

**A SPECIAL MEETING OF THE  
COUNCIL OF THE TOWN OF LADYSMITH  
AGENDA  
DIRECTLY FOLLOWING THE MUNICIPAL SERVICES COMMITTEE MEETING**

Monday, September 9, 2019  
Council Chambers, City Hall

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Pages

1. CALL TO ORDER

2. REPORTS

2.1 Permissive Tax Exemptions for Tax Year 2020

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Recommendation

That Council direct staff to:

1. Amend the Permissive Tax Exemption Policy by changing:
  - a. The application due date to July 31<sup>st</sup> each year; and
  - b. The Comprehensive review term to every 4 years.
2. Provide a Permissive Tax Exemption to all properties currently on the 2019 Permissive Tax Exemptions Bylaw 2018, No. 1972;
3. Provide a Permissive Tax Exemption to the Ladysmith Health Care Auxiliary consolidated property located at 910 1<sup>st</sup> Avenue;
4. Not include the fully exempt properties on the water parcel tax or the sewer parcel tax; and
5. Prepare the Permissive Tax Exemption Bylaw for 2020.

3. CLOSED SESSION

In accordance with section 90 of the Community Charter, this section of the meeting will be held *In Camera* to consider the following matters, for the reasons as noted:

- Personal information about an identifiable individual - section 90(1)(a)
- Receipt of legal advice - section 90(1)(i)
- Annual report - section 90(1)(l)

- A matter that, under another enactment, is such that the public must be excluded from the meeting 90(2)(d)

*Members of the public are welcome to attend all Open Meetings of Council, but may not attend Closed Meetings*

Recommendation

That, in accordance with section 90(1) of the *Community Charter*, Council retire into closed session in order to consider items related to the following:

- Personal information about an identifiable individual - section 90(1)(a)
- Receipt of legal advice - section 90(1)(i)
- Annual report - section 90(1)(l)
- A matter that, under another enactment, is such that the public must be excluded from the meeting 90(2)(d)

**4. RISE AND REPORT**

**5. ADJOURNMENT**

STAFF REPORT TO MUNICIPAL SERVICES COMMITTEE

**Report Prepared By:** Erin Anderson, Director of Financial Services  
**Date:** August 19, 2019  
**Meeting Date:** September 9, 2019  
**File No:** 1970-04  
**RE:** PERMISSIVE TAX EXEMPTIONS FOR TAX YEAR 2020

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**RECOMMENDATION:**

That Council direct staff to:

1. Amend the Permissive Tax Exemption Policy by changing:
  - a. The application due date to July 31<sup>st</sup> each year; and
  - b. The Comprehensive review term to every 4 years.
2. Provide a Permissive Tax Exemption to all properties currently on the 2019 Permissive Tax Exemptions Bylaw 2018, No. 1972;
3. Provide a Permissive Tax Exemption to the Ladysmith Health Care Auxiliary consolidated property located at 910 1<sup>st</sup> Avenue;
4. Not include the fully exempt properties on the water parcel tax or the sewer parcel tax; and
5. Prepare the Permissive Tax Exemption Bylaw for 2020.

**PURPOSE**

The purpose of the report is to confirm the properties that will be included in the 2020 Permissive Tax Exemption bylaw.

**INTRODUCTION/BACKGROUND**

Under Section 224 and 225 of the *Community Charter*, Permissive Exemptions are permitted to certain properties providing the property or property owner meets specific conditions. These conditions include ownership, such as not for profit organizations or charitable organizations and specific use, such as care homes and recreational organizations.

Many churches are statutorily exempt for the building and footprint; the permissive tax exemption extends the exemption to the remaining portion of the property.

**DISCUSSION**

Each year, a bylaw is presented to Council for consideration. The bylaw and corresponding advertisement must be adopted prior to October 31 for the exemption to be in effect for the

following taxation year.

Last September, Council removed select properties from the annual Permissive Tax Exemption (PTE) bylaw and created a 10-year bylaw, the maximum allowed under the *Community Charter*. These properties are:

Organization	Address
St John's Masonic Temple	26 Gatacre St
Municipal Parking lot	17 Roberts St
Municipal Parking lot	25 Roberts St

The following properties are currently on the bylaw:

<i>224.2 (f) Building for Public Worship</i>	
Organization	Address
Trustees of the Ladysmith First United Church	232 High Street
Ladysmith Fellowship Baptist Church	381 Davis Rd
Bishop of Victoria (St. Mary's Catholic Church)	1135 4th Ave
Pentecostal Assemblies of Canada	1149 4th Ave
<i>224.2 (a) Non-Profit</i>	
Organization	Address
Ladysmith & District Historical Society	721 1st Ave
Canadian Legion Branch #171	621 1st Ave
Ladysmith Health Care Auxiliary	910 1st Ave
Ladysmith Golf Club Society	380 Davis Rd
Ladysmith & District Historical Society	614 Oyster Bay Dr
Ladysmith Maritime Society	616 Oyster Bay Dr
Ladysmith Maritime Society	Unit C, I & M - 610 Oyster Bay Dr
Ladysmith & District Historical Society	612 Oyster Bay Dr
Arts Council of Ladysmith & District	Units J, K & L - 610 Oyster Bay Rd
Eco-Tourism Building	200 Capt Dekonick Way
Ladysmith Senior Citizens Housing Society	207 Jamison Rd
Ladysmith Senior Citizens Housing Society	101 1st Ave
Ladysmith Resources Centre Association	314 Buller St
Ladysmith & District Historical Society	1115A - 1st Ave
Ladysmith Festival of Lights	1163 4th Ave
Ladysmith Maritime Society	611 Oyster Bay Dr

The Ladysmith Health Care Auxiliary recently consolidated two lots (910 1<sup>st</sup> Ave and 920 1<sup>st</sup> Ave) for the pending expansion of the Thrift Store. If the Committee agrees to the recommendation, the new legal description will be included in the Permissive Tax Exemption Bylaw for the tax year 2020.

The Ladysmith Maritime Society provided an updated map of their dock. The exemption on the marina property may be reduced slightly as an area off the main wharf will be taxable. The visitor dock will remain tax exempt. See Appendix A for updated map.

The approximate value of 2019 taxes foregone for the proposed bylaw is:

	Municipal	Other	Total
Buildings for Public Worship	4,515	6,347	10,862
Non-Profit	82,857	50,374	133,231
Parcel Tax			15,880
		Total	159,973

Below is a summary table from 2019 BC Assessment's Assessment Link BC that shows the number of taxable and exempt properties. The statutory folios include properties owned by the Town of Ladysmith, the Province and Federal Government as well as specific properties with unique circumstances. The permissive tax exempt includes revitalization exempt properties as well as all the properties currently on the 2019 Permissive Tax Exemption bylaw.

Summary	# Folios	Total Assessed Value
Fully Taxable Totals	10	3,750,500
Permissive Totals	35	17,061,900
Statutory Totals	166	116,523,780

### Proposed Policy Changes

The current Policy includes an August 15<sup>th</sup> deadline for the application to be returned to the Town. Permissive Tax Exemption bylaws require advertising for 2 weeks before the bylaw can be adopted, and the bylaw must be adopted before October 31<sup>st</sup>. Moving the PTE application deadline to the end of the July will allow time for Council to deliberate the properties expected to be placed on the bylaw.

The Policy also requires a comprehensive application and review of the properties every 3 years. This term was set to align with the Council term. It is suggested that the policy is amended to require a comprehensive application every 4 years.

### SCOPE OF WORK

Once the Committee confirms the properties to be included on the list, staff will prepare the bylaw for first 3 readings at the next Council meeting on September 16. Advertising will be placed in the September 25<sup>th</sup> and October 1<sup>st</sup> editions of the Chronicle. The bylaws are expected to be adopted on October 8<sup>th</sup>. The adopted bylaws will be forwarded to BC Assessment to ensure the exemption to the assessments are put in-place for the tax year 2020.

### ALTERNATIVES

Option 1: No Exemptions. There is no requirement for Council to provide tax exemptions.

Option 2: Grant cash-in-lieu of exemptions. Instead of creating a bylaw, Council can grant exemptions in the actual taxation year. Rather than just forgoing the municipal taxes which are just shifted to other property owners, the Town would lose the municipal portion of taxation revenue and be responsible for paying all taxing agency taxes, which would be significantly more money.

Option 3: Provide a 10-year exemption which will streamline the process for applicants and staff. However, there would be less scrutiny and oversight with this option.

**FINANCIAL IMPLICATIONS**

For each exemption granted, the exemption tax burden is passed on to other property owners in the municipality. There is no property tax revenue lost; just a shifting of the taxation dollars from each exempt property to all the other taxable properties. All other taxpayers pay for tax exemptions.

Many of the organizations that received a Permissive Tax Exemption also receive a Grant in Aid and/or reduced costs for rent.

Permissive Tax Exemptions are reviewed again during the Financial Plan process.

**LEGAL IMPLICATIONS**

The bylaw, in its entirety, is at risk if one of the properties on the bylaw is successfully challenged in the Courts.

**CITIZEN/PUBLIC RELATIONS IMPLICATIONS**

Statutory notification will be published in the newspaper and the exemption notification will be forwarded to BC Assessment.

**RESOURCE IMPLICATION**

A thorough review, per policy, was completed earlier this year.

**INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS**

Legislative Services and the Financial Services Department will work together to complete the bylaw and all the statutory requirements.

**SUMMARY**

Council has previously granted permissive tax exemptions to specific organizations or properties within the Town boundary. Staff is requesting the Committee approve the properties to be included in the permissive tax exemption bylaw for the 2020 tax year.

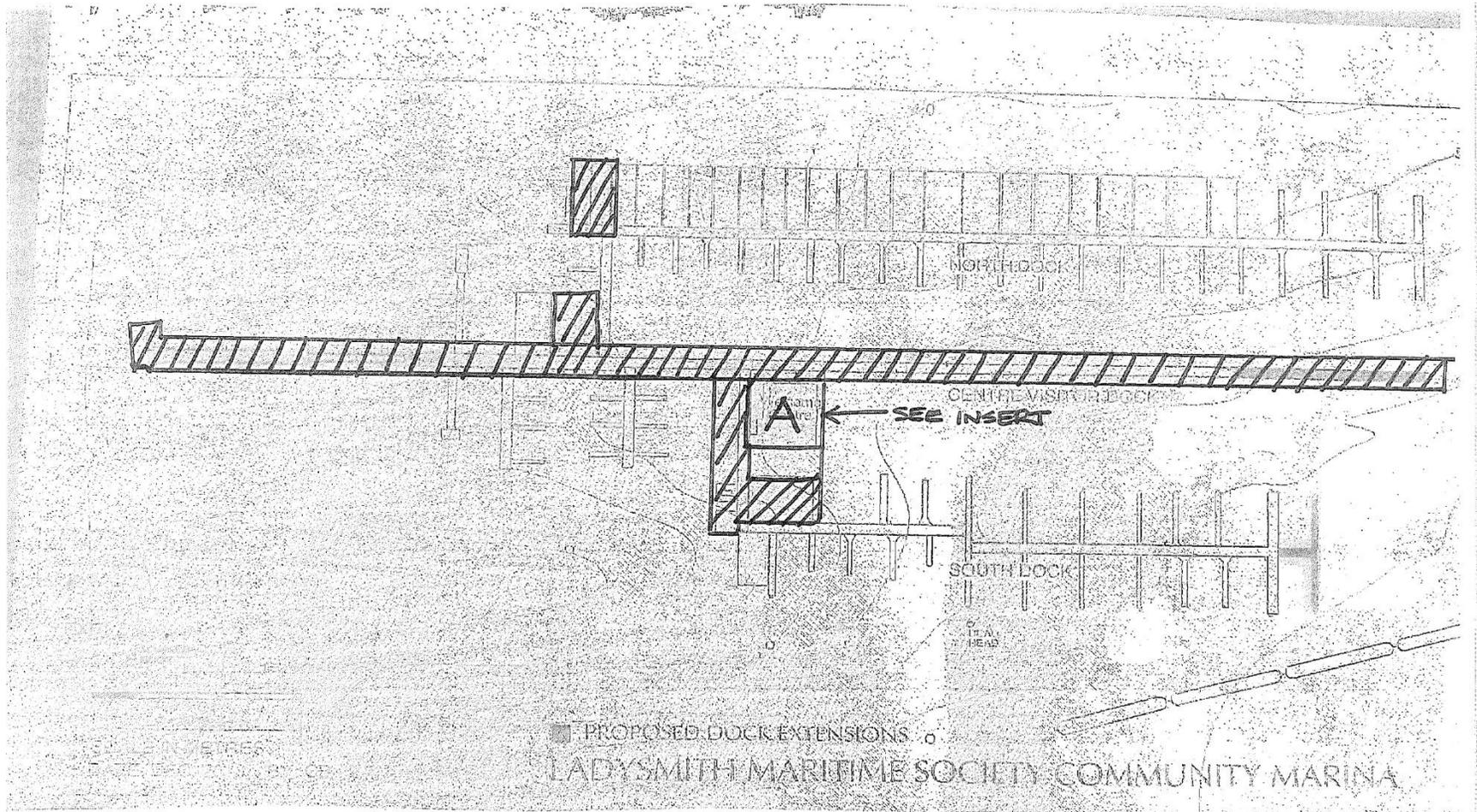
*I approve the report and recommendation(s).*

**Guillermo Ferrero, Chief Administrative Officer**

**ATTACHMENT(S):**

Appendix A - LMS map – new  
05 1970 B Permissive Tax Exemption Policy

Appendix A – LMS Map – new



# TOWN OF LADYSMITH

## POLICIES AND PROCEDURE MANUAL

<b>TOPIC:</b>	<b>PERMISSIVE TAX EXEMPTION POLICY</b>	
<b>APPROVED BY:</b>	<b>Council</b>	<b>DATE:</b> Aug. 7, 2012
<b>RESOLUTION #:</b>	<b>2012-274</b>	
<b>A. PREAMBLE</b>		
<p>The Town of Ladysmith recognizes the significant value of volunteers, volunteer groups and agencies to the spiritual, educational, social, cultural, and physical well-being of the community. A permissive tax exemption is a means for Council to support organizations within the community that further Council's objective to enhance the quality of life while delivering services economically to the citizens of Ladysmith.</p> <p>The Permissive Tax Exemption Policy is intended to:</p> <ul style="list-style-type: none"><li>-Provide clarity, consistency and certainty to the municipality, the public and prospective applicants.</li></ul>		
<b>B. EXTENT, CONDITIONS, AND PENALTIES</b>		
<ol style="list-style-type: none"><li>1. Council may designate only a portion of land/improvements as exempted where the following circumstances exist:<ol style="list-style-type: none"><li>a. A portion of the land/improvements is used by private sector and/or organization not meeting Council's exemption criteria.</li><li>b. The applicant already receives grant in aid from the municipality, provincial or federal government.</li><li>c. The applicant meets all eligibility criteria, however Council may at its discretion grant a partial exemption.</li></ol></li><li>2. Council may impose conditions on the exempted land/improvements with the applicant organization, including but not limited to:<ol style="list-style-type: none"><li>a. Registration of a covenant restricting use of the property</li><li>b. An agreement committing the organization to continue a specific service/program</li><li>c. An agreement committing the organization to have field/facilities open for public use for specific times or a total amount of time</li><li>d. An agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates</li><li>e. An agreement committing the organization to immediately disclose any substantial increase in the organization's revenue or anticipated revenue (i.e. receives large operating grant from senior government)</li></ol></li></ol>		

3. Council may impose penalties on an exempted organization for knowingly breaching conditions of exemption, including but not limited to:
  - a. Revoking exemption with notice
  - b. Disqualifying any future application for exemption for specific time period
  - c. Requiring repayment of monies equal to the foregone tax revenue.

### C. PROCESS

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Council will consider permissive tax exemption applications for 3 years.

Organizations will be required to complete a Comprehensive Application. If the application is approved for the next tax year, the organization will be required to submit a short renewal application every year for the next 2 years. The renewal application is confirmation that ownership and use of property has not changed and will be reviewed and approved before a permissive tax exemption is granted.

Comprehensive Non-Profit applications must have the following information attached before consideration of a 3 year permissive tax exemption:

Copy of last Registered Charity Information Return or Non-Profit Organization Information Return submitted to the CCRA

Copy of most current Audited Financial Statements or Financial Statements prepared by an Accountant.

Financial Budget (pro-forma Balance Sheet and Income Statement) for the current 12 months

Scale Drawing of Property, that includes buildings, parking lots, landscaping, playgrounds, fields, etc.

Copy of Lease Agreement if applicable

Applications with required supporting information must be submitted prior to August 15th of each year to be considered for the next permissive tax exemption year or cycle.

#### Additional Information

Council may request a presentation from applying organization.

The Town of Ladysmith may request additional information.

The Town of Ladysmith reserves the right to review records and/or property to verify information provided in support of application.

Successful applicants may be asked to publicly acknowledge the exemption.

Council may, at its discretion, reject any or all applicants in any given year.

This policy does not apply to permissive tax exemptions for revitalization, riparian, and other special exemption authority.

### Eligibility Criteria

To be eligible for a permissive tax exemption an organization must comply with all of the eligibility criteria outlined below. The application forms and supporting documentation are an integral part of this policy. There is no obligation on the part of Council to grant permissive tax exemptions in any given year.

The applicant(s):

1. qualifies for an exemption under the provisions of the *Community Charter*, general authority for permissive exemptions. (Part 7, Division 7, Section 224).
2. and/or the property owner is in compliance with municipal policies, plans, bylaws, and regulations (i.e. business licensing, zoning).
3. is a Non-Profit Organization.

Tax exemptions will only be granted to organizations that are a Registered Charity or Non-Profit Organization.

The intent of this requirement is to ensure that municipal support is not used to further activities of an organization or individual that, if not for its 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.

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.

4. provides services or programs that are compatible or complementary to those offered by the Town of Ladysmith. 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.

Services provided by an organization should fulfill some basic need, or otherwise improve the quality of life for residents of Ladysmith.

5. principal use of property meets Council's objectives. The "principal use of the property" refers to the use related directly to the principal purpose of the organization owning the property.

Permissive tax exemptions will be based on the principal use of the property, not on the non-profit or charitable services of the organization.

6. will provide benefits and accessibility to the residents for Ladysmith. Specifically, members of the public, within the appropriate age range, are able to join a club or organization and participate in its activities for a nominal rate or fee.

Ladysmith residents must be the primary beneficiaries of the organization's services. The services provided on the property must be accessible to the public. Council may at its discretion provide partial exemptions.

7. that provide liquor and/or meal services as their primary function and/or source of revenue will not be eligible for permissive tax exemption.

Administration

The Financial Services Department will review all applications for completeness and contact the applicant if additional information is necessary.

The Financial Services Department will prepare a summary report of applications and bylaw for presentation to Council the first week of October for approval and adoption prior to October 31st of each year.

A public notice will be placed in the local newspaper of proposed bylaw. The notice will include:

Property subject to bylaw

Description of the proposed exemption

Number of years the exemption will be provided

Estimate of the amount of taxes that would be imposed on the property if it were not exempt for the year of exemption and following 2 years.

Public notice will be in accordance with Section 94 of the *Community Charter*.

Organizations that have been approved for permissive tax exemption will be exempt for up to 3 years.

Late Application

Applications received after the deadline for submission will be held until the next scheduled October presentation to Council that meets the application due date. Applicants may, at that time, request Council to consider a refund of the Municipal portion of taxes paid for the property to be exempted the following year.

\*Council shall consider the granting of a Permissive Tax Exemption in relation to other funding requests by the same organization.



**TOWN OF LADYSMITH**  
PO Box 220  
Ladysmith, B.C. V9G 1A2  
Tel: 250-245-6400 Fax: 250-245-6411

***APPLICATION FOR PERMISSIVE TAX EXEMPTION***

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Instructions

In accordance with the *Community Charter*, the Council of the Town of Ladysmith may approve a tax exemption on properties that are owned or held by organizations that are not for profit. The exemptions must be approved by BYLAW, and the bylaw for the applicable taxation year must be approved by October 31st of the previous year.

Please complete the following application and submit it to the Town on or before August 15th in the year PRIOR to the budget year for which the application is made.

Note that exemptions are granted on an annual basis and approval in one year does not imply or suggest that approval in any year subsequent will occur.

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1. Name of Organization \_\_\_\_\_  
\_\_\_\_\_
2. Date of Application \_\_\_\_\_
3. Taxation Year being applied for \_\_\_\_\_

NOTE: This is a request for an exemption from property taxes for NEXT YEAR.

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Details of Organization

Name of Organization: \_\_\_\_\_  
Address of Organization: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Name of Contact Person: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Incorporation # of Society: \_\_\_\_\_  
Folio Number: \_\_\_\_\_  
Civic Address of Property: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Legal Description of Property: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Financial Information

Please provide a copy of the following:

- Most recent audited financial statements
- Projected statement of receipts and disbursements (budget) for the upcoming year together with comparatives from the previous year.

Property Ownership

Do you plan on selling any portion of the property during 2015 – 2017?

Yes

No

Section E – Other Information

On a separate sheet, please provide the following:

1. Details of efforts made by your organization to work towards self-sufficiency.
2. Details on the current membership of your organization (i.e. number of members, fees/dues paid. etc.
3. Details of specific accomplishments and/or contributions made by your organization that benefit the residents of the Town of Ladysmith.
4. Any other information which you feel Council should consider.

On behalf of \_\_\_\_\_, I/we hereby declare that all the information presented and/or provided with this application is true and correct. Should a permissive tax exemption be granted on the above listed property, I am agreeable to the following terms:

1. If the property is sold prior to the exemption expiration, the organization will remit to the Town an amount equal to the taxes that would have otherwise been payable to the Town by a non-exempt owner.
2. The property use will be in compliance with the applicable municipal policies and bylaws.
3. The organization will publicly acknowledge the permissive tax exemption granted by the Town.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2\_\_\_\_\_.

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory



**TOWN OF LADYSMITH**  
 PO Box 220  
 Ladysmith, B.C. V9G 1A2  
 Tel: 250-245-6400 Fax: 250-245-6411

***RENEWAL APPLICATION FOR PERMISSIVE TAX EXEMPTION***

Details of Organization

Name of Organization: \_\_\_\_\_  
 Address of Organization: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Name of Contact Person: \_\_\_\_\_  
 Telephone Number: \_\_\_\_\_  
 Incorporation # of Society: \_\_\_\_\_  
 Folio Number: \_\_\_\_\_  
 Civic Address of Property: \_\_\_\_\_  
 \_\_\_\_\_  
 Legal Description of Property: \_\_\_\_\_  
 \_\_\_\_\_

Property Ownership

Do you plan on selling any portion of the property during 2015 - 2017?

Yes  No

On behalf of \_\_\_\_\_, I/we hereby declare that all the information presented and/or provided with this application is true and correct. Should a permissive tax exemption be granted on the above listed property, I am agreeable to the following terms:

1. If the property is sold prior to the exemption expiration, the organization will remit to the Town an amount equal to the taxes that would have otherwise been payable to the Town by a non-exempt owner.
2. The property use will be in compliance with the applicable municipal policies and bylaws.
3. The organization will publicly acknowledge the permissive tax exemption granted by the Town.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2\_\_\_\_\_.

\_\_\_\_\_  
 Authorized Signatory

\_\_\_\_\_  
 Authorized Signatory