

# Report

Date September 10, 2024  
Subject 2025 Permissive Tax Exemption Applications

File:

## PURPOSE

To provide the Committee of the Whole with the Permissive Tax Exemption applications received for the 2025 assessment roll and to seek direction to prepare a Permissive Tax Exemption Bylaw .

## BACKGROUND

Section 224 of the *Community Charter* provides Council with the authority to exempt, by bylaw, certain land, improvements, or both from municipal property taxes. To be granted an exemption for 2025 and future years, a property must be included in the Permissive Tax Exemption Bylaw, which must be adopted and provided to BC Assessment prior to October 31, 2024.

Last year, during the consideration of permissive tax exemptions for the 2024 tax year, Council recognized the need to update the policy and introduce heightened criteria. A new policy and application form were developed through a workshop and Committee of the Whole meetings. This revised policy and application form (Attachment 1), adopted on June 19, 2024, reflects Council's direction and requires organizations to demonstrate how they meet the established criteria within the policy.

The new policy and application form was emailed to all current exemption recipients on June 25, 2024, with a submission deadline of August 1, 2024. Staff sent reminder emails to applicants who had not yet submitted their applications, emphasizing the August 1, 2024 end-of-day deadline. Additionally, a week after the deadline, staff followed up with previous exemption recipients via telephone and email to ensure they were aware of the requirement. Below is a list of organizations that submitted their applications past the deadline, along with the dates their applications were received:

<u>Applicant Name</u>	<u>Received Date</u>
BC Forest Museum Society	August 2, 2024
Westholme School Society	August 2, 2024
The Duncan Curling Club	August 7, 2024
Somenos Community Association	August 13, 2024
Vancouver Island Sikh Cultural Society	August 23, 2024
The Sword Ministries Society	September 4, 2024

The current Permissive Tax Exemption Bylaw, which expires in 2024, provided exemptions to 150 properties with a total value of \$626,547 of foregone tax revenue. Section 4.2 of the revised policy states "At the time the bylaw is approved, the estimated aggregate value of permissive tax exemptions will not surpass 2% of the current year's total budgeted property tax levy". Two percent of the 2024 property tax levy is equal to \$766,618.

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## **DISCUSSION**

North Cowichan has received 65 applications, encompassing a total of 156 properties, for consideration of permissive tax exemptions. These exemptions span from 2025 to 2034 for Places of Worship and from 2025 to 2027 for all other organizations. Of these 65 applications, 64 have previously been granted exemptions by Council through bylaw. The only new applicant is the Cowichan Valley Church of God in Christ, formerly the Christian Science Church, which has received exemptions in prior years.

The applications have been categorized similarly to the Grant-in-Aid process for ease of discussion and review. The total foregone revenue is calculated based on the 2024 revised assessment and the 2024 municipal tax rates. However, it's important to note that the actual value of the exemptions for the 2025 tax year and beyond remains uncertain. The bylaw must be submitted to BC Assessment by October 31, 2024; consequently, the final exemption values may exceed the anticipated 2% cap.

### **Places of Worship**

The Municipality received 15 applications related to Places of Worship, which are summarized in Attachment 2. As mentioned above, all Places of Worship have received a previous tax exemption aside from the Cowichan Valley Church of God in Christ, formerly the Christian Science Church. If Council granted 100% exemption for all land and improvements not statutorily exempt, the total foregone revenue would be \$90,416 based on 2024 assessment and tax rates.

### **Environmental / Greenspace**

The Municipality received nine applications related to environmental or greenspace, which are summarized in Attachment 3. All nine environmental or greenspace organizations have been granted prior exemptions from Council. If Council granted 100% exemption for all land and improvement requests, the total foregone revenue would be \$221,449 based on 2024 assessment and tax rates.

### **Recreation & Culture**

The Municipality received 18 applications related to recreation and culture, which are summarized in Attachment 4. All 18 of the organizations have been granted prior exemptions from Council. If Council granted 100% exemption for all land and improvement requests (50% of Class 8 to Mount Brenton Golf Course and Maple Bay Yacht Club), the total foregone revenue would be \$184,166 based on 2024 assessment and tax rates.

### **Community Organizations**

The Municipality received 23 applications related to community organizations, which are summarized in Attachment 5. All 23 of the organizations have been granted prior exemptions from Council. If Council granted 100% exemption for all land and improvement requests, the total foregone revenue would be \$152,526 based on 2024 assessment and tax rates. The total on Attachment 5 shows \$357,313. However, this amount includes a tax exemption for the new RCMP Detachment located at 6454 Ford Road, which accounts for \$204,787.

## OPTIONS

1. **(Recommended Option)** THAT the Committee of the Whole direct staff to draft a Permissive Tax Exemption Bylaw:
  - a. for 100% exemption on all land and improvements for all Places of Worship listed in Attachment 2 for 2025 to 2034;
  - b. for 100% exemption on all land and improvements for all environmental or greenspace organizations listed in Attachment 3 for 2025 to 2027;
  - c. for 100% exemption on all land and improvements for all recreation and cultural organizations listed in Attachment 4 for 2025 to 2027, excluding Maple Bay Yacht Club and Mount Brenton Golf Course, who will receive a 50% exemption of Class 8; and,
  - d. for 100% exemption on all land and improvements for all community organizations listed in Attachment 5 for 2025 to 2027.
  - Reducing expenses by providing permissive tax exemptions to these organizations allows the funds to be used to deliver services that provide community good for North Cowichan's residents and businesses.
  - Organizations granted a permissive tax exemption from North Cowichan will also receive exemptions from all other property taxes, including those for schools, hospitals, and the Regional District. Typically, the municipal portion of the exemption accounts for nearly half of the total property tax amount.
  
2. THAT the Committee of the Whole direct staff to include the following exemptions in a Permissive Tax Exemption Bylaw:
  - (1) *(Council to identify each property and percentage of tax exemption for land and/or improvements)*

## IMPLICATIONS

By granting permissive tax exemptions, the financial responsibility for the municipal portion and other local government taxes will be redistributed among the remaining taxpayers.

If Council elects to grant full exemptions to all applicants (50% to Maple Bay Yacht Club and Mount Brenton Golf Course), the total foregone revenue, excluding the RCMP Detachment, would be approximately \$649,000, which is well within the 2% cap of property tax revenue.

## RECOMMENDATION

THAT the Committee of the Whole direct staff to draft a Permissive Tax Exemption Bylaw, which includes:

- (1) 100% exemption on all land and/or improvements for the following Places of Worship for 2025 to 2034:
  - a) Anglican Synod Diocese of BC (St. Michael's and All Angels Anglican Church);
  - b) Anglican Synod Diocese of BC (St. Peter's Anglican Church);
  - c) BC Corporation of the Seventh-Day Adventist Church;
  - d) Canadian Baptists of Western Canada (Calvary Baptist Church Society);

- e) Cowichan Valley Church of God in Christ;
- f) Cowichan Valley Church of the Nazarene;
- g) New Life Community Baptist Church;
- h) St. Peter's Crescent Society;
- i) The Church of Jesus Christ of Latter-day Saints;
- j) The Oasis Church Society;
- k) The Pentecostal Assemblies of Canada (Chemainus Tabernacle);
- l) The Trustees of the Chemainus/Crofton Pastoral Charge of the United Church;
- m) Trinity Evangelical Lutheran Church;
- n) Vancouver Island Sikh Cultural Society; and,
- o) Vancouver Island Vipassana Association.

(2) 100% exemption on all land and/or improvements for the following environmental or greenspace organizations for 2025 to 2027:

- a) Cowichan Agricultural Society & Farmers Institute;
- b) Cowichan Community Land Trust;
- c) Cowichan Green Community;
- d) Ducks Unlimited;
- e) Freshwater Fisheries Society of B.C.;
- f) Island Corridor Foundation;
- g) Nature Conservancy of Canada;
- h) Nature Trust of BC; and,
- i) Vancouver Island Providence Community Association.

(3) 100% exemption on all land and/or improvements for the following recreation and cultural organizations for 2025 to 2027, excluding Maple Bay Yacht Club and Mount Brenton Golf Course, who will receive a 50% exemption of Class 8:

- a) 744 (Cowichan) Squadron Admin Society – Air Cadets;
- b) BC Forest Museum Society;
- c) Camp Qwanoes;
- d) Chemainus Rod & Gun Club;
- e) Chemainus Theatre Festival Society;
- f) Chemainus Valley Historical;
- g) Chesterfield Sports Society;
- h) Cowichan Exhibition;
- i) Cowichan Rugby Club;
- j) Cowichan Valley Arts Council;
- k) Cowichan Valley Soccer Association;
- l) Crofton Old School Museum Society;
- m) Duncan Curling Club;
- n) Duncan Dynamics Gymnastics Club;
- o) Friends of Cowichan Cadets Society;
- p) Maple Bay Rowing Club;
- q) Maple Bay Yacht Club; and,
- r) Mount Brenton Golf Course Ltd.

(4) 100% exemption on all land and/or improvements for the following community organizations for 2025 to 2027:

- a) Abbeyfield Houses Society of Duncan;
- b) B.C. S.P.C.A.;
- c) Canadian Red Cross;
- d) The Royal Canadian Legion, Chemainus (Pacific No. 191);
- e) Chemainus Health Care Auxiliary;
- f) Chemainus Seniors Drop-In Centre Society;
- g) Clements Centre Society;
- h) Cowichan District Hospital Foundation;
- i) Cowichan Valley Hospice Society;
- j) Cowichan Neighbourhood House Association;
- k) Cowichan Valley Basket Society;
- l) Crofton Community Centre Society;
- m) District of North Cowichan (RCMP Detachment);
- n) Crofton Seniors Society;
- o) Duncan Community Lodge Society;
- p) Duncan-Cowichan Chamber of Commerce;
- q) Harbour View Housing Society;
- r) Chemainus Rotary Club;
- s) Somenos Community Association;
- t) Steeples Housing Society;
- u) The Sword Ministries Society;
- v) Vimy Community Club; and,
- w) Westholme School Society.

Report prepared by:



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Report reviewed by:



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Bill Corsan  
General Manager, Corporate Services and  
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**Approved to be forwarded to Council:**



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Ted Swabey  
Chief Administrative Officer

Attachments:

- (1) Attachment 1 – Permissive Tax Exemption Policy and Application
- (2) Attachment 2 – Places of Worship Summary
- (3) Attachment 3 – Environmental or Greenspace Summary
- (4) Attachment 4 – Recreation and Culture Summary
- (5) Attachment 5 – Community Organization Summary