



TOWN OF LADYSMITH  
POLICIES AND PROCEDURES MANUAL

<b>TOPIC:</b>	<b>PERMISSIVE TAX EXEMPTION POLICY</b>	
<b>APPROVED BY:</b>	Council	<b>DATE:</b> August 7, 2012
<b>RESOLUTION #:</b>	2012-274	
<b>A. PREAMBLE</b>		
<p>The Town of Ladysmith recognizes the significant value of volunteers, volunteer groups and agencies to the spiritual, educational, social, cultural, and physical well-being of the community. A permissive tax exemption is a means for Council to support organizations within the community that further Council's objective to enhance the quality of life while delivering services economically to the citizens of Ladysmith.</p> <p>The Permissive Tax Exemption Policy is intended to:</p> <ul style="list-style-type: none"> <li>-Provide clarity, consistency and certainty to the municipality, the public and prospective applicants.</li> </ul>		
<b>B. EXTENT, CONDITIONS, AND PENALTIES</b>		
1.	<p>Council may designate only a portion of land/improvements as exempted where the following circumstances exist:</p> <ul style="list-style-type: none"> <li>a. A portion of the land/improvements is used by private sector and/or organization not meeting Council's exemption criteria.</li> <li>b. The applicant already receives grant in aid from the municipality, provincial or federal government.</li> <li>c. The applicant meets all eligibility criteria, however Council may at its discretion grant a partial exemption.</li> </ul>	
2.	<p>Council may impose conditions on the exempted land/improvements with the applicant organization, including but not limited to:</p> <ul style="list-style-type: none"> <li>a. Registration of a covenant restricting use of the property</li> <li>b. An agreement committing the organization to continue a specific service/program</li> <li>c. An agreement committing the organization to have field/facilities open for public use for specific times or a total amount of time</li> <li>d. An agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates</li> <li>e. An agreement committing the organization to immediately disclose any substantial increase in the organization's revenue or anticipated revenue (i.e. receives large operating grant from senior government)</li> </ul>	
3.	<p>Council may impose penalties on an exempted organization for knowingly breaching conditions of exemption, including but not limited to:</p> <ul style="list-style-type: none"> <li>a. Revoking exemption with notice</li> <li>b. Disqualifying any future application for exemption for specific time period</li> <li>c. Requiring repayment of monies equal to the foregone tax revenue.</li> </ul>	

## C. PROCESS

Council will consider permissive tax exemption applications for 3 years.

Organizations will be required to complete a Comprehensive Application. If the application is approved for the next tax year, the organization will be required to submit a short renewal application every year for the next 2 years. 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.

Comprehensive Non-Profit applications must have the following information attached before consideration of a 3 year permissive tax exemption:

Copy of last Registered Charity Information Return or Non-Profit Organization Information Return submitted to the CCRA

Copy of most current Audited Financial Statements or Financial Statements prepared by an Accountant.  
Financial Budget (pro-forma Balance Sheet and Income Statement) for the current 12 months  
Scale Drawing of *Property*, which includes buildings, parking lots, landscaping, playgrounds, fields, etc. Copy of Lease Agreement if applicable  
Applications with required supporting information must be submitted prior to July 31st of each year to be considered for the next permissive tax exemption year or cycle.

### Additional Information

Council may request a presentation from applying organization. The Town of Ladysmith may request additional information.

The Town of Ladysmith reserves the right to review records and/or property to verify information provided in support of application.

Successful applicants may be asked to publicly acknowledge the exemption. Council may, at its discretion, reject any or all applicants in any given year.

This policy does not apply to permissive tax exemptions for revitalization, riparian, and other special exemption authority.

### Eligibility Criteria

To be eligible for a permissive tax exemption an organization must comply with all of the eligibility criteria outlined below. The application forms and supporting documentation are an integral part of this policy. There is no obligation on the part of Council to grant permissive tax exemptions in any given year.

The applicant(s):

1. qualifies for an exemption under the provisions of the *Community Charter*, general authority for permissive exemptions. (Part 7, Division 7, Section 224).
2. and/or the property owner is in compliance with municipal policies, plans, bylaws, and regulations (i.e. business licensing, zoning).
3. is a Non-Profit Organization.

Tax exemptions will only be granted to organizations that are a Registered Charity or Non-Profit Organization.

The intent of this requirement is to ensure that municipal support is not used to further activities of an organization or individual that, if not for its not-for-profit status would otherwise be considered business, i.e. an organization that is operating as a Non-Profit; although it charges market value for services available, and would be comparable in operations and perception to public as a For Profit Business.

Non-profit organizations conducting retail and/or commercial activity and charging rates or fees at market value are considered to be in competition with for-profit businesses and will not be eligible for tax exemption.

4. provides services or programs that are compatible or complementary to those offered by the Town of Ladysmith. When a service or program is offered by a non-profit group or club, the Community may benefit from a more cost effective provision of services.

Services provided by an organization should fulfill some basic need, or otherwise improve the quality of life for residents of Ladysmith.

5. principal use of property meets Council's objectives. The "principal use of the property" refers to the use related directly to the principal purpose of the organization owning the property.

Permissive tax exemptions will be based on the principal use of the property, not on the non-profit or charitable services of the organization.

6. will provide benefits and accessibility to the residents for Ladysmith. Specifically, members of the public, within the appropriate age range, are able to join a club or organization and participate in its activities for a nominal rate or fee.

Ladysmith residents must be the primary beneficiaries of the organization's services. The services provided on the property must be accessible to the public. Council may at its discretion provide partial exemptions.

7. that provide liquor and/or meal services as their primary function and/or source of revenue will not be eligible for permissive tax exemption.

#### Administration

The Financial Services Department will review all applications for completeness and contact the applicant if additional information is necessary.

The Financial Services Department will prepare a summary report of applications and bylaw for presentation to Council the first week of October for approval and adoption prior to October 31st of each year.

A public notice will be placed in the local newspaper of proposed bylaw. The notice will include:

Property subject to bylaw

Description of the proposed exemption

Number of years the exemption will be provided

Estimate of the amount of taxes that would be imposed on the property if it were not exempt for the year of exemption and following 2 years.

Public notice will be in accordance with Section 94 of the *Community Charter*.

Organizations that have been approved for permissive tax exemption will be exempt for up to 3 years.

#### Late Application

Applications received after the deadline for submission will be held until the next scheduled October presentation to Council that meets the application due date. Applicants may, at that time, request Council to consider a refund of the Municipal portion of taxes paid for the property to be exempted the following year.

\*Council shall consider the granting of a Permissive Tax Exemption in relation to other funding requests by the same organization.