



POLICY

Subject Area: Finance			Policy # 7.02.04
Policy Title: Permissive Property Tax Exemption			
Authority:	Legislative	X	Effective Date: 2018-07-24
	Administrative		Review Date: 2020-07-24
Issued By:	K. Grommada, Director of Finance	Finance	Issue Date: 2018-07-27
			Manner Issued: E-mail to Department Heads

Purpose:

The Community Charter Sections 224, 225 and 226 grants Council the discretion to provide exemptions from property taxes for churches, private schools, charitable and non-profit organizations in accordance with regulations set out in those sections.

The purpose of this policy is to set the parameters under which Council will consider applications for permissive exemptions from property taxes from organizations which are eligible for such exemptions under Community Charter Sections 224, 225 and 226. The parameters will provide fair, consistent treatment and consideration for all applicants providing charitable and non-profit services for the benefit of Port Coquitlam Residents.

Policy:

The City recognizes the significant value that volunteers, volunteer groups and agencies contribute 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 and deems it appropriate that they be assisted through reductions in property taxation. Once granted, property tax exemptions, exempt properties from municipal taxes and all other taxing authority levies (provincial school taxes, Metro Vancouver, TransLink, BC Assessment and Municipal Finance Authority levies).

1. The City further limits the exemptions possible through the Community Charter to the following properties:
 - i. 100% property tax exemption for non-profit occupiers of City property for the duration of their occupancy. The bylaw exempting these occupiers shall

- be for a term of no more than 10 years, the maximum permissible under the Community Charter. The exemption may be renewed as required.
- ii. 100% ongoing property tax exemption for land and improvements surrounding a statutorily exempt building for public worship.
 - iii. 100% ongoing property tax exemption for land surrounding a statutorily exempt building owned by an incorporated institution of learning (private school) that is regularly giving children instruction accepted as equivalent to that given in a public school.
 - iv. 100% property tax exemption for properties on which a building for public worship or private school is to be built. In order to qualify for exemption under this section the owner must have applied for either a rezoning or a building permit by September 1st in the year preceding the year of tax exemption. The bylaw exempting these properties would be for the following two calendar years.
 - v. 100% or partial property tax exemption for properties that are to be awarded a grant under an existing City grant program and would qualify for property tax exemption under the Community Charter. Property tax exemption would be provided instead of a cash grant to the organization. The proportion of the property to be exempted will be determined to provide the equivalent benefit of a cash grant to the organization. The bylaw exempting these properties would be for a one-year period, unless otherwise exempted by Council.
 - vi. 100% property tax exemption for non-profit occupiers of school premises. The bylaw exempting these occupiers shall be for a term of no more than 10 years, the maximum permissible under the Community Charter. The exemption may be renewed as required.
 - vii. 100% property tax exemption for registered charities who provide services to the community. To qualify for an exemption under this section, the applicant must demonstrate that at least 75% of the services of their organization are open to and used by residents of Port Coquitlam. The bylaw exempting these properties shall be for a term of no more than 10 years, the maximum permissible under the Community Charter.
2. Council may grant a partial property tax exemption where the following circumstances exist:
- i. A portion of the land/improvements is used by private sector and/or organization not meeting Council's exemption criteria.
 - ii. The applicant already receives a grant from the municipality, provincial or federal government.
 - iii. The applicant meets all eligibility criteria, however Council may at its discretion grant a partial exemption.

Exemptions may only be granted to the portion of a property that meets all the requirements of this policy. The exemption may apply to the whole or part of the taxable assessed value of land, improvements or both.

3. The following guidelines will be considered when determining whether to grant a permissive tax exemption:

Guideline 1 - The use of the property must be consistent with and in compliance with all applicable municipal policies, bylaws and legislation.

Guideline 2 - The non-profit or charity must provide evidence of financial need. Property tax exemption will not be granted for organizations that operate with a profit motive.

Guideline 3 - The services or programs provided must be complementary extension to City services and programs

Guideline 4 - Permissive tax exemptions will be based on the principal use of the property, not on the non-profit or charitable service of the organization.

Guideline 5 - The services provided are primarily for the residents of Port Coquitlam.

4. The following information will be considered when determining whether to grant a permissive tax exemption:

- i. The need for the services.
- ii. The availability of the services.
- iii. Other funding sources.
- iv. Services provided are accessible and equally available to the general public.

5. Applications must be received by June 30th in each applicable year for exemptions that begin in the subsequent year. Applications received after the deadline or applications which do not include all required information may not be considered.

6. The applicant must own or lease the subject property; and in the case of a lease, the lease requires payment of property taxes by the applicant.

7. Tax exemptions will only be granted to a registered charity as defined by Canada Revenue Agency:

- i. Registered charities

Registered charities are charitable organizations, public foundations, or private foundations that are created and resident in Canada. They must use their resources for charitable activities and have charitable purposes that fall into one or more of the following categories:

- the relief of poverty
- the advancement of education
- the advancement of religion
- other purposes that benefit the community

8. Permissive tax exemptions granted by Council are subject to an annual review to ensure that they continue to qualify for an exemption based on the most current available information at the time of the review:

- i. copy of last Registered Charity Information Return or Non-Profit Organization Information Return submitted to the Canada Revenue Agency;
 - ii. copy of most current Financial Statements;
 - iii. financial budget (pro-forma balance sheet and income statement) for the current year;
 - iv. A statement to justify the need for the services, the benefit provided to the residents of Port Coquitlam and statistical or other quantifiable measure demonstrating use and effectiveness of the services provided.
9. Council will impose penalties on an exempted organization for knowingly breaching conditions of exemption:
 - i. Revoking exemption with notice.
 - ii. Requiring repayment of monies equal to the foregone tax revenue.
 - iii. Disqualifying any future application for a specified time period.

Process

1. Administration

- (i) Applications will only be considered from:
 - a. Places of Worship and Independent Schools, for a period of up to ten (10) years and are subject to an annual Renewal Application:
 - b. Registered Charities or Non-Profit Organizations and Athletic or Service Clubs for a period of up to ten (10) years and subject to an annual Renewal Application.
- (ii) The Finance Department will process only complete applications; and will contact the applicant where additional information is required. An interdepartmental review will be conducted to determine if the organization is in compliance with all applicable municipal policies, bylaws and legislation, after which the Finance Department will prepare a report and bylaw for presentation to Council for approval and adoption on or before October 31st annually to meet BC Assessment's deadline.
- (iii) Late Applications will not be accepted. It is the Applicant's responsibility to monitor the City's website for Application due dates and any changes to this Policy.
- (iv) Public notice, in accordance with the *Community Charter*, will be placed in the local newspaper of the proposed bylaw.

(v) The Finance Department will review all permissive exemptions annually. The review is to ensure that they continue to qualify for an exemption based on the most current available information at the time of the review.

2. Annual timeline

January 31	Letter sent to all recipients to request required documents for annual review by June 30th
June 30	Applications due
July - August	Internal review of Applications and all current permissive exemptions
September - October	Council review & public notice
October 31 or earlier	Bylaw adoption

END OF POLICY

Record of Amendments:

Policy	Issue date	Reviewed	Replaced	Re-issue Date
7.02	2004-09-28	2005-01-10	Yes	2005-01-11
7.02.01	2005-01-11	2006-10-10	Yes	2006-10-11
7.02.02	2006-10-11	2008-09-17	Yes	2008-09-18
7.02.03	2008-09-18	2018-07-24	Yes	2018-07-27
7.02.04	2018-07-24	-		