



Date: 22/09/2021

To: Chair and Directors, Cariboo Regional District Board

And To: John MacLean, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Cariboo Regional District Board_Oct01_2021

File: BL 5347

Short Summary:

Request for Permissive Tax Exemption for the Forest Grove Legion Branch 261

Voting:

Corporate Vote - Unweighted

Memorandum:

The attached letter, received from the Royal Canadian Legion Forest Grove Branch 261, addressed to Director Margo Wagner, dated September 20, 2021, requests a property tax exemption from the Cariboo Regional District for 2022. Similar requests have previously been brought before the Board and subsequently granted for each of the years 2011 – 2021 inclusive.

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 2021, the Forest Grove Royal Canadian Legion was granted a permissive tax exemption for all property classes.

The Legion's 2021 assessed values, by property class, are:

Class 6 – Business/Other	\$111,300
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.

Pre 2011, the Cariboo Regional District had not granted tax exemptions. There are many valid reasons for not granting a permissive exemption, 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:

Forest Grove Legion Tax Exemption Request Letter, dated September 20, 2021
Bylaw 5347 – Forest Grove Legion Property Tax Exemption Bylaw

Financial Implications:

No financial implications to the CRD as the tax amount exempted will be distributed amongst the remaining taxpayers.

Policy Implications:

The CRD does not have a policy regarding granting of permissive exemptions.

Alignment with Strategic Plan:

- ☐ **Communication:** Facilitate communication strategies throughout the entire Cariboo Regional District that meet the needs of residents, community stakeholders, and other levels of government.
- ☐ **Planning:** Intentionally plan services and activities of the CRD to prepare for future needs of residents and community stakeholders.
- ☐ **Economic Sustainability:** Foster an environment to ensure the economic sustainability of CRD communities and the region.
- ☒ **Governance:** Ensure that CRD governance policy and practices are intentional, transparent, and respectful.

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CAO Comments:

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Options:

1. Endorse the recommendation;
2. Receipt
3. Receipt and other action as determined by the Board

Recommendation:

That the agenda item summary from Kevin Erickson, Chief Financial Officer, dated September 22, 2021, with attached request from the Royal Canadian Legion Branch 261 Forest Grove for a permissive tax exemption, be received. Further, that Bylaw 5347 be brought forward at the October 22, 2021, meeting for three readings and adoption.