing to appeal against the initial decision must submit a written request to the Director Finance, setting out their objections to the denial within fourteen (14) days of the notice date sent from the City. Director Finance will review the information provided and only if sufficient, will include the organization in the annual report to the Financial Management Committee. Organizations will be notified in writing on the outcome of their appeal.
- c) **Exemption Term** - Council will consider new applications for permissive tax exemptions annually. Permissive tax exemptions are for the lessor of three years and the expiration date of the current bylaw. As such, when a new permissive exemption is granted, while the normal term will be for a three year period, if only two years remain on the current bylaw, then a bylaw amendment will be recommended for inclusion of the new property for just a two year period.

- d) **Annual Declaration Process** - In place of requiring renewal applications on an annual basis, existing recipients of a permissive tax exemption will be sent an annual declaration, on which they must confirm that there are no material changes to ownership or operation of the property that would require a change in exemption status. Every three years existing recipients will be sent a full application, requiring provision of all supporting information that would otherwise be required on a net new application. Exemptions are not automatically renewed, therefore failure to return an annual declaration may result in cancellation of the permissive tax exemption.
- e) **Notice of Permissive Tax Exemptions and Adoption of Bylaw** - Pursuant to Section 227 of the Community Charter, prior to adoption of a proposed Permissive Tax Exemption Bylaw, by no later than October 31, Council is required to give notice of the bylaw. The notice must:
- Identify 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 two (2) years.

Pursuant to Section 94 of the Community Charter, the notice must be published in the local newspaper once each week for two (2) consecutive weeks.