

PERMISSIVE TAX EXEMPTION

Council Workshop



PURPOSE OF WORKSHOP

- ▶ Provide an overview on Permissive Tax Exemptions:
 - ▶ The Authority provided to Council through the Community Charter
 - ▶ Permissive Tax Exemption Policy
 - ▶ Timeline of exemption process cycle
 - ▶ “Cost” of Tax Exemptions

AUTHORITY PROVIDED TO COUNCIL

- ▶ Community Charter - Section 224
 - ▶ Provides the general authority for permissive exemptions
 - ▶ Automatically exempts property from all taxation: Municipal, School, Regional District, Hospital, BCAA
 - ▶ Not excluded from utilities fees or parcel taxes
 - ▶ Exemption periods of up to 10 years

AUTHORITY PROVIDED TO COUNCIL

- ▶ Property already provided an exemption
 - ▶ Place of Worship
 - ▶ Private Schools
 - ▶ Hospitals

AUTHORITY PROVIDED TO COUNCIL

- ▶ Other property exemption categories
 - ▶ Special Needs Housing
 - ▶ Social Services
 - ▶ Cultural
 - ▶ Public Park, Recreational, Athletic
 - ▶ Other

AUTHORITY PROVIDED TO COUNCIL

- ▶ Other property tax exemptions
 - ▶ Partnering
 - ▶ Heritage
 - ▶ Revitalization

PERMISSIVE TAX EXEMPTION POLICY 327

- ▶ Purpose of Policy:

- ▶ Provides a framework/structure to further Council's objective:

“Enhance the quality of life while delivering services economically to the citizens of Kelowna”

PERMISSIVE TAX EXEMPTION POLICY 327

▶ Background

- ▶ January 2006: Need to revise policy identified
- ▶ March 2006: Task Force appointed
- ▶ May 2006: Permissive Tax Exemption Policy 327 adopted by Council

PERMISSIVE TAX EXEMPTION POLICY 327 ELIGIBILITY CRITERIA

- ▶ Must be owned by:
 - ▶ BCAA classified and assessed
 - ▶ Place of Worship
 - ▶ Private School
 - ▶ Hospital
 - ▶ Registered Charity
 - ▶ Non-profit Organization
- ▶ Is in compliance with all municipal policies, bylaws and regulations

PERMISSIVE TAX EXEMPTION POLICY 327 ELIGIBILITY CRITERIA

- ▶ The applicant(s):
 - ▶ Provides services or programs that are compatible or complementary to those offered by the City of Kelowna
 - ▶ Principal use of the property meets Council's objectives
 - ▶ Provides benefits and accessibility to all residents of Kelowna

PERMISSIVE TAX EXEMPTION POLICY 327 ELIGIBILITY CRITERIA

- ▶ The applicant(s):
 - ▶ Provide short term housing with length of stay up to a maximum of two years.
 - ▶ That have a residence in the building or on the property will only be exempt if a caretaking function is performed
 - ▶ That provide liquor and/or meal services as their primary function and/or source of revenue will not be eligible for permissive tax exemption

PERMISSIVE TAX EXEMPTION PROCESS CYCLE

- ▶ 5 year cycle
 - ▶ General exempt properties
 - ▶ Year 1 - Comprehensive application
 - ▶ No annual renewal
 - ▶ Other non-profit organizations
 - ▶ Year 1 - Comprehensive application
 - ▶ Next 4 year - Renewal application
- ▶ July 15th - Application and renewal due date

PERMISSIVE TAX EXEMPTION PROCESS CYCLE

- ▶ July 16th - September 30th: Review process
- ▶ Beginning of October: Report to Council
- ▶ October 31st: Deadline for Permissive Tax Exemption bylaw to be adopted

“ COST ” OF PERMISSIVE TAX EXEMPTIONS

- ▶ Tax exemptions transfer the burden of taxation from properties that are exempt to properties that are taxable

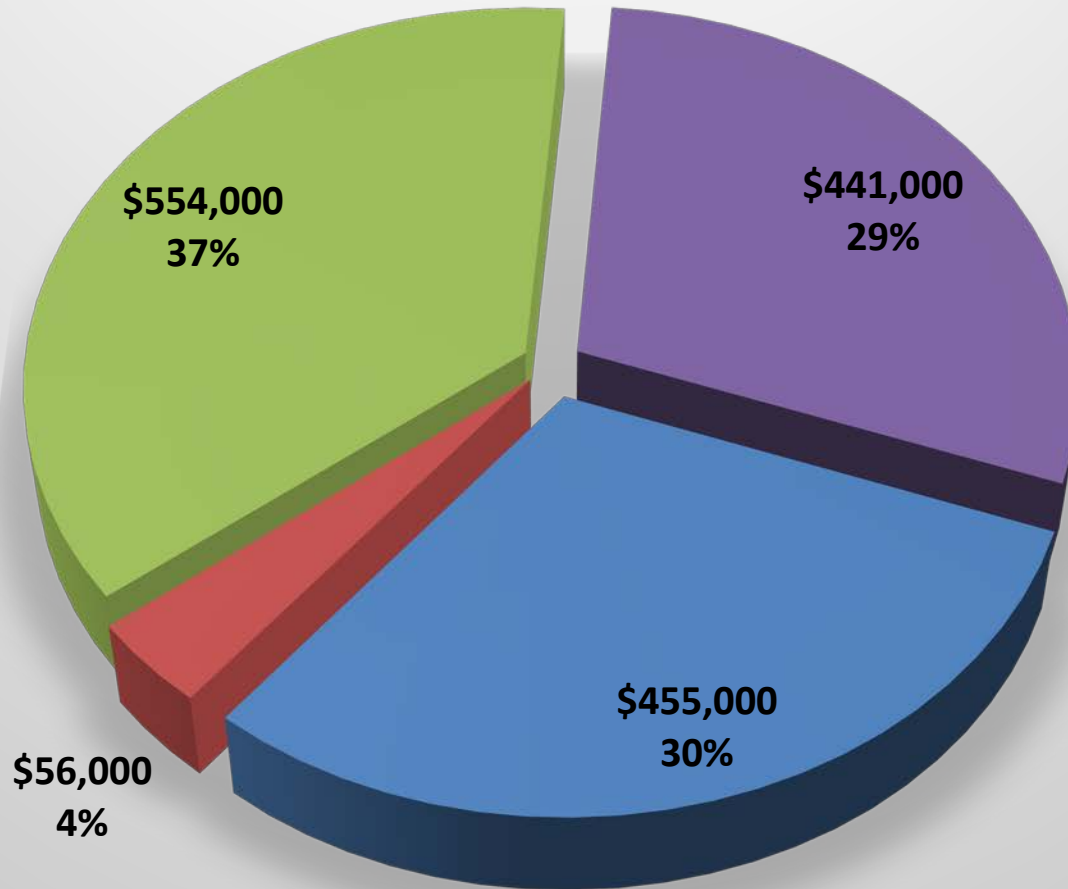
TOTAL PERMISSIVE TAX EXEMPTIONS FOR 2016 - \$1,506,000

■ Places of Worship

■ Special Needs Housing

■ Social Services
Cultural
Other

■ Park
Recreation and
Athletic



TOTAL TAX EXEMPTIONS FOR 2016 - \$1,930,000

■ Places of Worship

■ Special Needs Housing

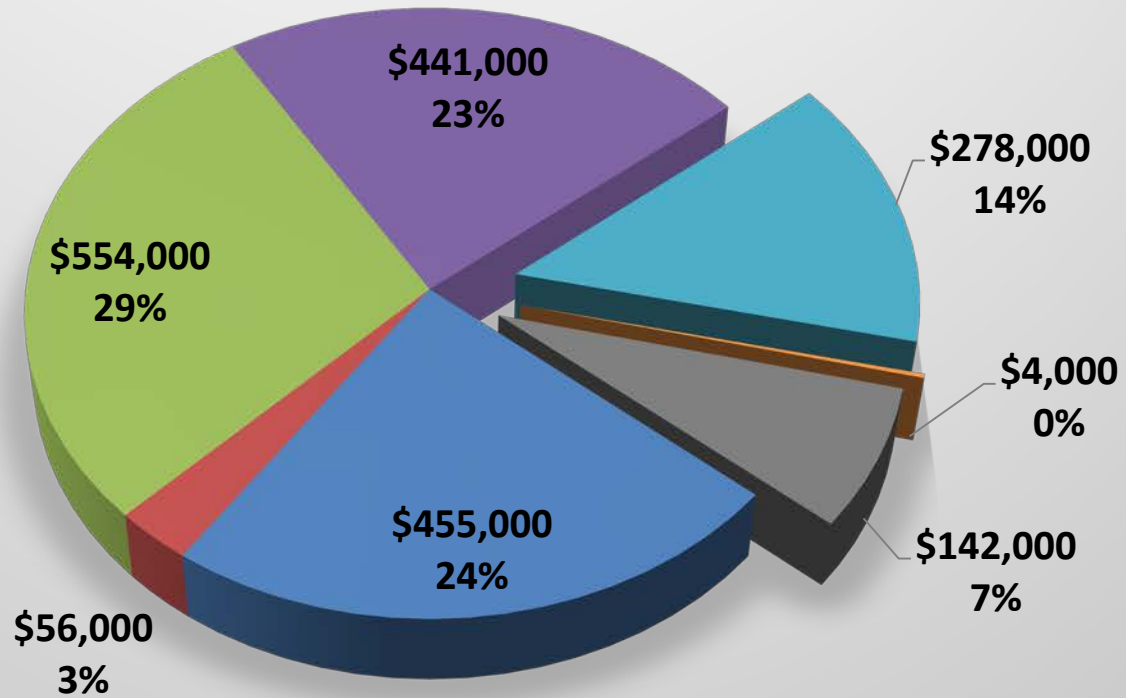
■ Social Services
Cultural
Other

■ Park
Recreation and
Athletic

■ Partnering

■ Heritage

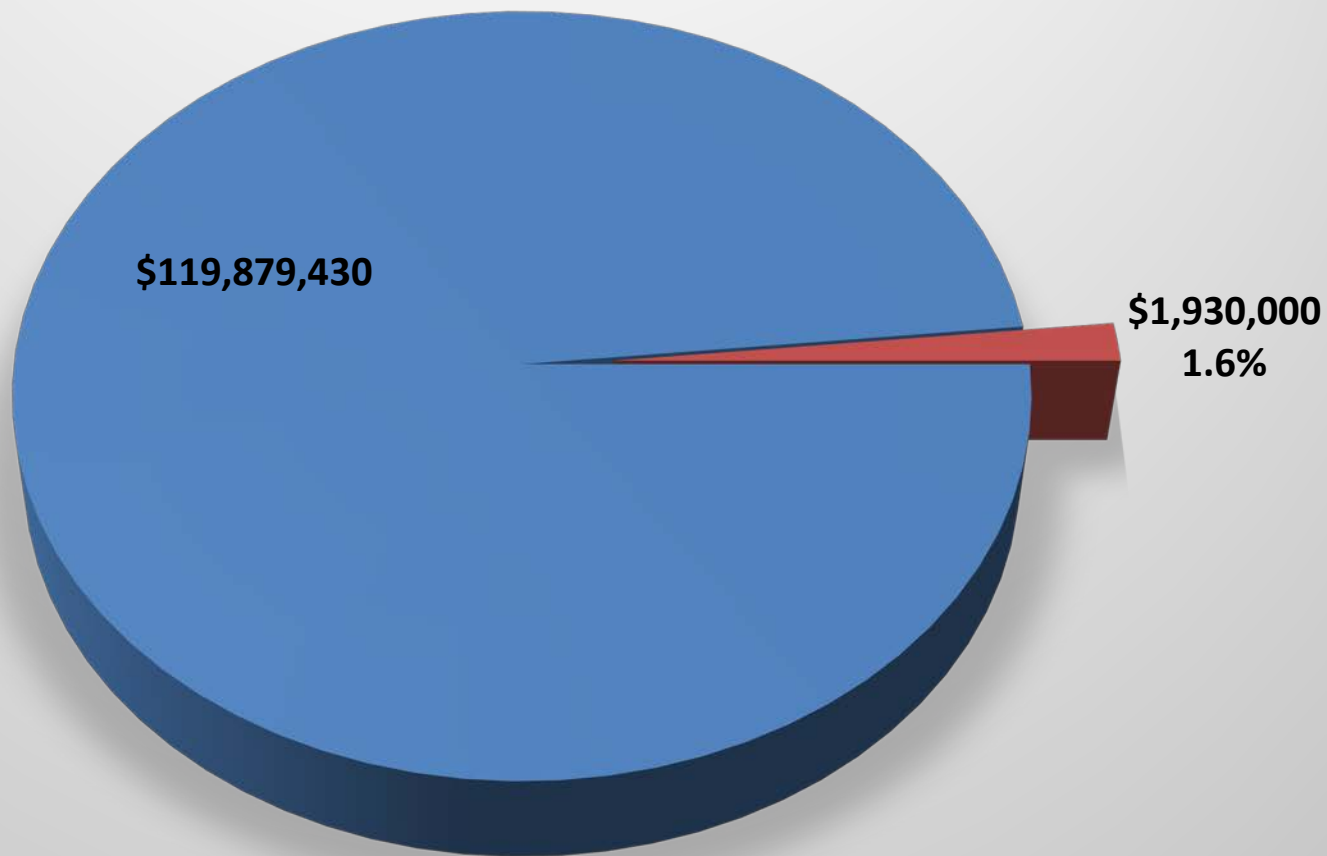
■ Revitalization



TOTAL TAX DEMAND VS TOTAL TAX EXEMPTIONS FOR 2016

■ Taxation Demand (per Final Budget)

■ Total Tax Exemptions Approved for 2016



IN SUMMARY

- ▶ Council provides Permissive Tax Exemptions:
 - ▶ Places of Worship
 - ▶ Private Schools
 - ▶ Hospitals
 - ▶ Special Needs Housing
 - ▶ Social Services
 - ▶ Cultural
 - ▶ Public Park, Recreation or Athletic
 - ▶ Other

- ▶ Council provides other Tax Exemptions:
 - ▶ Partnering Agreements
 - ▶ Heritage building exemptions
 - ▶ Revitalization exemptions

IN SUMMARY

- ▶ Permissive Tax Exemption Policy 327
 - ▶ Provides a framework/structure
 - ▶ Meets Council mandate to have fair criteria for acceptance and/or denial of applications
- ▶ Permissive Tax Exemption Process Cycle
 - ▶ October 31st: Deadline for Permissive Tax Exemption bylaw to be adopted

IN SUMMARY

- ▶ “Cost” of Permissive Tax Exemptions
 - ▶ Transfers the burden of taxation to properties that are taxable
 - ▶ Permissive Tax Exemptions approved in 2016
 - ▶ \$1.5 Million
 - ▶ Other Tax Exemptions approved in 2016
 - ▶ \$424K
 - ▶ Total Tax Exemptions approved in 2016
 - ▶ \$1.9 Million
 - ▶ 1.6% in comparison to total 2016 Taxation demand (at Final budget)

QUESTIONS

