

Date: 18/09/2023

To: Chair and Directors, Cariboo Regional District Board

And To: Murray Daly, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Cariboo Regional District Board_Sep28_2023

File: 1950-01

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 16, 2023, requests a property tax exemption from the Cariboo Regional District for 2024. Similar requests have previously been brought before the Board and subsequently granted for each of the years 2011 – 2023 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 2023, the Forest Grove Royal Canadian Legion was granted a permissive tax exemption for all property classes.

The 2023 assessed values are:

Land	\$ 60,600
Buildings	\$ 91,400

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:

September 16, 2023, Request for a Permissive Exemption from the Forest Grove Legion Branch 261

Financial Implications:

No financial implications to the Cariboo Regional District as the tax amount exempted will be distributed among the remaining taxpayers.

Policy Implications:

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

Alignment with Strategic Plan:

- ☐ **Infrastructure and Asset Management:** To establish a systematic, predictable approach to managing the regional district's assets and infrastructure that builds on current asset management data and condition assessments.
- ☐ **Enhanced Communications and Engagement:** To build trust and credibility of the regional district by enhancing our communications and engagement with citizens, stakeholders, and volunteers.
- ☐ **Effective and Responsive Land Use Planning and Development:** To ensure our land use planning and development is responsive to future growth and housing needs, anticipates risks and hazards associated with climate change and provides efficient and consistent processes for landowners and developers.
- ☐ **Relationships with First Nations:** To foster a healthy and inclusive region by building and strengthening our relationships with First Nations and embracing the principles of reconciliation.

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CAO Comments:

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Options:

- 1) Receipt;
- 2) Receipt and authorize staff to draft a tax exemption Bylaw;
- 3) Receipt and other action as determined by the Board.

Recommendation:

That the agenda item summary from Kevin Erickson, Chief Financial Officer dated September 18, 2023, with attached request from the Royal Canadian Legion Branch 261 Forest Grove for a permissive tax exemption, be received.