
FINANCE AND CIVIC DEVELOPMENT COMMITTEE**A**

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**SUBJECT: PARTIAL EXEMPTION FROM PROPERTY TAXES - ROYAL
CANADIAN LEGION**

RECOMMENDATION:

1. THAT Council amend the City's policy on permissive tax exemptions to provide an exemption for the Recreation/Non-for-Profit Assessment Class (8) component of the Royal Canadian Legion.

REPORT

The Finance and Civic Development Committee, at its meeting held on 2007 January 25, received and adopted the *attached* report seeking Council's permission to amend the City's Policy Regarding Permissive Tax Exemptions.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor N. Volkow
Vice Chair

Councillor G. Begin
Member

Copied to: City Manager Director Finance

TO: CHAIR AND MEMBERS
FINANCE AND CIVIC DEVELOPMENT
COMMITTEE

DATE: 2007 January 18

FROM: DIRECTOR FINANCE

FILE: 2410-20
Reference: Legion

**SUBJECT: PARTIAL EXEMPTION FROM PROPERTY TAXES –ROYAL
CANADIAN LEGION**

PURPOSE: To Amend the City’s Policy Regarding Permissive Tax Exemptions.

RECOMMENDATION:

1. **THAT** Council be requested to amend the City’s policy on permissive tax exemptions to provide an exemption for the Recreation/Not-for-Profit Assessment Class (8) component of the Royal Canadian Legion.

REPORT

At its meeting held on 2006 October 16 Council heard a delegation from the Royal Canadian Legion No. 148 requesting a permissive exemption from property taxes. This report provides a recommendation for amendments to Burnaby’s permissive exemption policy to provide a partial tax exemption for Burnaby’s branches of the Legion.

Exemption Authority

Exemptions from property taxes are provided under the authority of the Community Charter and are further administered by Council policy.

The Community Charter provides statutory and permissive (discretionary) exemptions from property taxes. Statutory exemptions primarily cover provincial and municipal properties (public schools, hospitals, parks, etc.) and churches. Permissive exemptions are permitted, at Council’s discretion, for other properties such as: land that is ancillary to churches, athletic/service clubs, and not-for-profit enterprises.

The exemption for not-for-profit enterprises formerly provided under the Local Government Act dictated that the not-for-profit property “must be owned by a charitable or philanthropic organization and used exclusively for charitable or philanthropic purposes”. The criteria were so restrictive that most not-for-profits did not qualify for an exemption under the Act.

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The implementation of the Community Charter provided much broader criteria under which not-for-profits could be granted a permissive exemption. In order to be eligible for a permissive exemption the property **must be owned** by a not-for-profit and **used by the not-for-profit** "for a purpose that is directly related to the purposes of the corporation". The broadening of the legal criteria provides the potential for many new applications, for tax exemption, from organizations that previously did not qualify, by statute, and therefore precipitates the need for this policy review.

It should be noted that sporting and recreation organizations are eligible for exemption (224(2)(i) land or improvements owned or held by an athletic or service club or association and used as a public park or recreation ground or for public athletic or recreational purposes;) independent of the section of the legislation dealing with not-for-profits.

The ability to provide assistance to businesses remains prohibited under the Community Charter, except in cases involving riparian land, heritage, specific partnering agreements, and where an area revitalization plan is in place.

Exemption Policy

Council's policy for granting permissive exemptions dates back to 1986 and was formulated to provide equitable treatment for those applying for exemption as well as maintaining the property tax base thereby minimizing the impact of exemptions on the remaining tax payers. The policy was intended to provide exemption for services and organizations that provide "complementary extensions of Municipal services; and for which the burden resulting from the exemption is a justifiable expense to the taxpayers of Burnaby".

The policy stipulates that before being considered for an exemption properties must comply with the legislation and their use must be:

- a) consistent with municipal policies, plans, bylaws, codes and regulations
- b) not-for-profit and not for commercial or private gain
- c) complementary extensions to Municipal services
- d) accessible to the Public
- e) used primarily by Burnaby residents

It should be noted that in 1974 Council adopted a policy that, regardless of compliance to legislation or civic policy, all residential properties would be responsible for paying property taxes; this includes private hospitals and care homes.

The authority to grant permissive exemptions is a policy tool available to municipalities to promote or achieve specific goals. Before granting permissive tax exemptions consideration should be made of both the immediate and longer term implications of the exemption, other properties with similar uses, and municipal taxpayers in general.

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Current Considerations

In the last several years, with the aging of the World War I & II veterans, the need for broader citizen support for the not-for-profit groups that support Canada's veterans and sustain the remembrance of their contribution and sacrifice has been better understood. This, coupled with increasing facility costs and a shrinking revenue base, has resulted in a need for some level of civic financial assistance. This assistance, if granted, must be balanced with, and take into account, maintaining a "level playing field" for the businesses that may be providing similar functions and the legal requirement that prohibits the exemption from taxation for business.

B.C. Assessment classifies properties based on their uses; typically, Not-for-Profit properties have two components, the revenue generating components classified as Business & Other (Class 06) and the components addressing the social goals of the organization, typically classified as Recreation/Not-for-Profit (Class 08). The Class 8 portion of a not-for-profit provides a ready segregation of the functional component that could be considered for financial support from the Burnaby taxpayers.

Recommendation

It is recommended that Council be requested to amend the City's policy on permissive tax exemptions to provide an exemption for the Recreation/Not-for-Profit Assessment Class (8) component of the Royal Canadian Legion.

Financial Impact

In 2006 the Legion had two properties in Burnaby. Their combined total property tax for the Recreation/Not-for-Profit Assessment Class (8) component was \$10,000. Burnaby's portion of the total Class 8 tax that would be covered by the municipal taxpayers in general was \$2,600.

Process

Organizations seeking property tax exemptions are requested to have their applications (form to be obtained from the Burnaby Tax division) by the end of the second week in May. This provides staff with adequate time to assess the application, report to Council annually for approval of the exemption and provide for the reading of the bylaws that must be finally adopted prior to October 01 each year for exemption in the subsequent year. If approved, staff will contact the Legion to ensure they have the forms and are aware of the deadline requirements for exemption in the 2008 tax year.



Rick Earle
DIRECTOR FINANCE

Copied to: City Manager