

Category: Finance

Subject: Permissive Tax Exemption Policy

1.0 Purpose

The goal is to provide clarity, consistency and certainty to the municipality, the public and the prospective applicants in the requirements and evaluations of applications for exemption from property taxes pursuant to Section 224 of the *Community Charter*.

2.0 Scope

Section 224 of the *Community Charter* provides for permissive tax exemptions for properties used by a variety of non-profit organizations or properties that Council considers are used for a purpose directly related to the purposes of the organization. It also provides for permissive exemptions for some properties which are additional to statutory exemptions under Section 220, such as church halls or ancillary land surrounding places for public worship or privately run schools.

Exemptions provided for in Section 224 are established by Council bylaw at the absolute discretion of Council. While an organization must comply with all eligibility requirements, there is no obligation on the part of Council to grant permissive tax exemptions in any given year.

Exemptions cannot be granted if the organization does not qualify under the *Community Charter*.

The intent of this policy and associated evaluation categories and guidelines is to identify the services and organizations which are the most complementary extensions of municipal services, and for which the burden resulting from the exemption is a justifiable expense to the taxpayers of Penticton. Support will be directed towards services the City would consider providing given adequate resources.

3.0 Policy Statement

The Permissive Tax Exemption Policy outlines the application process, timeline, and evaluation criteria for qualifying non-profit organizations to be granted property tax exemptions provided for in Section 224 of the *Community Charter*. Applicants must adhere to the policy in order to be considered for exemption in any given year. Appointed staff within the Finance Department must follow the evaluation criteria detailed in the policy for all applicants and fairly present the non-profit organizations to Council for consideration. All approved applicants will be included in the annual bylaw, which is approved by Council and then submitted to BC Assessment to apply the permissive tax exemptions in the following tax year.

4.0 Policy

- 4.1** Applications for permissive tax exemption will only be accepted during the annual advertised application period and using the prescribed application method and form in order to ensure reasonable consideration and opportunity for all applicants.
- 4.2** Council will consider applications for permissive tax exemption of up to ten (10) years from Non-Profit housing providers that meet the criteria of “Non-Market Rental Housing” and “Special Needs and Supportive Housing” evaluation categories. The City will administer these exemptions on a ten (10) year cycle. Approved applicants will be exempt for the number of years remaining in the cycle and will need to submit an annual declaration each year. At the end of the 10-year cycle, all qualifying organizations must complete an application to be considered for the next 10-year cycle.

Example – 10-year cycle for Non-Profit housing providers:

Application Period	Number of Years Exempt	Application Due Date
2026-2035	10 Years	July 31, 2025
2027-2035	9 Years	July 31, 2026
2028-2035	8 Years	July 31, 2027
2029-2035	7 Years	July 31, 2028
2030-2035	6 Years	July 31, 2029
2031-2035	5 Years	July 31, 2030
2032-2035	4 Years	July 31, 2031
2033-2035	3 Years	July 31, 2032
2034-2035	2 Years	July 31, 2033
2035	1 Year	July 31, 2034

Applications for permissive tax exemption from other Non-Profit organization categories will be considered annually. Approved applicants will be exempt for one (1) year and must re-apply the following year.

In all circumstances, it is the organization’s responsibility to notify the City of Penticton of any changes in property ownership and/or use of the property.

- 4.3** The following information will be considered when determining whether to grant a permissive tax exemption:
- a) The principal use of the property, including the services offered
 - b) The need for the services
 - c) The availability of the services
 - d) Other funding sources
 - e) The use of volunteers to deliver services
- 4.4** A permissive tax exemption may be granted when:

- a) The organization is able to demonstrate a need for its services
- b) The organization has made an effort to obtain other funding sources for provision of services
- c) The organization does make use of volunteers to provide services

- 4.5** Exemptions are based on the principal use of the property, not on the charitable service of the organization as a whole.
- 4.6** Exemptions can only be granted to the portion of a property that meets all the requirements of this policy. The exemption may apply to the whole or part of the taxable assessed value of land, improvements, or both.
- 4.7** Only that part of the property used for non-profit activities will be considered for exemption. Commercial activities will be excluded. For clarity, society administration is considered part of the non-profit organization's program delivery.
- 4.8** Applicants must show evidence of a clear mandate and competent administration.
- 4.9** Applicants must not be in arrears with the City in regard to any accounts for taxes, fees or charges.
- 4.10** The use of the property must be consistent with and in compliance with all applicable municipal policies, bylaws and legislation.
- 4.11** The organization must justify the need for the services and may be required to make a presentation to Council.
- 4.12** The organization must be seen to be working towards self-sufficiency by seeking funding from other sources.
- 4.13** The organization may be required to show evidence of ongoing, active volunteer involvement.
- 4.14** Services and activities should be equally available to all residents of the City, and benefit primarily residents of the City.
- 4.15** Each year, new property applications and applications with significant changes will be highlighted at the time of the annual bylaw presentation in order to demonstrate the additional benefits of services being provided for in the community. Council will have the opportunity to deny the addition of any new or changed properties whose services do not align with the current community priorities or needs.

5.0 Evaluation Categories

All applications must meet the description of at least one of the categories below, and self-declare their primary category as part of the application:

Non-Profit Housing Providers:

Non-Market Rental Housing: housing with rents equal to, or lower than, average rates in the private market.

Special Needs and Supportive Housing: short term emergency or crisis protection for members of the community, supportive housing for people with special needs, halfway houses, transitional homes and group homes with supportive staff and programs.

Other Non-Profit Organizations:

Health, Safety and Social Service properties: support services and programs to assist maximizing the health, safety, and quality of life of members of the community.

Arts, Cultural and Heritage facilities: preparation and delivery of artistic, cultural or historical events, exhibits, or education to the public.

Parks, Recreation and Sports facilities: provide space and equipment for the physical and mental enjoyment of the participants.

Places of Worship, Private Schools and Hospitals ancillary properties: must be recognized by BC Assessment as operating in one of these capacities as well as be able to provide supporting documentation to that effect.

6.0 Application and Exemption Cycle

6.1 Applications: The annual application period will be during the Spring months of each year in order to apply to the following tax year. Each year in advance of the application period the dates will be advertised in the local newspaper, as well as notice made to prior year applicants if possible.

- a) **Long Form Application:** form to be used for first time applications by other non-profit organizations on a property, or if a property has had significant changes in use, applicant, or physical changes to the site since the prior year application.
- b) **Short Form Application:** form to be used for previously approved properties of other non-profit organizations where the prior year exempted properties had no significant changes in use, applicant, or physical changes to the site.
- c) **Non-Profit Housing Application:** form to be used for properties that provide “Non-Market Rental Housing” and “Special Needs and Supportive Housing” requesting to be approved for up to 10 years.
- d) **Non-Profit Housing Annual Declaration:** form to be used during the 10-year cycle by approved non-profit housing applicants for the annual declaration stating that the use of the property remains the same as the original application.

6.2 Evaluations and Bylaw Preparation: The annual evaluation period will be during the Summer months of each year for the following tax year. During the evaluation time period applicants may be contacted for additional information as needed or to appear before Council to make a presentation.

- 6.3 Bylaw Review and Adoption:** The Permissive Tax Exemption Bylaw, or amendments to the Permissive Tax Exemption Bylaw, must be adopted and submitted to BC Assessment prior to the end of October in order to apply for the following tax year in order for the exemptions to take effect. Proposed bylaw or bylaw amendment and the dates Council will deliberate will be advertised in accordance to the *Community Charter* Section 227.

Related Policies and Legislation

Community Charter

Approval History	
Replaces: Permissive Tax Exemption Policy Res 141/2020 May 19, 2020	
Approved by Council on: April 22, 2025	Resolution No.: 110/2025

Certified Correct:



Angie Collison, Corporate Officer