



To: General Purposes Committee
From: Andrew Nazareth
 Director of Finance
Re: Amendment to Council Policy 3561

Date: September 13, 2004
File:

Staff Recommendation

That Policy 3561 regarding Property Tax Exemptions be amended to:

1. reflect the new legislative references in the Community Charter; and
2. include the appropriate language from the repealed sections of the Local Government Act in order to continue to provide tax exemptions for non-profit organizations that lease municipally owned property

Andrew Nazareth
 Director of Finance
 (4365)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> DW	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Origin

Council Policy 3561 on Property Tax Exemptions was last amended October 94. Since the introduction of the Community Charter, the policy must, once again, be amended to reflect the new references of the Charter.

Analysis

In the existing policy, charitable property tax exemption will be allowed only for properties that meet the requirements of:

1. 341(2)(c): land or improvements not being operated for profit or gain and owned by a charitable or philanthropic organization supported in whole or in part by public funds and used exclusively for charitable or philanthropic purposes; **and** any one of the following:
2. 339(1)(h): a building that was constructed or reconstructed with the assistance of aid granted by the Provincial government after January 1, 1947 but before April 1, 1974 and that is owned and used exclusively without profit by a corporation to provide homes for elderly citizens, together with the land on which the building stands and any area of land surrounding the exempted building that the council may, by bylaw exempt; **or**
3. 341(2)(g): land or improvements owned or held by a person or organization and operated as a private hospital licensed under the Hospital Act or an institution licensed under the Community Care Facility Act; **or**
4. 341(2)(h): land or improvements, in whole or in part, for which a grant has been made, after March 31, 1974, under the Housing Construction (Elderly Citizens) Act;
5. 341(2)(n): the interest in municipal buildings of a non-profit organization specified by the council that the non-profit organization uses or occupies as a licensee or tenant of the municipality.

In order to amend the policy, items 1 thru 4 may be replaced by 224(2)(a), 220(1)(i), 224(2)(j), and 224(2)(k), respectively. Item 5 has been repealed in the Local Government Act and was not replaced with a comparable exemption in the Community Charter.

Properties that currently fall under this exemption are:

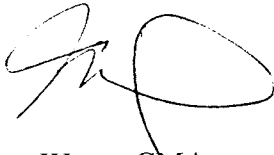
- Kinsmen Club of Richmond 11851 Westminster Hwy
- Richmond Tennis Club 6820 Gilbert Road
- Richmond Lawn Bowling Club 6133 Bowling Green Road
- Richmond Winter Club 5540 Hollybridge Way
- Richmond Rod and Gun Club 7760 River Road
- Navy League of Canada 7411 River Road

Without section 341(2)(n) of the Local Government Act, these City properties are subject to taxes that would have amounted to \$233,902 in 2004. In most cases, lease contracts with tenants did not specify that taxes were the responsibility of the tenant. Until these leases are renegotiated and the responsibility transferred to the tenant, any tax liability on these properties result in additional out-of-pocket expenses for the City.

In order to maintain the tax exempt status of these properties, Council Policy 3561 may be rewritten to exempt municipally owned land that are leased or tenanted by organizations meeting 224(2)(a) of the Community Charter. This change will retain the original intent of the policy, with no additional financial impact to the City.

Conclusion

Council Policy 3561 should be amended to reflect new references in the Community Charter. In addition, the wording of section 341(2)(n) of the Local Government Act is included in the amendment to retain the intent of the original policy.



Ivy Wong, CMA
Revenue Manager
(4046)

IW:iw



POLICY 3561:

It is Council policy that:

Council grants permissive property tax exemptions for churches, private schools, hospitals and charities as stated in sections 220 and 224 of the *Community Charter*.

Commencing with the 2005 tax year, Charitable Property tax exemption will be allowed only for properties which meet the requirements of:

1. Sections 220(1)(i) or 224(2)(j) or 224(2)(k) **and** section 224(2)(a) of the *Community Charter*, or
2. Section 224(2)(a) **and** the interest in municipal buildings of a non-profit organization specified by the council that the non-profit organization uses or occupies as a licensee or tenant of the municipality.

The extent of these exemptions is to be stated in an administrative procedure issued by the Director of Finance.

(Treasury Department)