

# Report

Date June 19, 2024

File:

Subject Revised Permissive Tax Exemption Policy

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## **PURPOSE**

To present two revised draft Permissive Tax Exemption Policies for Council's consideration.

## **BACKGROUND**

At the May 7, 2024, Committee of the Whole meeting, staff presented a first draft of the Permissive Tax Exemption policy and application form for Council's input and consideration. Council made the following resolution after a discussion on the draft policy:

THAT the Committee of the Whole direct staff to revise the Permissive Tax Exemption policy and application form per the direction given at the May 7, 2024 Committee of the Whole meeting.

At the June 11, 2024, Committee of the Whole meeting, staff presented a revised draft of the Permissive Tax Exemption policy and application form based on discussions from the previous Committee of the Whole meeting in May. Council made the following resolutions after discussion on the draft policy:

THAT the Committee of the Whole direct staff to amend section 6.1 [Extent and Conditions] of the draft Permissive Tax Exemption policy to replace the word "will" with "may"; and

THAT the Committee of the Whole direct staff to prepare two draft Permissive Tax Exemption Policies - the first based on the draft presented to the Committee of the Whole on June 11, 2024, and the second to include the suggested changes to section 4.3 [Eligibility Criteria]; and that these be brought back to Council for consideration at the June 19, 2024 meeting.

## **DISCUSSION**

In accordance with Council direction, staff have drafted two Permissive Tax Exemption Policies (PTE) for Council's consideration (Attachments 1 and 2)

Both drafts incorporate subtle adjustments to wording to enhance clarity for applicants, which has been highlighted in both draft policies (Attachment 1 and Attachment 2).

Draft 1 (Attachment 1) has only subtle word adjustments. In contrast, Draft 2 (Attachment 2) has comprehensive word adjustments, and staff have instituted a refined breakdown of eligibility criteria into mandatory and enhanced components, informed by the deliberations during the June 11, 2024, Committee of the Whole meeting.

Staff have endeavoured to communicate to Council the distinctions between legislative requirements and Council's specific needs, as outlined in the table below.

<b>Draft Policy OPTION 1 (Attachment 1)</b>	<b>Draft Policy OPTION 2 (Attachment 2)</b>
* Registration as a Non-Profit society or charitable organization in the Province of British Columbia, Canada	* Registration as a Non-Profit society or charitable organization in the Province of British Columbia, Canada
* Compliance with the requirements of Section 224 of the Community Charter	* Compliance with the requirements of Section 224 of the Community Charter
* Provision of services that are an extension of, or complimentary to, the Municipality's programs and services	* Provision of services that are an extension of, or complimentary to, the Municipality's programs and services
	** The use of the property must be consistent with, and in compliance with, all applicable municipal bylaws, policies, and legislation
	** Membership in the organization and/or use of the property is open to all North Cowichan residents who would be reasonably expected to benefit from the programs and/or services
	** Applicants must not be in arrears with the Municipality of North Cowichan regarding any accounts for taxes, fees or charges
<b>ENHANCED CRITERIA</b>	
** Enhancing community well-being through programs, services, or other contributions	** Enhancing community well-being through programs, services, or other contributions
** Strong commitment to fostering diversity, promoting inclusivity, and/or championing conservation efforts	** Strong commitment to fostering diversity, promoting inclusivity, and/or championing conservation efforts
** Active and ongoing volunteer engagement plays a role in delivering services and supporting the organization's objectives	** Active and ongoing volunteer engagement plays a role in delivering services and supporting the organization's objectives
** Provide programs or services, if applicable, that promote equity in the community	** Provide programs or services, if applicable, that promote equity in the community
** Principal use of the property is service delivery or programs for the direct benefit of the community, if applicable	** Principal use of the property is service delivery or programs for the direct benefit of the community, if applicable
** Membership in the organization and/or use of the property is open to all North Cowichan residents who would be reasonably expected to benefit from the programs and/or services	
** Applicants must not be in arrears with the Municipality of North Cowichan regarding any accounts for taxes, fees or charges	
** The use of the property must be consistent with, and in compliance with, all applicable municipal bylaws, policies, and legislation	

\* **Legislated criteria (Community Charter)**

\*\* **Additional criteria (North Cowichan)**

After reflecting on Council's discussion during the June 11 Committee of the Whole meeting, staff believe that dividing the eligibility criteria into mandatory and enhanced (Draft 2) would benefit both staff and Council. This approach clarifies their respective roles in the application and approval process while providing applicants with clear guidelines on what Council expects in order to be considered for exemption.

## **OPTIONS**

1. **(Recommended Option)** THAT Council approve Draft 2 of the Permissive Tax Exemption Policy as attached to the Director, Financial Services report dated June 19, 2024.
  - Staff can now clearly distinguish between essential requirements (mandatory) and desirable features (enhanced). This clarity streamlines decision-making and resource allocation. Additionally, applicants benefit from transparency, knowing precisely what is expected. This clarity reduces ambiguity and potential misunderstandings.
2. THAT Council approve Draft 1 of the Permissive Tax Exemption Policy as attached to the Director, Financial Services report dated June 19, 2024.
3. THAT Council amend Draft 1 of the Permissive Tax Exemption Policy to:
  - a) [Insert suggested changes]
  - b) [Insert suggested changes]
4. THAT Council amend Draft 2 of the Permissive Tax Exemption Policy to:
  - a) [Insert suggested changes]
  - b) [Insert suggested changes]

## **IMPLICATIONS**

Draft 2 (Attachment 2) of the revised Permissive Tax Exemption Policy reflects the Council's guidance and provides explicit guidelines for organizations seeking tax exemptions. It outlines both mandatory eligibility requirements and enhancements that merit a 100% tax exemption.

After Council approval, staff will promptly distribute the revised policy and application form to existing tax exemption recipients. They will have until the August 1, 2024 deadline to complete the process. Once all applications are received, staff will begin to compile the list of applications to be brought to the September Committee of the Whole meeting for review.

## **RECOMMENDATION**

THAT Council approve Draft 2 of the Permissive Tax Exemption Policy as attached to the Director, Financial Services report dated June 19, 2024.

Report prepared by:

*Teri Vetter*

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Teri Vetter, CPA, CGA  
Director, Financial Services

Report reviewed by:

*Bill Corsan*

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Bill Corsan  
General Manager, Corporate Services

**Approved to be forwarded to Council:**



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Ted Swabey  
Chief Administrative Officer

Attachments:

- (1) Attachment 1 – Draft 1 Permissive Tax Exemption Policy
- (2) Attachment 2 - Draft 2 Permissive Tax Exemption Policy
- (3) Attachment 3 - Permissive Tax Exemption application form
- (4) Attachment 4 – Section 224 – Community Charter