



THE CORPORATION OF THE
CITY OF CRANBROOK

POLICY NO. 40-550

POLICY & PROCEDURES MANUAL

TITLE: Permissive Property Tax Exemption Policy

DEPARTMENT: Finance

EFFECTIVE DATE: January 1, 2022

FUNCTION: To Provide Property Tax Exemptions Pursuant to Section 224 of the *Community Charter*

POLICY STATEMENT

The Council of the City of Cranbrook is committed to the continuing development of the City as a successful and progressive community and to preserving and further enhancing the high quality of life enjoyed by the Citizens. One means of achieving the maximum benefit for the community is through the provision of permissive property tax exemptions.

The process for application and the principles by which Council exercises its discretionary powers to consider tax exemptions are set out in this Policy.

POLICY APPROVAL

APPROVED BY COUNCIL

Resolution No. 246-21


MAYOR

Amendment Date	Section Amended or Description of Amendment	Resolution Number
July 19, 2021	Permissive Exemption Limitations	246-21
October 7, 2019	Permissive Property Tax Exemption Policy - Created	256-19

RESCINDS Policy No. _____

RESCINDED by Policy No. _____

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GUIDELINES / PROCEDURES / RESPONSIBILITIES

Objective

The intent of this policy is to identify the services and organizations that are the most complementary extensions of municipal services, and for which the burden resulting from the tax exemption is a justifiable expense to the taxpayers of Cranbrook. Support should be directed towards services the City would consider providing given adequate resources.

Background

Section 220 of the *Community Charter* provides for statutory tax exemptions for a range of properties owned or held by provincial, local, and regional governments; hospitals; schools; and buildings used for public worship.

Section 224 of the *Community Charter* provides for permissive tax exemptions for properties owned or held by non-profit organizations and used for purposes directly related to the organization. As well, permissive tax exemptions may be provided to church halls and land surrounding buildings used for public worship.

Permissive tax exemptions are at the discretion of Council. Council may provide exemptions to the whole or part of the taxable assessed value of land, improvements, or both, for periods of up to ten years. Exemptions will be granted on a case by case basis.

The *Community Charter* permits exemption from municipal taxes only. Once a permissive exemption is granted, other taxing authority legislation extends the exemption to those tax levies. Water and sewer parcel taxes are not exempt from taxation.

Application Process

Applications for a permissive tax exemption will be accepted at City Hall prior to July 31st each year, for an exemption to be effective in the following taxation year. The City shall advertise the opportunity to apply, prior to the intake period. Unless otherwise stated, applications are considered annually for a one year exemption.

The City will provide a Permissive Tax Exemption application which must be completed in its entirety. Along with the application, organizations must submit their most recent Financial Statements and Operating Budget, a map or sketch of the property, and, if applicable, copies of any lease agreements for those portions of the property that are leased to another party.

The Finance Department will receive and review all applications to ensure that they are complete, that the organizations meet the eligibility criteria, and that the requests align with the guidelines established in this Policy.

Eligibility

Each non-profit organization seeking an exemption must own the property (or lease the property directly from the City of Cranbrook), and meet the description of at least one of the following categories:

1. **Special Needs and Supportive Housing Properties:** short term emergency or crisis protection for members of the community; supportive housing for people with special

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needs; halfway houses, transitional homes, and group homes with supportive staff and programs; affordable rental housing provided to people with impairments due to disability or aging - 100% exemption

Affordable housing organizations where eligibility for placement is based strictly on income are not eligible for a Permissive Tax Exemption.

2. **Social Service Properties:** support services and programs to members of the community with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life - 100% exemption
3. **Arts and Cultural facilities:** organizations involved in the preparation and delivery of artistic and cultural events or exhibits to the public - 100% exemption
4. **Emergency Rescue Services:** volunteer search and rescue services provided to area residents and visitors - 100% exemption
5. **Places of Worship:** land surrounding places for public worship; church halls and meeting spaces, and the land surrounding them or other property attached and deemed necessary; properties occupied by a religious organization as a tenant, for the purpose of public worship - 100% exemption.
6. **Athletic or Recreational Facilities:** spaces that are accessible by the public, are provided for the physical and mental enjoyment of participants, and associated fees are lower than those of similar for-profit organizations - 50% exemption
7. **Environmental Protection:** areas of land owned by non-profit organizations and held for the specific purpose of protecting plant or animal habitat - 100% exemption

Only the land and/or improvements used for the purposes of the non-profit organization will be considered for an exemption. Commercial activities, such as thrift stores and bar sales, are excluded. Administrative spaces used for the principal purposes of the organization are eligible for exemption.

Vacant land held for future development is not eligible for an exemption.

Properties with arrears taxes or utilities will not be eligible for a permissive tax exemption.

Review and Evaluation Process

Once the Finance Department has determined which applicants meet the eligibility requirements set out in this Policy, a schedule listing all eligible properties and copies of relevant information will be provided to City Council. Council will review the information and direct staff as to which properties to include in the City of Cranbrook Annual Taxation Exemption Bylaw.

While the guidelines contained in this Policy must be followed, Council may at its own discretion grant tax exemptions on all, or part, of the land and/or improvements, for a term that Council deems appropriate. The term may not be longer than ten years.

Council will consider the following information when determining whether to grant a permissive tax exemption:

- The principal use of the property, including the services offered

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- The number of persons from within the City of Cranbrook that are served by the organization
- The need for the services
- The availability of the services
- The ratio of volunteers to paid staff used to deliver services
- Other sources of funding

At Council's request, organizations may be required to make a presentation at a Regular Meeting of Council.

Permissive Exemption Limitations

Not all applications meeting the requirements set out in section 224 of the *Community Charter* will necessarily receive a grant.

Tax exemptions are similar in effect to cash grants and subject to budget considerations; therefore, properties may not receive the full tax exemption that they requested.

Receipt of a permissive tax exemption in any one year is not an automatic ongoing exemption in subsequent years.

Exemptions will not be granted on vacant land or land held for future development, or on land greater than is normally required for parking or activities directly related to the non-profit organization's purposes.

Permissive tax exemptions on non-city owned properties approved in the current year for the subsequent year will not exceed 1% of the current year's tax requisition. The permissive exemption values will be calculated by using the current year's assessment multiplied by the current year's tax rates, increased by 3%. In the case where the calculated permissive exemption values for the subsequent year exceed the 1% of the current year's tax requisition, all Section 224 permissive exemptions will be proportionately reduced.

City owned properties leased to non-profit organizations that meet the eligibility criteria will not be included in the exemption limit equal to 1% of the current year's tax requisition.

Permissive tax exemptions will only be granted to organizations that own the property they are applying on. Exceptions to this rule are:

1. Leased space occupied by a religious organization for the purpose of public worship; and
2. City owned properties leased to non-profit organizations that meet the eligibility requirements listed above.

Monitoring and Reporting

All applications will be reviewed by the Finance Department. Applicants that do not meet the eligibility criteria will be notified as such, after a further review by Council.

Financial information contained within the submitted documents may be made public during the review and evaluation process.

Permissive tax exemptions are granted by bylaw, which must be adopted and submitted to the British Columbia Assessment Authority (BCAA) prior to October 31st each year.

Written confirmation of Council's final approval or denial will be provided to the applicants once the Annual Taxation Exemption Bylaw has been adopted.

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All recipients of tax exemptions from the City of Cranbrook are required to publicly acknowledge the exemption.

If an exempted property is sold prior to the expiration of the exemption, the property owner agrees to notify the City of Cranbrook immediately. Repayment of the portion of exempted taxes that would have otherwise been collected on the property may be requested.

Section 225 Special Tax Exemptions

Section 225 of the *Community Charter* provides for permissive tax exemptions for properties that are owned by a person or public authority and providing a municipal service under a partnering agreement; eligible heritage or riparian properties; eligible cemetery properties; and, eligible golf course property, being land maintained as a golf course.

Exemptions under Section 225 do not extend to other taxing authorities. Property owners may request an exemption from school taxes in accordance with School Act legislation.