



Date: 23/04/2018

AGENDA ITEM SUMMARY

To: Chair and Directors, Cariboo Regional District Board

And To: John MacLean, Chief Administrative Officer

From: Scott Reid, Chief Financial Officer

Date of Meeting: Cariboo Regional District Board_May02_2018

File: 1950-01

Short Summary:

Request for Permissive Tax Exemption for Forest Grove Legion

Voting:

Corporate Vote - Unweighted

Memorandum:

The attached letter, received from the Royal Canadian Legion Forest Grove Branch 261, addressed to Director Margo Wagner, dated January 10, 2018, requests a property tax exemption from the Cariboo Regional District for 2019. Similar requests have previously been brought before the Board and subsequently granted in 2011, 2012, 2013, 2014, 2015, 2016 and 2017. Regional Districts are allowed to exempt properties from taxation under Section 391(3) of the Local Government Act as follows:

(3) On or before October 31 in any year, a board may, by bylaw adopted by at least 2/3 of the votes cast, exempt the property described in subsection (4) from taxation under this Part for

- (a) the next calendar year, or
- (b) with the assent of the electors, a specified period not longer than 10 years.

(4) The following property that is in an electoral area may be exempted from taxation under subsection (3):

- (a) land or improvements, or both, owned or held by, or held in trust by the owner for, an athletic or service organization and used principally for public athletic or recreation purposes;
- (b) land or improvements, or both, used or occupied by a church as tenant or licensee for the purpose of public worship or for the purposes of a church hall that the board considers necessary to the church;
- (c) an interest held by a non-profit organization in school buildings that the organization uses or occupies as tenant or licensee of a board of school trustees;
- (d) land that is owned and used exclusively by an agricultural or horticultural society and that is in excess of the area exemption under section 15 (1) (j) of the Taxation (Rural Area) Act;
- (e) an interest held by a francophone education authority in school buildings that the francophone education authority uses or occupies as licensee of a board of school trustees;

- (f) an interest held by a non-profit organization in school buildings that the organization uses or occupies as tenant or licensee of a francophone education authority;
- (g) land or improvements that
- (i) are owned or held by a municipality, regional district or other local authority, and
 - (ii) the board considers are used for a purpose of the local authority.

Taxation exemptions for non-profit societies have typically rested with the BC Assessment Authority. The BC Assessment Authority has evaluated tax exemption criteria and determined that organizations that earn some level of profits from their interests, such as Royal Canadian Legions, do not qualify for a tax exemption. Other local governments have issued permissive tax exemptions to Royal Canadian Legion Branches. In a number of cases, the permissive tax exemption is granted only on the assessed value of the non-business property class assets.

For 2018, the Forest Grove Royal Canadian Legion was granted a permissive tax exemption for all property classes.

The year 2018 assessed values, by property class, are:

Class 6 – Business/Other	\$136,300
Class 8 – Recreational / Non Profit	\$ 17,300

If a permissive exemption is granted by the Cariboo Regional District, BC Assessment will need to review that exemption to ensure that the primary use of the Legion is for the public, and for recreational purposes, rather than by the Legion members or their guests. If the permissive exemption passes that scrutiny, then BC Assessment will apply that exemption in accordance with the Local Government's request pursuant to section 391.

Due to linkages between the Local Government Act, Taxation (Rural Area) Act, School Act, and Hospital District Act, the exemption granted by the CRD and (if) accepted by the BC Assessment Authority, extends to all of the property taxes (rural, school, police, etc.) applied in respect of the exempted property, and no property ad valorem taxes would be payable by the exempted taxpayer.

Until the last few years, the Cariboo Regional District had not granted tax exemptions in the past for a number of reasons, including but not limited to the following:

- Reduction in taxation revenue / reallocation of costs to other taxpayers
- Difficulty ensuring fair and equitable treatment across groups applying for tax exemptions
- Reluctance to adopt policy contrary to the BC Assessment Authority
- Resources required to determine criteria for tax exemption and reviewing applications against criteria in order to grant exemptions
- Resources required to prepare annual bylaws (for annual tax exemptions)
- Resources required to obtain the assent of electors (for multi-year tax exemptions), and
- Resources required to process requests and carry out tax allocation and tax requisition calculations

Attachments:

Letter from the Royal Canadian Legion Branch 261 Forest Grove, dated January 10, 2018

Financial Implications:

No net loss in tax revenue to CRD; exemption amount is distributed to remaining taxpayers.

Policy Implications:

The CRD does not have a policy with respect to the granting of permissive tax exemptions.

Alignment with Strategic Plan:

- ☐ Ensuring Sufficient and Sustainable Funding
- ☐ Building on our Relationships
- ☐ Providing Cost Effective High Quality Services
- ☐ Focusing on Being Well Governed

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CAO Comments:

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Options:

- 1) Receipt only;
- 2) Receipt and authorize staff to draft tax exemption bylaw;
- 3) Receipt and other action such as sending letter of response.

Recommendation:

That the agenda item summary from Scott Reid, Chief Financial Officer, dated April 23 2018, with attached request from the Forest Grove Branch of the Royal Canadian Legion for permissive tax exemption, be received.