

**REPORT TO THE ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 13, 2021**

SUBJECT **Bylaw No. 4455: Tax Exemption (Permissive) Bylaw, 2021**

ISSUE SUMMARY

To authorize electoral area permissive tax exemptions for 2022.

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 application 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).

2022 Exemption Requests

For the 2022 taxation year, there are eight renewals and one new request to be considered. The renewals include one property donated to the CRD for community parks (Galiano Parks and Recreation Service) with a life interest for the donor and caretaker, and 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 2022 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 2022 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 2022 attached
4	Royal Canadian Legion, Branch #239 Pender Island	Granted for the first time in 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 2022 attached.

#	PROPERTY	DESCRIPTION
5	Royal Canadian Legion, Branch #92, Salt Spring Island	Granted for the first time in 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 2022 attached.
6	Salt Spring Island Golf and Country Club	Granted for the first time in 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 2022 attached.
7	Galiano Parks and Recreation Commission: Donated Land—Life Estate Doreen Kennedy	Granted the first time in 2019 upon request for land and improvements used for community park purposes by the Galiano Parks and Recreation Commission exemption under LGA 391(4)(g); letter of request for 2022 attached.
8	North Galiano Fire Hall	Granted in 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).

Table 2: New Request

#	PROPERTY	DESCRIPTION
1	Salt Spring Island Rod & Gun Club	New in 2022 upon request for land and improvements used principally for public athletic or recreation purposes – LGA 391(4)(a); letter of request for 2022 attached.

The Salt Spring Island Rod & Gun Club (the “Club”) has been a not-for profit society since 1960. The Club promotes shooting sports and teaches the legal safe handling and usage of firearms and archery for recreational purposes to both members and the general public. It is the only safe, federally licensed and inspected shooting facility on Salt Spring Island. The Club has been the home facility for several national and international champions in their sports. The facility is also widely used for community events, educational workshops and onsite programs and events for other sporting and recreational organizations. The club has also provided its land and facilities to the RCMP, Salt Spring Island Fire Rescue and Salt Spring Search and Rescue for emergency and training purposes.

The Club is seeking a permissive tax exemption under LGA Section 391(4)(a) following a reversal of their tax exemption status by BC Assessment in 2019. BC Assessment previously exempted this property under the *Taxation (Rural Area) Act*, RSBC 1996, c 448, Section 15(1)(q), which references that the non-profit organization’s activities must have demonstrable benefit to all members of the community. Under LGA Section 391(4)(a) eligibility differs, requiring that the land and improvements be principally used for public athletic or recreation purposes but not requiring benefit to the community as a whole.

The assessed value for land and improvements excluding the residential class (Class 1) portion meets the criteria for exemption under LGA Section 391(4)(a).

ALTERNATIVES

Alternative 1

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

1. That Bylaw No. 4455, "Tax Exemption (Permissive) Bylaw, 2021", be introduced and read a first, second and third time;
2. That Bylaw No. 4455 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 2021 assessment values and tax rates):

Estimated Total Proposed Tax Exemptions:

PROPERTY	CRD	CRHD	OTHER	TOTAL
Pender Island Golf & Country Club	\$2,148	\$228	\$4,651	\$7,027
Galiano Golf and Country Club	\$2,241	\$211	\$4,405	\$6,857
Magic Lake Property Owners Society	\$6,167	\$154	\$3,288	\$9,609
Royal Canadian Legion, Branch #239 Pender Island (Class 8 Only)	\$364	\$34	\$732	\$1,130
Royal Canadian Legion, Branch #92, Salt Spring Island (Class 8 Only)	\$379	\$30	\$777	\$1,185
Salt Spring Island Golf & Country Club	\$4,992	\$757	\$18,759	\$24,508
Galiano Parks and Recreation Commission—Donated Land—Life Estate Doreen Kennedy	\$2,801	\$268	\$3,706	\$6,775
North Galiano Fire Hall	\$2,648	\$248	\$4,640	\$7,536
Salt Spring Island Rod & Gun Club	\$845	\$119	\$3,090	\$4,054

The estimated exemption under "Other" in the table above accumulates multiple tax categories, such as School Tax, Provincial Rural Tax, Police Tax, BC Assessment, Municipal Finance Authority (MFA), Island Trust, SSI Fire and Water Protection (for SSI 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 2022; eight (8) by request and one for the North Galiano Fire Hall now located on property that the CRD leases from the North Galiano Fire Protection Society. The proposed Bylaw No. 4455 will grant permissive tax exemption 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. 4455, "Tax Exemption (Permissive) Bylaw, 2021", be introduced and read a first, second and third time;
2. That Bylaw No. 4455 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
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ATTACHMENT(S)

Appendix A: Bylaw No. 4455

Appendix B: Correspondence (8)

Appendix C: BC Assessment Property Classifications

Appendix D: CRD Permissive Tax Exemption Application Process