



**THE CORPORATION OF THE CITY OF VERNON**  
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## Corporate Policy Manual

Section:	Corporate Services	
Sub-Section:		
Title:	Tax Exemptions – Permissive	

### RELATED POLICIES

Number	Title

### APPROVALS

POLICY APPROVAL:	AMENDMENT APPROVAL:	SECTION AMENDED
Approved by:  <i>“Sean Harvey”</i> Mayor  Date: September 2001	Amendment Approved by:  <i>“Jim MacGillivray”</i> Mayor  Date: October 11, 2005	Addition of #10 under Procedures/Process.
	Amendment Approved by:  <i>“Rob Sawatzky”</i> Mayor  Date: July 15, 2013	Removal of reference to Permissive Tax Exemption - Application Form  Include exemption rates, review intake dates, develop long and short form applications.
	Amendment Approved by:  <i>“Akbal Mund”</i>	Intake period was revised to June 1 to July 15 each year.

	Mayor  Date: April 23, 2018	'Churches and Places of Worship' was added to Category section.  Updated subsections 1, 3 to 7, 9 and 13.  Classification was eliminated from Policy
	Amendment Approved by:  <i>"Victor Cumming"</i> Mayor  Date: September 14, 2020	Adding percentages to Social Service services, Cultural and Educational services and Recreational services to the definitions.

**POLICY**

The City of Vernon recognizes the significant value of volunteers and volunteer groups and agencies to the social, spiritual, cultural, educational and physical well-being of the community. A permissive tax exemption is a means for Council to support organizations within the community and deems it appropriate that they be assisted through reductions in property taxation.

A permissive tax exemption applies to taxation for the City of Vernon, Okanagan Regional Library, Provincial of BC Schools, North Okanagan Columbia-Shuswap Regional Hospital District, Regional District of North Okanagan, Municipal Finance Authority and BC Assessment. Tax exemptions are not applied to charges for local service areas.

**DEFINITIONS**

Social service facilities: Properties used by eligible Societies primarily for the provision of support services to members of the community with a range of needs; and for administrative and fund-raising activities in support of those services. Exemptions can be granted up to 100%.

Cultural and Educational Facilities: Properties used by eligible Societies primarily for the preparation and delivery of cultural and educational programs and events available to the public; and for fund-raising in support of those activities. Exemptions can be granted up to 75%.

Recreational facilities:	Properties used by eligible Societies primarily for the provision of space and equipment for the physical and mental enjoyment of the participants, with or without spectators. Exemptions can be granted up to 50%.
Primary activity:	At least 75% of an eligible Society's activity is in that area.
Phase-in:	A three-year phase-in period will be used for any new applicants with the amount of eligible tax exemption increasing by one-third each year.
Intake Period:	Applications for permissive tax exemption must be complete and submitted to the Financial Services Division between the dates of June 1 to July 15 each year (or the next business day if July 15 falls on a weekend or statutory holiday).
Manses:	A clergy house and land occupied by, or formerly occupied by, a minister or parson.
NOTE:	This policy does NOT apply to exemptions for heritage, riparian, industrial, business or airport properties.
NOTE:	Exemption Percentages are set annually by Council as part of their Financial Planning Process. Rates are not guaranteed to remain static over time.

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### **PLACES OF WORSHIP:**

Where the church property is owned by, or on behalf of a recognized church, the land surrounding the church building may be exempted to a maximum of seven (7) times the area of the church building. Manses, including land equivalent to a normal sized City lot, are not exempt from taxation.

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### **ALL OTHER NON-PROFIT ORGANIZATIONS:**

#### **ELIGIBILITY CRITERIA**

Eligibility for exemption should be based on the principal use of the property. The criteria below form the principal intent of this policy. There is no obligation on the part of Council to grant permissive tax exemptions in any given year. To be eligible for a permissive tax exemption an organization must comply with all of the eligibility criteria outlined below.

- A. Is the registered owner of the property, or a tenant under a lease requiring it to pay property taxes directly to the City.
- B. Is a British Columbia registered non-profit Society.
- C. Uses the property primarily for a purpose covered by Section 224 of the *Community Charter* (other incidental uses would not disqualify the applicant, but if substantial, will reduce the percentage of exemption).
- D. Primarily serves the residents of Greater Vernon.
- E. Has its membership to the Society open to any resident of Greater Vernon.
- F. Provides a service supporting the social, spiritual, cultural, educational or physical well-being of the community.
- G. Provides a copy of its most recent certified financial statements to the City.
- H. Provides a budget for the current year; not to establish “need”, but to demonstrate sound financial management.
- I. Provides a copy of the lease agreement, if applicable.

The application for Permissive Tax Exemption is submitted within the *Intake Period*. Applications will NOT be considered for organizations that:

1. Request exemption on a parcel that is used exclusively for parking, unless it is in direct relationship to the organization’s principal use.
2. New Applicants: A property under construction will not be considered for permissive tax exemption until construction is complete and an Occupancy Permit is issued. Occupancy must be issued by the City of Vernon prior to July 15 to be considered for a permissive tax exemption in the next calendar year.

## **CATEGORIES**

Applications will be sorted into categories as follows:

- (a) Churches and Places of Worship
- (b) Social service facilities
- (c) Cultural and educational facilities
- (d) Recreational facilities.

## PROCEDURES/PROCESS

1. The opportunity to apply for a permissive tax exemption will be advertised in the local newspaper once before and once during the application intake period.
2. Applications for exemption must be made annually by each organization.
3. All applicants will complete in full a Comprehensive application in 2018 and will be required to complete a Renewal application every year thereafter until 2023. The renewal application is confirmation that ownership and use of property has not changed and will be reviewed and approved before a permissive tax exemption is granted.
4. **New Applicants** after the 2018 intake period, will be required to submit in full the Comprehensive application. If granted tax exemption, the completion of a Renewal application will be required every year thereafter until 2023.
5. Applications with required supporting information **must be submitted prior to the July 15 deadline** of each year to be considered for the next permissive tax exemption year or cycle.

6. It is the organization's responsibility to notify the City of Vernon of any changes in property ownership and/or use of the property.
7. All applications forwarded to Council for approval must meet all the eligibility criteria.
8. Based on budgetary considerations, Council will annually determine the percentage of exemption afforded to each category.
9. New applications will have a three-year phase-in period with the amount of eligible tax exemption increasing by one-third each year.
10. Applicants who have had a change in use which results in a category re-allocation will have the exemption change phased-in if it is significant.
11. Council must adopt the tax exemption bylaw for the following year by October 31<sup>st</sup> of the current year.
12. All properties granted an exemption under this bylaw shall be exempted from property taxation to the extent granted in the bylaw unless not permitted by legislation.
13. Incomplete applications will not be considered.

**LATE APPLICATIONS:**

Applications received after the deadline will not be considered.

**ADDITIONAL INFORMATION:**

1. Council may request a presentation from the applying organization.
2. The City of Vernon may request additional information.
3. The City of Vernon reserves the right to review records and/or property to verify information provided in support of the application.
4. Successful applicants may be asked to publicly acknowledge the exemption.
5. Council may, at its discretion, reject any or all applications brought forward for consideration in any given year.