

# CITY OF TERRACE POLICY NO. 79-R



## TITLE: PERMISSIVE TAX EXEMPTIONS FOR NOT-FOR-PROFIT ORGANIZATIONS

APPROVED: October 9, 2001

RESOLUTION NO.: 382-2001

REVISED: June 10, 2024

RESOLUTION NO.: 189-2019

### PREAMBLE:

The City of Terrace recognizes the value of not-for-profit community groups that provide services that enhance the overall health and well-being, and quality of life of our residents.

Permissive tax exemptions are one way for Council to provide some level of support for eligible not-for-profit groups.

Section 224 of the *Community Charter* gives Council the authority to grant permissive tax exemptions for properties used by various not-for-profit organizations that provide services that align with the purposes of the organization.

The goal is to provide support for not-for-profits that provide services or programs that are the most complementary to those offered by the City of Terrace, as a more cost-effective way of delivering enhanced services to the community.

A permissive tax exemption granted to a not-for-profit group means that those taxes are then covered by the remainder of the municipal tax payers. The service provided by the not-for-profit and the need for the tax exemption must be a justifiable burden on other tax payers.

Permissive tax exemptions at the discretion of Council and there is no obligation to provide an exemption; and exemptions cannot be granted if the organization does not qualify under the *Community Charter*.

The purpose of this policy is to provide clarity to the municipality, the public and applicants in regards to permissive tax exemptions.

**POLICY:**

1. **Process**

- a. Council will consider applications for permissive tax exemptions in an annual intake.
- b. The opportunity to apply will be advertised annually in the local newspaper, posted on the City's website at [www.terrace.ca](http://www.terrace.ca) and advertised on social media one month prior to the deadline.
- c. Applications must be submitted **on or before June 30<sup>th</sup>** of each year to the Director of Finance using the City's application form (attached as Appendix A). The Director of Finance or designate will review the applications and contact applicants if there is any missing information.
- d. The permissive tax exemption process will follow the 4-year Council cycle. Once an eligible organization has been granted an exemption it will be valid to the end of that 4-year cycle. All exemptions are to be reviewed by Administration each year to ensure that, based on the most current available information, they continue to be qualified for the exemption.
- e. Letters will be sent out to current tax exemption recipients to notify them when the 4-year cycle is ending and they need to re-apply.
- f. Applications approved mid-cycle will be harmonized with the current tax exemption cycle (i.e. if received in year two of the cycle the exemption will only be valid until the end of the current cycle).
- g. Applications received after the deadline will not be considered for an exemption in the current year but, provided they are eligible, will be put forward to the following annual intake for consideration.
- h. Public worship applicants do not require an application to be considered for a permissive exemption and staff will confirm continued eligibility.

2. **Eligibility Criteria**

- a. The applicant must be a registered charitable, philanthropic or other not-for-profit corporation.
- b. The property/facility being considered for the exemption must be owned or leased by the applicant with a lease agreement in place indicating that the not-for-profit is responsible for paying the property taxes.
- c. The use of the property/facility must be dedicated to the enhancement of community services that support the spiritual, social, cultural, and physical

well-being of City of Terrace residents.

- d. Exemptions are based on the principal use of the property, not on the charitable service of the organization as a whole.
- e. The services/programs provided by the not-for-profit must provide a benefit to the broader community and should be available to the general public.

In addition to the above criteria, not-for-profit organizations whose operations fall into the housing continuum must also meet the following eligibility criteria:

- f. The property/facility must be used to provide short-term stay, non-rental housing such as emergency shelters or transitional housing with the provision of support services.

Applications will NOT be considered for the following circumstances:

- g. Properties that are being utilized for a for-profit commercial enterprise. If only a portion of the property is being used in this way, eligibility for a permissive tax exemption will be reduced proportionately.
- h. Properties offering services/programs by the not-for-profit that are in direct competition with privately-owned facilities providing a similar service (i.e. daycare, group homes). If only a portion of the property is being used in this way eligibility for a permissive tax exemption will be reduced proportionately.
- i. The property/facility is being used to provide rental housing, except for short-term housing units as described above.
- j. Vacant land or buildings without an Occupancy Permit.

3. **Evaluation Categories**

All applications must meet the description of at least one of the following categories:

- a. **Supportive housing properties:** short-term stay, emergency or crisis protection, or transitional housing for members of the community with the provision of support services.
- b. **Community support programs:** support services and programs to members of the community with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life.
- c. **Arts and cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.

- d. **Complementary extensions to municipal services and programs:** support services that are compatible with, or are complementary to, those offered by the municipality. The services provided fulfill some basic need, or otherwise improve the quality of life for the local residents.
- e. **Athletic or recreational facilities:** provide space and equipment for the physical and mental enjoyment of the participants.
- f. **Places of worship:**
  - i. Facilities for public worship occupied by a religious organization as a tenant;
  - ii. Land surrounding places for public worship; church halls and land surrounding them or other property attached and deemed necessary.

4. **Funding**

- a. Council will determine a fixed total amount (funding cap) of revenue to be foregone by permissive tax exemptions for not-for-profit organizations and places for public worship for a four-year period, to coincide with the four-year application cycle. The funding cap will be based on the municipal-only portion of the tax exemptions and will increase by the same percentage as the general property tax increase set by Council.
- b. If the total of non-for-profit and public worship applications exceeds the established funding cap, including any new qualifying applicants, all groups will receive a reduced fixed percentage exemption of their total property assessment for the four-year period.

DATE: *JUNE 11, 2024*

CORPORATE OFFICER: *[Signature]*