

# Corporate Report

NO: R203

COUNCIL DATE: September 29,

2003



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## REGULAR

TO: Mayor & Council                      DATE: September 8,  
2003

FROM: General Manager,  
Finance, Technology &  
HR/City Clerk                      FILE: 1970-04

SUBJECT: Tax Exemption Policy (Section 339 and 341 of the *Local  
Government Act*)

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### RECOMMENDATION

That Council approve the Tax Exemption Policy (**Appendix B**), which includes a requirement that organizations, including institutions registered under the *Community Care Facility Act*, must be non-profit in order to qualify for a property tax exemption.

### INTENT

At the October 21, 2002 Regular Council meeting, Council passed the following resolution:

“That staff from Legislative Services, Planning & Development and the Finance, Technology & HR Department provide a policy report on areas allowed to be exempt in Permissive Tax Exemption areas.”

### BACKGROUND

The current process requires that staff review each application to ensure that it meets the requirements of Sections 339 and 341 of the *Local Government Act*. We currently require all organizations, with the exception of applications under the *Community Care Facility Act*, to be non-profit. As long as all of these requirements have been met, Council may exempt these properties from taxation. There has never been a policy or guidelines developed, and a policy similar to the one used for grant applications, would greatly assist staff in making recommendations to Council.

### DISCUSSION

In drafting a policy for Council's consideration, a review of practices and policies of other jurisdictions was undertaken. The results of this review are located in **Appendix A**. Vancouver was not included in the review since the *Vancouver Charter* legislation is quite different from *Local Government Act* legislation.

[Section 339 & 340 Exemptions](#)

These exemptions mainly deal with places of public worship, hospitals, and schools. The actual facilities are exempt under the Act. The areas surrounding the buildings are exempted at the discretion of Council. All of the local governments contacted exempt the areas surrounding the building if it is used for public worship, school or hospital purposes. This is consistent with our current practice.

## Section 341 Exemptions

Exemptions under this section typically include those for non-profit organizations, places of public worship when the facility is rented, and institutions licensed under the *Community Care Facility Act*. Most local governments have a policy in place to deal with exemptions under this section (**Appendix A**), and the practices vary greatly as to what the jurisdiction will exempt. For example, Abbotsford will only exempt public recreation facilities. All of the local governments contacted have created policies that limit tax exemptions to non-profit organizations. Burnaby discontinued approving exemptions for seniors' housing, community care facilities, licensed group homes, private hospitals and assisted family housing in 1987.

Surrey does not currently have a policy on tax exemptions, all applications that are licensed under the *Community Care Facility Act*, are recommended for inclusion in the by-law as this is the only requirement under the *Local Government Act*. Council may wish to consider requiring that institutions be non-profit in order to be eligible for tax exemption under the *Community Care Facility Act*. The attached draft policy (**Appendix B**) proposes that all applicants provide a copy of their provincial registration as a non-profit society. This would make Surrey consistent with other local governments in the Lower Mainland.

## Impact

For most organizations receiving tax exemptions, nothing will change. The policy will impact on organizations currently receiving tax exemption under the *Community Care Facility Act*, as there are nine organizations currently receiving tax exemption that are for profit organizations, and they will no longer qualify for exemption if the policy is approved.

## CONCLUSION

It is recommended that Council consider exempting only non-profit organizations from property taxes. The draft policy attached as Appendix B is submitted for Council's consideration.

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General Manager, Finance,  
Technology & HR

Margaret Jones  
City Clerk