

# CITY OF TERRACE POLICY NO. 79



**TITLE: TAX EXEMPTIONS FOR NON-PROFIT ORGANIZATIONS**

**APPROVED: October 9, 2001**

**RESOLUTION NO.: 382-2001**

**REVISED:**

**RESOLUTION NO.:**

## **PREAMBLE:**

The City provides tax exemptions to community organizations in order that the City may achieve its objectives for the provision of community services and facilities. In broad terms the City's purpose is to provide tax exemptions to not-for-profit organizations that will contribute to the attainment of the City's objectives, where such financial assistance is demonstrated to be needed and within the City's fiscal capacity, and to be, on balance, the most effective method of achieving the respective objectives.

This Policy sets out the principles that are to be applied to tax exemptions from property tax pursuant to Sections 339-341 of the Local Government Act.

## **POLICY:**

### **1. Summary**

- a. Exemptions under Section 341 are permissive. There is no obligation to give the exemption, and these cannot be granted by Council if the owner does not qualify under the Local Government Act.
- b. Section 341 requires that the exemption be granted by bylaw, adopted by 2/3 of Council, prior to October 31<sup>st</sup> of the year preceding the year of exemption.
- c. All exemptions are to be reviewed by the Administration each year to ensure that, based on the most current available information, they continue to be qualified for the exemption and a report will be forwarded to Council.

1. **Summary (Cont'd)**

- d. Application for tax exemptions should be referred to Council as soon as the August 31<sup>st</sup> deadline has passed so that Council may have adequate time to consider the exemption. When such exemptions are referred to Council, the application should be accompanied by an estimate of the value of the exemption, along with all the required documents from the applicant as noted.
- e. The value of tax exemptions should be taken into consideration when the annual grants to organizations are considered, recognizing that each tax exemption is similar in effect to a cash grant.

2. **General Conditions**

- a. An exemption shall only be granted where the organization can show a financial need for the exemption. Determination of financial need would involve showing that lack of tax exemption would seriously impair services to the community at large or would impose significant hardship on the users of the facilities (such as user fees which would be substantially higher than those charged for other activities involving similar levels of supervision, instruction or capital investment).
- b. The purpose of the use to be exempted must be dedicated to the fitness development, health, and/or recreational and cultural needs of the community.
- c. The facility must be accessible by the public, but this is not to be taken as preventing:
  - i. the imposition of admission fees or membership fees, provided that membership is available to any member of the community, without limitation as to numbers, and provided that admission is available to any member of the community (subject to limitations of the facility's capacity); and
  - ii. the granting of preferential rates or times of use for members as opposed to non-members.
- d. The activities carried out on the land or in the facility must be of a type available to the general public.
- e. The operators must be able to demonstrate that they actively seek to involve the general public in the facility's use.
- f. The facility must not be operated for profit.

2. **General Conditions (Cont'd.)**

- g. The group must be a non-profit registered society. It must be apolitical, and non-restrictive in its membership, executive and event participation.
- h. Where a facility competes directly with privately owned facilities providing a similar service, Council may exempt only a portion of the assessed value of the land and/or improvements.
- i. Where the facility contains service areas such as food services, licensed premises, retail facilities or concession stands operated either by the owner or tenants, the proportion of the assessed values of the improvement eligible for exemption shall be determined by Council. The objective is to subject such service areas to taxation.
- j. If all or part of the facility is leased to commercial ventures, or to organizations not eligible for exemption, the proportion of the assessed values of the improvement eligible for exemption shall be determined by Council. The objective is to subject those portions of the facility to taxation.

3. **Information Requirements**

- a. The information to be provided by applicants may vary, depending on the nature of the applicant and may include:
  - i. financial statements;
  - ii. a statement as to whether the facility is to be open to the public or to members only, and whether membership (if required) is available to any member of the community;
  - iii. information on how the organization seeks to involve members of the public and explanation of any retail facilities (such as food, liquor, equipment, sales, etc.) and details of the operating arrangements;
  - iv. information on any leases of the property for commercial or private purposes;
  - v. information on the extent of use of the property and the types of users;
  - vi. information regarding any Federal, Provincial, or other grant subsidies.

Council reserves the right to request any additional information which may be required to enable Council to determine if property tax exemption is warranted.

4. Application Deadline

- a. All applications are to be received by the Director of Finance's office no later than August 31<sup>st</sup>, in the year prior to the year in which exemption is being requested.

DATE: October 9, 2001

CLERK: *A. Fisher*