

## APPENDIX C PERMISSIVE TAX EXEMPTION TASK FORCE AMENDMENTS 2006

The following table details the amendments to Policy #327 and provides the rationale for the Task Force's decisions.

Original Policy Statement	Task Force Changes, Clarification or Additions to Original Policy	Rationale for Amendment
<p>Eligibility Criterion #3 states that, to qualify for exemption, an organization must have non-profit status. It further states that, "the intent of this requirement is to ensure that municipal support is not used to further activities that, if not for it's not-for-profit status would otherwise be considered business, i.e. an organization that is operating as a Non-Profit; although it charges market value for services available, and would be comparable in operations and perception to public as a For-profit Business."</p>	<p>The Task Force clarified this criterion by adding, "Non-profit organizations conducting retail and/or commercial activity and charging rates or fees at market value are considered to be in competition with for-profit businesses and will not be eligible for tax exemption."</p>	<p>For-profit businesses are not compatible or complementary to services or programs offered by the City of Kelowna for the purposes of permissive tax exemption.</p>
<p>Eligibility Criterion #4 states that, to qualify for an exemption an organization must provide services or programs that are compatible or complementary to those offered by the City of Kelowna</p>	<p>The Task Force added a further interpretation: "When a service or program is offered by a non-profit group or club, the community may benefit from a more cost effective provision of services."</p>	<p>The added interpretation provides further explanation as to why some groups benefit the community. If a service is provided at reasonable cost, it may mean the City does not need to provide that service.</p>
<p>Eligibility Criterion #5 states that, to qualify for an exemption the applicant's principal use of property meets Council's objectives, and that exemptions will be based on the principal use of the property.</p>	<p>The Task Force added a clarifying statement: "The 'principal use of the property' means the use related directly to the principal purpose of the organization owning the property."</p>	<p>This clarifies the intent of the Policy in regard to; non-profit organizations leasing to other non-profits or rental of non-profit space to community members.</p>
<p>Eligibility Criterion #6 states that to be eligible for exemption the services provided by the applicant must be accessible to the public.</p>	<p>The Task Force defined 'accessible to the public' to mean that, within an appropriate age range, members of the public are able to join a club or organization and participate in its activities at a nominal rate."</p>	<p>This recognizes and clarifies that it is not necessarily appropriate for all persons to access all tax exempt services. Some age restrictions may apply.</p>

Original Policy Statement	Task Force Changes, Clarification or Additions to Original Policy	Rationale for Amendment
No existing statement	The Task Force added Eligibility Criterion #7: "Non-profit organizations that provide liquor and/or meal services as their primary function and/or source of revenue will not be eligible for tax exemption on that portion of the property."	There are several non-profit organizations within the City that offer restaurant type services including meals and /or liquor. This is seen as competing with for-profit business, and is also not a service that the City would normally provide.
No existing statement	The Task Force added Eligibility Criterion #8: "Exemptions will not be granted for housing with stays longer than two years. Exemptions will be permitted for short term housing with stays up to a maximum of two years. This would include: emergency shelters, transitional housing, halfway houses, supportive housing for people with special needs, and group homes."	The City would not normally provide long-term housing, and housing provided for periods longer than 2 years is not deemed to be emergency-type housing.
No existing statement	<p>The Task force added Eligibility Criterion #9: "Residences will be excluded from otherwise tax exempt property unless the resident(s) on the property provide a caretaking function and the property owner (organization) can provide a copy of an agreement demonstrating:</p> <ol style="list-style-type: none"> <li>1. Rent is not collected on the residence, and</li> <li>2. There is a caretaker agreement in place."</li> </ol>	This provides consistency with the policy of not exempting church manses or other residences on church property. At the same time it recognizes that, for some properties, it is in the public's interest to support a resident caretaker.