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**REPORT TO THE ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 11, 2023**

SUBJECT Bylaw No. 4573: Tax Exemption (Permissive) Bylaw, 2023

ISSUE SUMMARY

To authorize electoral area permissive tax exemptions for 2024.

BACKGROUND

Under Section 391 of the *Local Government Act* (LGA), the Capital Regional District (CRD) may provide tax exemption for eligible properties in an electoral area. A bylaw must be adopted by the CRD Board prior to October 31 each year for the exemption to be processed by BC Assessment for the following year.

The permissive tax exemption requests are evaluated and considered by the CRD Board annually. The deadline is July 31 each year to apply for the tax exemption of the next taxation year. The detailed information regarding the application process and additional resources are available on the CRD website (Appendix D).

2024 Exemption Requests

For the 2024 taxation year, there are eight (8) renewals and one new request to be considered. Letters of request are included in Appendix B.

The **renewals** outlined in Table 1 include one leased property used for CRD services (North Galiano Fire Service).

Table 1: Renewal Requests

#	PROPERTY	DESCRIPTION
1	Pender Island Golf and Country Club	Granted since 1999 upon request for land and improvements used principally for public athletic or recreation purposes – LGA 391(4)(a); letter of request for 2024 attached.
2	Galiano Golf and Country Club	Granted since 1999 upon request for land and improvements used principally for public athletic or recreation purposes – LGA 391(4)(a); letter of request for 2024 attached
3	Magic Lake Property Owners Society (MLPOS)	Granted upon request for land only used principally for public athletic or recreation purposes – LGA 391(4)(a); letter of request for 2024 attached
4	Royal Canadian Legion, Branch #239 Pender Island	Granted since 2018 upon request for land and improvements used principally for public athletic or recreation purposes exemption under LGA 391(4)(a); letter of request for 2024 attached.

#	PROPERTY	DESCRIPTION
5	Royal Canadian Legion, Branch #92, Salt Spring Island	Granted since 2020 upon request for land and improvements used principally for public athletic or recreation purpose exemption under LGA 391(4)(a); letter of request for 2024 attached.
6	Salt Spring Island Golf and Country Club	Granted since 2020 upon request for land and improvements used principally for public athletic or recreation purpose exemption under LGA 391(4)(a); letter of request for 2024 attached.
7	Salt Spring Island Rod & Gun Club	Granted since 2022 upon request for land and improvements used principally for public athletic or recreation purposes – LGA 391(4)(a); letter of request for 2024 attached.
8	North Galiano Fire Hall	Granted since 2013 for land and improvements held by the CRD for the fire service – LGA 391(4)(g); this exemption is required given that the new fire hall has been constructed on property that the CRD leases from the North Galiano Fire Protection Society; no letter of request necessary (CRD itself).

The one **new** request includes four properties applied by The Salt Spring and Southern Gulf Islands Community Services Society (the “Society”). Table 2 below outlines the details for the properties. The Society is seeking a permissive tax exemption under LGA Section 391(4)(a) following a reversal of their tax exemption status by BC Assessment in 2023. The Society is in the process of appeal with BC Assessment to reinstate the statutory exemption status.

Table 2: New Request - Salt Spring & Southern Gulf Islands Community Services Society

#	PROPERTY	DESCRIPTION
1	105 Kilner Road, SSI Tax Roll No.001-64-764-00795.102 Class 1: Residential	New in 2024 upon request for land and improvements owned or held by an athletic or service organization and used principally for public athletic or recreation purpose – LGA 391(4)(a); letter of request for 2024 attached in Appendix B (Pg 28-39).
2	268 Fulford-Ganges Road, SSI Tax Roll No.001-64-764-00794.001 Class 8: Non-Profit Organization or Recreational Land	
3	129 Hereford Ave, SSI Tax Roll No.001-64-764-00523.010 Class 1&6: Residential and Business	
4	143 Scotton Place, SSI Tax Roll No.001-64-764-00962.178 Class 1: Residential	

The Society has been a not-for-profit society since 1975. The priority of the Society is to support the health and well-being of vulnerable individuals and families. The Society delivers services and programs best described as providing “social” benefits to the community, including Shelter and Housing, Developmental Disabilities Services, Outreach and Mental Health Support, Counselling and Family Development, Child and Youth Services, Food Security and Programs, Senior Services and Recycle Depot.

Applying LGA Section 391(4)(a), exemption would require that each property be owned by an athletic or service organization and used principally for public athletic or recreation purposes.

Assuming that the Society is a “service organization”, which it may not be¹, based on the materials provided it does not appear that the land or improvements are used “principally” for athletic or recreation purposes.

While “principally” is undefined, it would need to be the primary use of the property or improvement, and not merely occasional or ancillary.² On the record, the principal uses of the properties are not for recreation³, but for supportive housing, assisted living, or street outreach. While there is a recreation element to certain items mentioned by the Society (e.g., youth drop-in) this is not the principal use of the properties. There is also a lack of “public” use to some of the properties described.

Based on this analysis, the four properties submitted by the Society do not meet the criteria for exemption on the properties in whole or in part under LGA Section 391. Therefore, these properties have not been recommended for a permissive tax exemption.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4573, “Tax Exemption (Permissive) Bylaw, 2023”, be introduced and read a first, second and third time;
2. That Bylaw No. 4573 be adopted.

Alternative 2

That this report be referred back to staff for further review.

IMPLICATIONS

Financial Implications

The following values represent the estimated tax revenue of the proposed exemptions (based on 2023 assessment values and tax rates):

¹ Section 224 of the *Community Charter* has a similar section to 391(4)(a) which refers to “athletic or service club or association and used as a public park or recreation ground or for public athletic or recreational purposes”.

² The Canadian Oxford definition is “for the most part; chiefly”; the Cambridge Dictionary defines it as “more than anything or anyone else; mainly”.

³ The Canadian Oxford defines “recreation” as “the process of means of refreshing or entertaining oneself; a pleasurable activity”. Public park cases have included leisure, ornamentation, and relaxation into the definition of “recreation”. Recreation includes optional programming for youth and children.

Table 3: Estimated Total Proposed Tax Exemptions

PROPERTY	CRD	CRHD	OTHER	TOTAL
Pender Island Golf & Country Club	\$2,329	\$212	\$5,623	\$8,164
Galiano Golf & Country Club	\$2,441	\$223	\$6,014	\$8,678
Magic Lake Property Owners Society	\$5,813	\$165	\$4,244	\$10,222
Royal Canadian Legion, Branch #239 Pender Island (Class 8 Only)	\$390	\$32	\$889	\$1,311
Royal Canadian Legion, Branch #92, Salt Spring Island (Class 8 Only)	\$516	\$40	\$1,250	\$1,806
Salt Spring Island Golf & Country Club	\$4,865	\$651	\$19,662	\$25,178
Salt Spring Island Rod & Gun Club	\$921	\$116	\$3,604	\$4,641
North Galiano Fire Hall	\$2,137	\$221	\$5,101	\$7,459

The estimated exemption under “Other” in the table above accumulates multiple tax jurisdictions, such as School Tax, Provincial Rural Tax, Police Tax, BC Assessment, Municipal Finance Authority, Islands Trust, Salt Spring Island Fire and Water Protection (for Salt Spring Island only).

The exemption from property taxes removes the eligible assessed values on these properties and corresponding tax assessed values from the total taxable assessed value that taxes will be applied to. This results in other ratepayers absorbing the tax revenue from which these properties are exempted.

Staff have consulted with the respective Electoral Area Director on each application received and have compiled this report and recommendation in alignment with support for exemption.

CONCLUSION

The CRD has nine (9) permissive tax exemptions to consider for the taxation year 2024; eight (8) renewal requests and one (1) new request from the Salt Spring and Southern Gulf Islands Community Services Society. The new request seeking permissive exemption for four (4) properties does not meet the criteria for exemption under LGA Section 391, therefore the permissive exemption cannot be granted. The proposed Bylaw No. 4573 will grant permissive tax exemption to eight renewal requests in accordance with Section 391 of the *Local Government Act*. Staff have consulted with the respective Electoral Area Director on each application received and have compiled this report and recommendation in alignment with support for exemption.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4573, “Tax Exemption (Permissive) Bylaw, 2023”, be introduced and read a first, second and third time;
2. That Bylaw No. 4573 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
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ATTACHMENTS

- Appendix A: Bylaw No. 4573 Tax Exemption (Permissive) Bylaw, 2023
- Appendix B: Correspondence – 2024 Tax Exemption (8)
- Appendix C: BC Assessment Property Classifications
- Appendix D: CRD Permissive Tax Exemption Application Process