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**Policy Title: Permissive Tax Exemption** **Policy #: 04-03**

**Section: FINANCE – TAXES**

**Initially approved: August 17, 2009**

**Last Reviewed:**

**Scheduled to be Reviewed: August 16, 2010**

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**POLICY STATEMENT:**

The City of Roseland recognizes the significant value of volunteers and volunteer organizations 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 Roseland. The goal of this policy is to ensure that the organizations applying for permissive tax exemption meet the criteria and that the application process is consistent.

**EXTENT, CONDITIONS & PENALTIES:**

1. Council may designate only a portion of the land/improvements as exempted where the following circumstances exist:
  - a. A portion of the land/improvements is used by a private sector and/or organizations not meeting Council’s exemption criteria.
  - b. The applicant already receives a grant in aid from the municipality, provincial or federal government.
  - c. The applicant meets all eligibility criteria, however Council may, at its discretion, grant a partial exemption such as where an organization derives a profit from a portion of their land/improvements.
  
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 substantial increase in the organization’s revenue or anticipated revenue (ie. Receives a 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 without notice
  - b. Disqualifying any future application for exemption for specific time period
  - c. Requiring repayment of monies equal to the foregone tax revenue.
4. Council may impose a “funding cap” determined as an amount or a percentage of the budget.
5. Eligible organizations may be considered for tax exemptions exceeding one year (to a maximum of 10 years) where it is demonstrated that the services/benefits they provide to the community are of a duration exceeding the one year exemption period.

**ELIGIBILITY CRITERIA:**

Eligibility for exemption should be based on the principal use of the property. To be eligible for permissive tax exemption, an organization must comply with all of the eligibility criteria outlined below. There is no obligation on the part of Council to grant permissive tax exemption in any given year.

A property may be eligible for the exemption if the applicant meets all the following criteria:

- a.) Is the registered owner of the property, or a tenant under a lease requiring it to pay taxes directly to the City.
- b.) Is a British Columbia registered charity or non-profit Society.
- c.) Qualifies for an exemption under the provisions of the Community Charter (Part 7, Division 7, Section 224) (other incidental uses would not disqualify the applicant but, if substantial, will reduce the percentage of exemption).
- d.) Principal use meets Council’s objectives.
- e.) Provide benefits and accessibility to the residents of the City of Rossland. Residents must be primary beneficiaries of the organization’s services. Council may provide partial exemptions.
- f.) Provides a service supporting the social, spiritual, cultural, educational or physical well-being of the community.
- g.) Is in compliance with municipal policies, plans, bylaws, and regulations (ie. Business licencing, zoning, etc.)

Places of Worship must meet the following criteria:

- a.) Qualify for an exemption under the provisions of the Community Charter (Part 7, Division 7, Section 220 and 224).

- b.) The land surrounding the Place of Worship building will be exempt to the extent that the building is sitting on the lot. Empty lots in the proximity of the Place of Worship building will not be exempt.
- c.) Vacant land held for future use and/or investment will not be exempt.
- d.) Property used exclusively for parking unless in direct relationship to the Place of Worship will not be exempt.
- e.) Manses, including land equivalent to a normal sized City lot, are not exempt from taxation.

Applications will not be considered for the following:

- a.) Organizations that provide retail or commercial businesses that can compete with privately owned businesses.
- b.) That provide liquor and/or meal services as their primary function and/or source of revenue.

**PROCESS:**

- Council will consider applications for permissive tax exemption annually.
- The opportunity to apply for permissive tax exemption will be advertised once in the local newspaper and letters will be mailed to tax exemption recipients designated in the preceding tax year commencing June 1<sup>st</sup> of each year.
- Applications must be submitted to the Finance Department, using the prescribed application form, before July 15<sup>th</sup> of each year. The Finance Department will review the applications for completeness and arrange contact with applicants for additional information as necessary.
- Application submissions must include:
  - Completed application form
  - Copy of financial statements for last 3 years
  - Copy of Registered Charity or Non-Profit Information return for previous year
  - Copy of title certificate or lease agreement, as applicable
  - Scale drawing of property (buildings, parking lots, landscaping, playgrounds, fields, etc.)
  - Description of programs/services/benefits delivered from the subject lands/improvements including participant numbers, volunteer hours, fees charged for participation, benefits to the community
  - Description of any 3<sup>rd</sup> party use of the subject land/improvements including user group names, fees charged, terms of use
- The Finance Department will prepare a summary report for presentation to Council by the end of August. Staff will arrange for delegations to Council by applicants as necessary.
- The Permissive Tax Exemption bylaws and public notice will be prepared by September 15<sup>th</sup>. Public Notice, in accordance with Community Charter section 94, must be placed in 2 successive papers prior to adoption of the bylaw. Notice will also be posted on the City's website.

- The Permissive Tax Exemption bylaw must be adopted prior to October 31<sup>st</sup> and notice given to BC Assessment for those properties receiving exemption.
- Letters will be mailed to recipients notifying them of their exemption status for the following year.
- Late applicants will be held until the next review cycle.