



REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: Permissive Tax Exemption Revision FN-11

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From: Darrin Leite, CPA, CA
Director of Corporate Services

Date: September 24, 2021

RECOMMENDATION:

THAT City Council adopt the revised Permissive Tax Exemption Policy FN-11 to introduce limits on the total dollar value of permissive tax exemptions.

PURPOSE:

The purpose of the report is to amend the Permissive Tax Exemption policy, adding a new section that specifies a limit on the total dollar value of the permissive tax exemptions granted.

POLICY:

FN-11

COMMENTS/ANALYSIS:

A Permissive tax exemption is a means for Council to support organizations within the community which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically.

City Council adopts a bylaw annually that provides a permissive tax exemption for several properties. During the last financial planning process, City Council expressed a desire to limit the total dollar value of the permissive tax exemptions being provided. This was in response to the upward pressure on the overall property tax increase.

The City's portion of the total property tax exemptions for churches, occupiers of City land and other non-profit organizations will be limited to 1.4% of the total City's taxation levy in the updated bylaw. Further, an individual property permissive tax exemption for the City's portion of the permissive tax exemption, will be limited to \$75,000.

A new application process was implemented in 2021 allowing the City to have a mechanism to communicate with the recipients of property tax exemptions. The updated property tax exemption policy will be included in the 2022 application package.

BUDGET IMPLICATIONS:

The total property tax exemptions for those properties who were granted permissive tax exemptions in 2021, resulted in a total of \$423,308 for the City's portion of the property tax exemptions, which is 1.35% of the total property tax levy \$31,435,365. The highest City portion for an individual property was for the Roman Catholic church located at 20676 Fraser Highway. The City portion of the property tax exemption for this one property increased from \$39,479 in 2020 to \$63,795 in 2021 based on the increase in assessed values for the property.

City Council needs to be aware that with the arrival of SkyTrain, property values will continue to increase which may cause exempt properties in the vicinity of the proposed Skytrain route to have higher assessment increases than may be experienced in other areas of the City. This may cause one property or the overall group of exempt properties to exceed the limits being proposed.

A comparison of the 2020 and 2021 permissive tax exemptions is attached to the report. It demonstrates that there were some large changes to individual properties based on assessment changes between the years.

ALTERNATIVES:

The policy can be maintained as originally written.

Respectfully Submitted,



Darrin Leite, CPA, CA
Director of Corporate Services

Attachments:

1. Permissive Tax Exemption Policy FN-11 (as revised).
2. Property Tax Exemption Analysis comparison between 2020 & 2021

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:

I support the recommendation.



Francis Cheung, P. Eng.
Chief Administrative Officer