



Staff Report to Community Advisory Committee

DATE: Tuesday, April 29, 2025

DEPARTMENT: Finance

SUBJECT: Permissive Tax Exemption Policy – Proposed Repeal and Replacement

EXECUTIVE SUMMARY:

As directed by Council, staff have been reviewing City policies in order to identify those which need updating to provide clarity and update processes where necessary. Langford's "Request for Permissive Tax Exemption Policy" (POL-0062-FIN) was identified by staff for review. Staff are recommending the original policy POL-0062-FIN be repealed and replaced with POL-0180-FIN as presented.

BACKGROUND:

At its Regular Meeting held Tuesday, September 3, 2024, Council passed a resolution directing staff to bring forward pertinent City policies that align with the mandate of the Community Advisory Committee for review and recommendation prior to the documents coming forward to Council.

The Committee has been reviewing policies and making recommendations as requested by Council to assist the City with updating policies where necessary. Within the report presented at the September 3rd Council meeting, staff outlined a selection of policies identified as a priority for review. As a result, the City's Request for Permissive Tax Exemption Policy (POL-0062-FIN) has been reviewed and a new comprehensive policy has been drafted for consideration.

What is a Permissive Tax Exemption?

A Permissive Tax Exemption is a discretionary local government program that is authorized by the *Community Charter*. The purpose of this program is to allow a local government to, by bylaw, exempt certain eligible properties from property taxes. The length of the exemption is determined by Council and approved within each bylaw, provided it does not exceed ten (10) years.

Applications for exemptions are typically brought forward to Council in early fall of the preceding year to meet the October 31st deadline, as set in the *Community Charter*. Once the permissive tax exemption bylaw is adopted, staff provide the information to BC Assessment on or before October 31st annually. BC Assessment applies the exemption, as set out in the permissive tax exemption bylaw, to the applicable property's assessed value. The property will still receive an assessment, but they will

also receive an exemption so that the taxable value for the property is then nil.

The list of Permissive Tax-Exempt properties is publicly available through the City of Langford's Annual Report

Permissive Tax Exemption Eligibility

Properties which may be eligible for exemption are outlined in Part 7 Division 7 of the *Community Charter* and include but are not limited to:

- Property owned or held by a charitable, philanthropic, and non-profit corporations and that Council considers are used for the purposes of the corporation.
- Property owned by a local authority and used for the purposes of the local authority.
 - For example, a local government may own a property within the boundaries of another local government.
- Properties owned or held by a public authority that would otherwise qualify for exemption under Section 220 of the *Community Charter* is not statutorily exempt from taxes.
 - For reference, Section 220 speaks to exemptions for properties vested in or held by the Provincial government, the municipality, properties exempted by another Act, etc.
- Properties occupied by a public authority or non-profit organization but owned by a different public authority.
- Properties owned by a person (including a business, society or corporation) providing a partnering agreement, but only in relation to the provision of the agreement.

The authority to grant permissive tax exemptions allows municipalities to support eligible organizations that benefit the public or support Council's strategic plan initiatives.

COMMENTARY:

City of Langford Policy & Practices

The current policy, adopted by Council in 1998, provides very little in the way of guidance for applicants, staff, and Council. Throughout the years, though the policy was not formally updated, staff have developed practices in order to continue to provide this service. For example, staff created an application form in order to assist applicants. The policy was passed before the implementation of the *Community Charter* which now provides much more robust standards. As such, staff are recommending that Council repeal the current policy and replace it with POL-0180-FIN as presented. The updated policy reflects the *Community Charter*, supports staff and Council, and provides additional clarity and information for applicants.

Proposed Amendments:

The proposed new policy includes a deadline of June 30th for applications. The current policy does not include a specific date for applications, it just states that they will be considered in May. This change will provide certainty to both applicants and staff. June 30th allows staff time to review applications, receive necessary clarifications and information from applicants, prepare a report and accompanying bylaw, meet advertising deadlines as required, present the bylaw at two Council meetings, and send the adopted bylaw to BC Assessment. The June 30th deadline is in line with most jurisdictions who select a late spring or early summer deadline in order to review, compile, and present the information to their respective Councils. The *Community Charter* sets out a deadline of October 31st; however, this deadline is when the adopted bylaws must be provided to BC Assessment.

Through staff research, many Permissive Tax Exemption policies throughout the CRD and beyond outline a very similar process that differs mostly in term lengths offered and the addition of a suite of multiple application forms that are dependent on the exemption requested. Staff are satisfied with the current use of only one application form and are not proposing any changes to the form at this time.

The proposed policy sets out that the eligibility criteria is in accordance with the *Community Charter*. Referring to the legislation rather than including the specific provisions ensures that as legislation changes policies remain up to date.

The revised policy also includes the application criteria, including the date as set out above, the requirement to use the City's approved application form, and the information that is to be included for consideration.

The purpose of these additions is to provide clarity to applicants and staff and to ensure that all applications are evaluated on the same criteria, creating a fair and transparent process.

The proposed new policy in its entirety is included as Attachment 2 titled "New Proposed Policy POL-0180-FIN (Request for Permissive Tax Exemption)."

In addition to the proposed policy amendments, staff are proposing to add a dedicated webpage for Permissive Tax Exemptions similar to that of the Grant in Aid page that went live in late fall 2024. This page would house the policy and application form and serve as a central location for applicants and the public to review the materials and learn more about the program.

FINANCIAL IMPLICATIONS:

When a property is approved for a Permissive Tax Exemption, the total taxable assessment used by the City to calculate property taxes is reduced, thus, shifting the amount of tax that would have been collected from the exempted property onto the remaining properties that make up the taxable assessment. As a result, while the exempt property's property taxes are less than they otherwise would have been (in most cases \$0), the City does not lose this property tax revenue, rather the rest of the taxable properties in the municipality cover the exempted amount.

LEGAL IMPLICATIONS:

The *Community Charter* sets out the authority and methodology to approve Permissive Tax Exemptions. Council may, by bylaw, grant Permissive Tax Exemptions in accordance with this legislation and their own policy.

STRATEGIC PLAN ALIGNMENT:

5- Good Governance

OPTIONS:

Option 1

THAT the Community Advisory Committee recommend that Council repeal City of Langford Request for Permissive Tax Exemption Policy POL-0062-FIN and replace with POL-0180-FIN titled “Permissive Tax Exemption Policy” as presented.

OR Option 2

THAT the Community Advisory Committee recommend that Council repeal City of Langford Request for Permissive Tax Exemption Policy POL-0062-FIN and replace with POL-0180-FIN titled “Permissive Tax Exemption Policy” as presented with the following amendments:

1. _____
2. _____
3. _____

SUBMITTED BY: Curtis Staniforth, Manager of Budgets and Revenue

Concurrence: Michael Dillabaugh, CPA, CA, Director of Finance

Concurrence: Melisa Miles, Manager of Legislative Services

Concurrence: Donna Petrie, Senior Manager of Communications & Economic Development

Concurrence: Yari Nielsen, Director of Parks, Recreation and Facilities

Concurrence: Matthew Baldwin, RPP, MCIP, Director of Development Services

Concurrence: Leah Stohmann, RPP, MCIP, Director of Community Planning and Climate Change

Concurrence: Katelyn Balzer, P.Eng., Director of Engineering and Public Works

Concurrence: Marie Watmough, Director of Legislative & Protective Services

Concurrence: Braden Hutchins, Deputy Chief Administrative Officer

Concurrence: Darren Kiedyk, Chief Administrative Officer

Attachments:

Attachment 1: Current Policy POL-0062-FIN (Request for Permissive Tax Exemption)

Attachment 2: New Proposed Policy POL-0180-FIN (Request for Permissive Tax Exemption)