



COMMITTEE OF THE WHOLE REPORT

TO: Chair and Directors

SUBJECT: Permissive Tax Exemptions

DESCRIPTION: Report from Jennifer Sham, General Manager, Corporate Services, dated August 12, 2024.

RECOMMENDATION: THAT: the Committee of the Whole recommend [Option 1, 2, or 3] of the staff report dated August 12, 2024, to the Board of Directors regarding Permissive Tax Exemptions, this 14th day of August, 2024.

BACKGROUND:

Through an inquiry, Corporate Services staff were asked about the ability to provide tax relief in the form of a permissive tax exemption. Staff briefly reviewed the legislation and offer the following information:

Under the Local Government Act (LGA) and the Community Charter, there are two types of tax exemptions: [statutory](#) and [permissive](#). A statutory exemption is automatically exempt from taxation¹ and requires no action from local governments. These exemptions are directly applied to eligible properties by BC Assessment. Examples of statutory exemptions include but are not limited to:

- land, improvements or both vested in or held by the Provincial government;
- land, improvements or both vested in or held by the local government or jointly with another local government;
- hospitals, but not private hospitals;
- Universities, colleges, and other institutions;
- public schools including playing fields, etc.;
- public libraries;
- fruit trees;
- buildings for public worship;
- cemeteries/crematoriums;
- sewage treatment plants. ²

The Board has the authority to exempt eligible properties from property taxation for a specified period of time with a permissive exemption. This exemption is provided by bylaw and are at the discretion of the Board.

Under the [Local Government Act](#), the following are eligible properties that are in an electoral area may be exempted:

- (a) land or improvements, or both, owned or held by, or held in trust by the owner for, an athletic or service organization and used principally for public athletic or recreation purposes;
- (b) land or improvements, or both, used or occupied by a church as tenant or licensee for the purpose of public worship or for the purposes of a church hall that the board considers necessary to the church;

¹ https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/96448_01#section15

² <https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/requisition-taxation/tax-exemptions/statutory-tax-exemptions>

- (c) land that is owned and used exclusively by an agricultural or horticultural society and that is in excess of the area exemption under section 15 (1) (j) of the Taxation (Rural Area) Act;
- (d) an interest held by a not-for-profit organization in school buildings that the organization uses or occupies as tenant or licensee of a board of school trustees;
- (e) an interest held by a francophone education authority in school buildings that the francophone education authority uses or occupies as licensee of a board of school trustees;
- (f) an interest held by a not-for-profit organization in school buildings that the organization uses or occupies as tenant or licensee of a francophone education authority;
- (g) land or improvements that
 - (i) are owned or held by a municipality, regional district or other local authority, and
 - (ii) the board considers are used for a purpose of the local authority.

The general process for providing a tax exemption is outlined in Section 391(3) of the LGA. Simply, on or before October 31 in any year, the Board would have to adopt a bylaw with at least 2/3 of the votes cast, for the next year's taxation. The specified period of time for the bylaw/tax exemption is one to 10 years.³

Staff note that the Board adopted one permissive tax exemption bylaw in 1994 (Taxation Exemption Bylaw No. 5159) for the 1995 taxation year only, under the old Municipal Act. Under the LGA, the subject properties appear to be ineligible for a tax exemption.

NEXT STEPS:

Staff is requesting direction from the Committee of the Whole to choose from the following options:

1. staff be directed to bring forward to the October 16, 2024 Committee of the Whole policy review session, a policy and procedure (including an application process and timelines) for permissive tax exemptions;
2. staff be directed to add permissive tax exemption policy and procedure to the 2025 Corporate Services workplan;
3. Status quo, if an eligible permissive tax exemption request is received, staff will bring it forward to the Board for consideration.

³ Assent of the electors is required for a period longer than 10 years.

Report Approval Details

Document Title:	2024-08-14_COW_CS_Permissive_Tax_Exemptions.docx
Attachments:	
Final Approval Date:	Aug 13, 2024

This report and all of its attachments were approved and signed as outlined below:



John MacLean