

Report to Council



Date: October 19, 2020
To: Council
From: City Manager
Subject: 2021 Permissive Tax Exemption Bylaw No. 12034
Department: Financial Services

Recommendation:

THAT Council receives, for information, the Report from the Revenue Department dated October 19, 2020 with respect to the 2021 Permissive Tax Exemption Bylaw;

AND THAT Bylaw No. 12034, being the Permissive Tax Exemption Bylaw be forwarded for reading consideration.

Purpose:

Council to consider a property tax exemption for those organizations that have met the qualifications as outlined in Permissive Tax Exemption Policy #327.

Background:

Section 224 of the Community Charter provides the authority for permissive tax exemptions. Council may exempt land and improvements in their entirety or a portion thereof for a period of up to 10 years. Authority to grant permissive tax exemptions is a policy tool available to Council to promote or achieve specific goals. As a general rule when Council grants a permissive tax exemption on a specific property, that property is automatically exempted from municipal, school, regional district, hospital and BC Assessment taxes. The permissive tax exemption does not apply to utility fees such as garbage/landfill/recycle charges or to parcel taxes such as the Water Parcel tax.

Permissive Tax Exemption Policy #327 sets out the extent, conditions, and penalties, along with the general process and the eligibility criteria used by the City of Kelowna to determine property eligibility for Permissive Tax Exemptions.

There is no obligation on the part of Council to grant a permissive tax exemption in any year. Permissive tax exemptions that are granted in any year reduce the total value of the tax base for that year and thereby increase the burden of taxation to properties that are not exempt.

Discussion:

The process requires the completion of applications on a five-year basis for places of worship, private schools and hospitals, with other non-profit organizations reapplying and being reconsidered annually. The year 2021 is the first in this five-year cycle for places of worship, private schools and hospitals.

Renewal applications for all currently exempt applicants as well as new applicants were reviewed by staff in relation to Council Policy # 327 and the below recommendations represent the changes to the status of each applicant.

The estimated municipal tax impact related to the 2021 permissive exemptions is \$1,964,117.

The following changes to Schedules A through H of the 2020 Tax Exemption Bylaw No. 11936 for 2021 property tax exemption are placed before Council for consideration:

Schedule A, Public Worship:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
016620	Lot 8, Plan 1303 & Lot 1, DL 139 PL13585 & Lot 1 DL139 PL3585	The BC Conference of the Mennonite Brethren Church	Add – Reclassification from Schedule H to A
016680	Plan KAP1303, Lot 17, DL139	The BC Conference of Mennonite Brethren Church & Chronos Properties Ltd	Add – Reclassification from Schedule H to A
05669.001	Lot A, Plan 51686	Okanagan Buddhist Cultural Centre	Remove – Not Eligible. Land and building not in use.

Schedule B, Private Schools:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
052700	Lot C, Plan 12546, DL 138	Roman Catholic Bishop of Nelson	Remove – Reclassification from Schedule B to E

Schedule C, Hospitals: No change**Schedule D, Special Needs Housing:**

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
046240	Lot 20, Plan 9138	Kelowna Gospel Mission Society	Remove – housing provided beyond 2 years
046250	Lot 21, Plan 9138	Kelowna Gospel Mission Society	Remove – housing provided beyond 2 years
071805	Lot 1, Plan 31133	Adult Integrated Mental Health Services Society	Remove – no application as housing provided beyond 2 years

Schedule E, Social Services:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
052700	Lot C, Plan 12546, DL 138	Roman Catholic Bishop of Nelson	Add – Reclassification from Schedule B to E
057010	Lot 1, Sec 20, Twp 26, Plan 15741	Starbright Children’s Development Centre Assoc.	Change – taxable portion for lease/rental to third parties increased

Schedule F, Public Park/Recreation Ground, Public Athletic/Recreational:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
09461.001/ 09472.588	Lot B/Lot 2, DL 14, LD 41, KAP 10727	Kelowna Outrigger Racing Canoe Club Society/City of Kelowna	Remove – folio change, see folios 09461.002-09461.005
09461.002- 09461.005	Lot B, DL 14, LD 41, KAP 10727	Kelowna Outrigger Racing Canoe Club Society/City of Kelowna	Add – folio change, see folios 09461.001 and 09472.588
11501.989/ 11501.979	Lot 1, Plan 35229	Central Okanagan Small Boat Association/City of Kelowna	Change – taxable portion for lease/rental to third parties decreased

Schedule G, Cultural Organizations:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
080256	Lot A, KAP67454	Kelowna Visual and Performing Arts Centre Society	Add – new folio

Schedule H, Other Non-Profit Societies:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	CHANGE/COMMENT
06371.365- 06371.403	Lot 1-39, Plan KAS384	The Society of Housing Opportunities and Progressive Employment	Remove – housing provided beyond 2 years
016620	Lot 8, Plan 1303 & Lot 1, DL 139 PL13585 & Lot 1 DL139 PL3585	The BC Conference of the Mennonite Brethren Church	Remove – Reclassification from Schedule H to A
016680	Plan KAP1303, Lot 17, DL139	The BC Conference of Mennonite Brethren Church & Chronos Properties Ltd	Remove – Reclassification from Schedule H to A
000641	Plan EPP 74060, Lot 1527	Tourism Kelowna Society	Change – taxable portion for retail space

The following application was received and reviewed, but is not recommended to be approved for an exemption:

FOLIO	LEGAL DESCRIPTION	REGISTERED OWNER/LESSEE	COMMENT
072685	LB551701, KAP31716 Lot G	SCHOOL DISTRICT NO. 23 (CENTRAL OKANAGAN)	Not eligible. Vacant land not in use.

On October 1, 2012, Council endorsed Policy # 327 (Permissive Tax Exemption Policy), reaffirming that it is fair, consistent and appropriate.

Conclusion:

It is recommended that Council approve the changes to Schedules A through H shown in the tables above and approve the complete Schedules A through H in the attached proposed Bylaw No. 12034.

Internal Circulation:

Active Living & Culture
 Cultural Services
 Business & Entrepreneurial Development

Considerations applicable to this report:

Legal/Statutory Authority:

Council may, by bylaw in accordance with sections 220, 224 and 225 of the Community Charter exempt land or improvements, or both, from taxation to the extent, for the period and subject to the conditions provided in the bylaw

Legal/Statutory Procedural Requirements:

Under section 227 of the Community Charter, Council must give notice of a proposed bylaw in accordance with section 94 [public notice must be once a week for 2 consecutive weeks], identifying the property that would be subject to the bylaw, describe the proposed exemption, state the number of years that the exemption may be provided and provide an estimate of the amount of taxes that would be imposed on the property if it were not exempt, for the year in which the proposed bylaw is to take effect and the following 2 years.

Under Division 7 – Permissive Exemptions of the Community Charter a bylaw may only be adopted by an affirmative vote of the majority of Council and does not apply to taxation in a calendar year unless it comes into force on or before October 31 in the preceding year.

Existing Policy:

Permissive Tax Exemption Policy 327

Financial/Budgetary Considerations:

Tax exemptions are not financed through a budgetary line item in the same way as municipal spending, nor do they affect the amount that has to be raised through property taxes. Nevertheless, tax exemptions do impose a cost on taxpayers who are not exempt. Tax exemptions reduce the total value of the tax base (i.e. the taxable value of property). Therefore, tax exemptions transfer the burden of taxation from properties that are exempt to properties that are taxable. An increase in the value of tax exemptions increases the taxes paid by properties that are not tax exempt. Refer to Appendix A, 2021 Tax Exemptions Summary – Municipal Tax Impact related to General Exemption and Permissive Exemption and Appendix B, 2021 Tax Exemptions Summary – Municipal Tax Impact related to Permissive Exemption only.

Considerations not applicable to this report:

External Agency/Public Comments:

Communications Comments:

Submitted by: A. Schumacher, Revenue Supervisor

Approved for inclusion:



G. Davidson, Divisional Director, Financial Services

cc: BC Assessment

Attachments:

PTE 2021 Permissive Tax Exemptions Presentation

Appendix A, 2021 Tax Exemptions Summary –Municipal Tax Impact related to General Exemption and Permissive Exemption

Appendix B, 2021 Tax Exemptions Summary –Municipal Tax Impact related to Permissive Exemption only

Appendix C, Policy # 327

Appendix D, Tax Exemption Bylaw –Schedules Background