



CORPORATION OF THE CITY OF VERNON

FINANCE COMMITTEE

SEPTEMBER 9, 2024, AT 2:00 PM

KALAMALKA LAKE ROOM, CITY HALL

A G E N D A

1) CALL TO ORDER

2) LAND ACKNOWLEDGEMENT

As chair of the City of Vernon's Finance Committee, and in the spirit of this gathering, I recognize the City of Vernon is located in the traditional territory of the Syilx people of the Okanagan Nation.

3) ADOPTION OF AGENDA

4) ADOPTION OF MINUTES

a) June 18, 2024 (attached)

5) NEW BUSINESS

a) Permissive Tax Exemption

6) INFORMATION ITEMS

7) NEXT MEETING

The next meeting is to be tentatively scheduled for November 2024.

8) ADJOURNMENT



THE CORPORATION OF THE CITY OF VERNON

MINUTES OF THE FINANCE COMMITTEE HELD THURSDAY, JUNE 18, 2024 KALAMALKA LAKE ROOM

PRESENT: VOTING
Councillor Mund
Councillor Gares
Councillor Durning (Alternate)

ABSENT: Councillor Fehr

STAFF: Rena Crosson, Manager, Financial Operations
Jennifer Pounder, Records / Committee Clerk

ORDER The meeting was called to order at 3:02 p.m.

**LAND
ACKNOWLEDGMENT** *As Councillor of the City of Vernon, and in the spirit of this gathering, I recognize the City of Vernon is located in the traditional territory of the Syilx people of the Okanagan Nation.*

**ADOPTION OF
AGENDA** Moved by Councillor Mund, seconded by Councillor Gares;

THAT the agenda for the June 18, 2024 Finance Committee be adopted:

CARRIED.

**ADOPTION OF
MINUTES** Moved by Councillor Gares, seconded by Councillor Fehr;

THAT the minutes of the April 24, 2024 Finance Committee meeting be adopted.

CARRIED.

UNFINISHED BUSINESS

NEW BUSINESS**COUNCIL
DISCRETIONARY
GRANT APPLICATION
– WL SEATON
SECONDARY
“SONICS” FOOTBALL**

At the June 10, 2024 meeting, Council referred the application from WL Seaton Secondary “Sonics” Football for a Council Discretionary Grant back to the Committee for further review. The Committee discussed the application.

Moved by Councillor Mund, seconded by Councillor Gares:

THAT the Finance Committee recommends that Council reconsider the original motion from the Committee’s April 24, 2024 meeting, “THAT the Finance Committee recommends that Council approve a Council Discretionary Grant to WL Seaton Secondary “Sonics” Football in the amount of \$13,000 out of the requested \$20,000 to purchase protective and training equipment for the program.”

CARRIED

with Councillor Durning opposed.

**DATE AND TIME OF
NEXT MEETING**

The next Finance Committee meeting is to be tentatively scheduled for November 2024.

**MOTION TO
ADJOURN**

Moved by Councillor Mund, seconded by Councillor Durning;

THAT the meeting of the Finance Committee be adjourned.

CARRIED.**ADJOURNMENT**

The Finance Committee meeting adjourned at 3:41 a.m.

CERTIFIED CORRECT:

Chair



REPORT/RECOMMENDATION TO FINANCE COMMITTEE

SUBMITTED BY: Rena Crosson,
Manager, Financial Operations

DATE: September 3, 2024

FILE: 3900-02, 1970-16

SUBJECT: PERMISSIVE TAX EXEMPTION BYLAW NUMBER 6016

PURPOSE:

To advise Finance Committee of new applications for permissive tax exemption (PTE), changes to existing recipients of PTE, and emerging issues concerning PTEs, to ensure compliance with Council's PTE policy in preparation of the 2025-2029 Permissive Tax Exemption Bylaw.

RECOMMENDATION:

THAT Finance Committee approve the recommended changes for the 2025-2029 Permissive Tax Exemption Bylaw number 6016 as detailed in Attachment 1:

ALTERNATIVES & IMPLICATIONS:

THAT Council resolves to deny new applications for tax exemption and/or apply alternative policy tax exemption percentage values on existing properties.

ANALYSIS:

A. Committee/Board Recommendations:

N/A

B. Rationale:

The 2025 tax exemption bylaw represents the beginning of a new five-year period. As a result of the new bylaw, every organization was required to submit a comprehensive application detailing information about their organization, including the nature of use on their property if the use is varied. To align with the Community Charter and the Permissive Tax Exemption (PTE) policy that Council approved May 13, 2024, the category of "Mixed and Unique" was removed and folios/properties listed on the 2024 bylaw under this category were reclassified to the appropriate category based on the nature of the organization and the classification the organization self-declared.

Categories represented in the new bylaw pursuant to the Community Charter and percentage guidelines pursuant to PTE Policy are as follows:

- Places of Worship – up to 100%
- Private Schools – up to 100%

- Social Services Facility – up to 100%
- Cultural Facility – up to 75%
- Educational Facility – up to 75%
- Recreation and Sports Facility – up to 50%

As a result of reclassifying categories that align with the Community Charter classifications, it is proposed that some properties be exempted from policy maximum thresholds to honor their previously approved exemption percentage in the new category. Details of the reclassified folios can be found in Attachment 2. All statistics for comparative purposes are presented in the 2025 category classifications.

The 2024 tax exemption bylaw contained a total of 171 folios segregated by use and percentage in six sections as shown below. The exemption percentage is dictated by the PTE Policy.

- Places of Worship – 34 folios
- Private Schools – 1 folio
- Social Services – 122 folios
- Cultural – 4 folios
- Educational – 2 folios
- Recreational and Sports – 8 folios

Attached to this report and referenced as “Attachment 1” is a summary and description of all of the proposed changes in tax exemptions for the 2025 tax year. The schedule is shown in a continuity format by opening with the 2024 estimated PTE of \$811,079 and ending with the proposed estimated 2025 total exemption amount of \$961,883. The exemption amounts include City taxes including operating levy, capital levy, and fire levy. The total exemption amount represents the estimated amount subsidized by other taxpayers.

The difference between the opening and closing amounts is due to the following:

- 2023 Estimate vs Actual - The variance of \$41,958 between the estimated and actual amount is due to 2024 assessment values and tax rate changes
- Reductions – A total of 22 property folios will be removed from the bylaw because they did not apply for a PTE for 2025. 1 folio is being reduced for the Class 1 portion only, to align with policy and newly declared actual use. 3 properties are being removed because they are not eligible for PTE due to uses either being a parking lot, bare land, or held for future. In total, this represents a decrease of \$25,274.
- Changes to Existing Exemptions –The new PTE policy removed the requirement for a percentage phase-in over multiple years. Therefore, properties that were approved for permissive tax exemption in 2023 and 2024 have been adjusted to reflect the full amount of their exemption percentage effective 2025. In total, this represents an estimated increase of \$23,181.

- New Applications – A total of 7 new applications were received and are described on the schedule. These 7 applications meet the criteria pursuant to the Community Charter and the City of Vernon PTE Policy, and are being recommended for inclusion in the 2025 bylaw. In 2024, 1 property was missed from the bylaw and awarded a grant in lieu of PTE; therefore, this property has also been added to the 2025 bylaw. In total, this represents an estimated increase of \$34,013 in exemptions for 2024.
- Changes due to projected tax rate effects – The 2025 amounts are based on 2024 assessments and projected 2025 tax rates. The change in totals from 2024 to 2025 reflects a net increase of \$76,926.

C. Attachments:

- Attachment 1 – 2025 Permissive Tax Exemption Changes
- Attachment 2 – Reclassification of Organizations
- Attachment 3 – Permissive Tax Exemption Policy

D. Strategic Plan Objectives:

- The PTE Policy and Bylaw are in accordance with the City of Vernon’s governing values of integrity, sound information, principles, fairness and transparency that govern decision making.

E. Policy (Existing/Relevance/None):

- Corporate Policy: Permissive Tax Exemptions.

F. Relevant History:

N/A

G. Applicants Response:

N/A

H. Reasons for Bylaw:

The City of Vernon recognizes the significant value of volunteers and volunteer groups and agencies to the social, spiritual, cultural, educational and physical well-being of the community, and deems it appropriate that they be assisted through reduction in property taxation.

I. Resources:

- Tax exemption applications and correspondence.

BUDGET IMPLICATIONS:

1. The recommendations in this report result in an estimated additional \$108,846 in municipal taxes to be subsidized by taxpayers in the 2025 budget.
2. The estimated impact is subject to change once 2025 property assessments are available and 2025 tax rates are approved.

Prepared by:



Rena Crosson
Manager, Financial Operations

Approved for submission to Finance
Committee:



Elma Hamming
Director, Financial Services

CITY OF VERNON
2025 PERMISSIVE TAX EXEMPTION CHANGES (PTE)

2024 TOTAL PERMISSIVE TAX EXEMPTIONS ESTIMATE **\$ 811,079**

Changes due to 2024 assessment values and tax rates:

Various	Various	Variance between estimated and actual amount	\$ 41,958
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2024 TOTAL PERMISSIVE TAX EXEMPTIONS ACTUAL **\$ 853,037**

Reductions:

4 Heronry Properties	107-109 2200 53 Ave	Did not apply for a PTE	\$ (2,448)
German Church of God - Class 1 only	4312 25 St	Class 1 property is taxable	\$ (852)
Vernon Alliance Church	4305 27 St	Property is for a parking lot only, therefore is taxable	\$ (1,845)
15 Properties from Vernon Native Housing Society	Various units at 5545 27 Ave	Now owned by the Province of BC so did not apply for PTE	\$ (9,364)
Canadian Mental Health Association	3102 29 Ave	Did not apply for a PTE as property is in construction	\$ (2,259)
North Okanagan Community Life Society	505-1607 43 Ave	Did not apply for a PTE	\$ (829)
North Okanagan Community Life Society	3209 22 St	Currently bareland, for a future construction site	\$ (742)
North Okanagan Community Life Society	3213 22 St	For future use	\$ (933)
North Okanagan Friendship Centre Society	2902 29 Ave	Did not apply as currently under construction	\$ (6,002)
			\$ (25,274)

Changes to Existing Properties:

Various	Various	Changes in exemptions due to removal of 3-year phase in requirements.	\$ 23,181
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New Applications:

Canadian Mental Health Organization	3806 24 Ave		\$ 10,464
Kindale Developmental Association	4307 29 St		\$ 1,090
Okanagan Village Housing Society	3-4100 25 Ave		\$ 1,148
Okanagan Village Housing Society	4-4100 25 Ave		\$ 1,148
Vernon Live Well Clinic	3413 32 Ave		\$ 3,759
Vernon Native Housing	5701 Heritage Dr		\$ 5,771
Vernon Native Housing	5577 27 Ave		\$ 6,022
St Johns Evangelical Lutheran Church	6525 Okanagan Landing Road	Missed from PTE Bylaw in 2024	\$ 4,611
			\$ 34,013

Change due to projected tax rate increases:

\$ 76,926

2025 PROPOSED TOTAL PERMISSIVE TAX EXEMPTIONS

\$ 961,883

PROPOSED CHANGE IN PERMISSIVE TAX EXEMPTIONS FROM 2024 ACTUAL

\$ 108,846

**2025 Permissive Tax Exemptions
Reclassification of Organizations from 2024**

Organization Name	Folio	2024 Category	2024 PTE %	2024 PTE \$	2025 Category	Category PTE Max %	2025 PTE %	Additional Comments
ARMY NAVY & AIRFORCE VETERANS	02366.003	Mixed and Unique	100	4,575	Social Services	100	100	Class 8 only
CURLING CLUB	04135.015	Mixed and Unique	100	13,675	Recreation and Sports	50	100	
HALINA CLUB	04135.013	Mixed and Unique	100	3,912	Recreation and Sports	50	100	
HERONRY - 53 AVE	04487.047	Mixed and Unique	100	207	Social Services	100	100	
HERONRY - 53 AVE	04487.048	Mixed and Unique	100	222	Social Services	100	100	
HERONRY - 53 AVE	04487.049	Mixed and Unique	100	222	Social Services	100	100	
HERONRY PROTECTION COVENANT	04486.000	Mixed and Unique	100	1,796	Social Services	100	100	
N.O. CHILDCARE & MONTESSORI	03933.005	Mixed and Unique	36	2,777	Social Services	100	36	Class 1 only
NORTH OKANAGAN VALLEY GLEANERS	02276.001	Mixed and Unique	20	2,133	Social Services	100	20	
OK BOYS & GIRLS CLUBS - TEEN	01850.002	Mixed and Unique	100	4,307	Social Services	100	100	
OK LANDING COMMUNITY ASSOC	07815.000	Mixed and Unique	100	7,783	Recreation and Sports	50	100	
OKANAGAN BOYS & GIRLS	04135.011	Mixed and Unique	80	8,234	Social Services	100	80	Class 6 only
PADDLEWHEEL PARK FORESHORE	07871.000	Mixed and Unique	100	1,636	Recreation and Sports	50	100	
ST. JOHN SOCIETY	07401.560	Mixed and Unique	100	5,378	Social Services	100	100	Class 6 only
SUNNYVALE RESTHOME SOCIETY	02255.007	Mixed and Unique	33	675	Social Services	100	33	
SUNNYVALE RESTHOME SOCIETY	02255.009	Mixed and Unique	33	423	Social Services	100	33	
SUNNYVALE RESTHOME SOCIETY	02255.015	Mixed and Unique	33	1,425	Social Services	100	33	
VERNON & AREA PRO LIFE SOCIETY	01067.000	Mixed and Unique	92.5	3,735	Social Services	100	92.5	
VERNON BOOK VOLUNTEERS SOCIETY	06164.047	Mixed and Unique	100	1,679	Social Services	100	100	
VERNON PENSIONERS - MCCOLLOUGH	01196.001	Mixed and Unique	33	5,777	Social Services	100	33	
SCHUBERT CENTRE SOCIETY	04048.040	Social Services	100	30,756	Recreation and Sports	50	100	
PV CHRISTIAN ACADEMY	02590.001	Private Schools	100	3,167	Place of Worship	100	100	School is Statutorily Exempt



THE CORPORATION OF THE CITY OF VERNON

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Corporate Policy Manual

Section:	Corporate Services	
Sub-Section:		
Title:	Permissive Tax Exemption	

RELATED POLICIES

Number	Title

APPROVALS

POLICY APPROVED BY:	AMENDMENT APPROVAL:	SECTION AMENDED
Approved by: Mayor & Council  Victor I. Cumming Mayor Date: May 13, 2024		<i>Original Policy</i>

1. PURPOSE

- 1.1. The City of Vernon recognizes the significant value of volunteers and volunteer groups and agencies to the social, spiritual, cultural, educational and physical well-being of the community. A permissive tax exemption is a means for Council to support organizations within the community where Council deems it appropriate that the organization be assisted through reduction in property taxation.
 - 1.2. Once granted, property tax exemptions exempt properties from municipal taxes and all other taxing authority levels (provincial school taxes, Okanagan Regional Library, North Okanagan / Columbia-Shuswap Regional Hospital District, Regional District of North Okanagan, BC Assessment and Municipal Finance Authority levies). Tax exemptions are not applied to charges for local service areas.
 - 1.3. The Permissive Tax Exemption Policy is intended to provide clarity, consistency and certainty to the municipality, the public and prospective applicants in the requirements and evaluations of applications for exemption from property taxes pursuant to Section 224 of the *Community Charter*.
 - 1.4. Council must adopt the permissive tax exemption bylaw for the following year by October 31st of the current year.
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2. POLICY:

2.1 PROCESS

- 2.1.1 Council will consider permissive tax exemption applications from places of worship, private schools and hospital ancillary properties for a period of up to 5 years. Other non-profit organizations will be considered annually.
- 2.1.2 The opportunity to apply for a permissive tax exemption will be advertised annually, and applications will only be accepted during the annual advertised application period and using the prescribed application method and form in order to ensure reasonable consideration and opportunity for all applicants.
- 2.1.3 Application Forms
Places of worship, private schools and hospital ancillary properties are required to complete the place of worship, private school and hospital ancillary properties application form. The City of Vernon will administer these applications on a 5-year bylaw cycle. If the application is approved the organization will be exempt for the number of years remaining in the 5-year cycle, dependent on an annual attestation. The organization will be required to provide an annual attestation that the use of the property has not changed from the original application. If

there is a change in use for the property, a new application will be required. At the end of the 5-year bylaw cycle all organizations must complete an application for the next 5-year bylaw. It is the organization's responsibility to notify the City of Vernon of any changes in the property ownership and/or use of the property.

- 2.1.4 Other non-profit organizations will be required to complete a comprehensive non-profit application. If the application is approved for the next tax year, the organization will be required to submit a short renewal application every year for the remaining years in the current 5-year bylaw cycle. A renewal application is confirmation that the ownership and use of property has not changed and will be reviewed and approved before a permissive tax exemption is granted. At the end of the 5-year bylaw cycle all organizations must complete a new comprehensive non-profit application.
- 2.1.5 The application forms and supporting documentation are an integral part of this policy.
- 2.1.6 The place of worship, private schools and hospital ancillary property application and the comprehensive non-profit application must have the following information attached before consideration of a permissive tax exemption:
- Financial statements including a balance sheet, statement of revenue and expenditures for the most recent fiscal year end, and detailed information of other funding sources.
 - Budget for the year for which the tax exemption is requested, or for the first year of the 5-year cycle if the application is for a place of worship, private school or hospital ancillary property.
 - Appropriate-scale drawing as specified on the individual application forms that includes buildings, parking lots, landscaping, playgrounds, fields, etc.
 - If the property is rented or leased from the owner, a copy of the lease or rental agreement.
- 2.1.7 Applications with the required supporting information must be submitted prior to the end of the advertised deadline to be considered for the next permissive tax exemption year or cycle. Incomplete applications and/or annual renewal forms will not be considered.
- 2.1.8 All properties granted an exemption under this bylaw shall be exempted from property taxation to the extent granted in the bylaw unless not permitted by legislation.

2.2 ELIGIBILITY CRITERIA

- 2.2.1** To be eligible for a permissive tax exemption an organization must comply with all of the eligibility criteria outlined below.
- Is the registered owner of the property, or a tenant under a lease requiring organization to pay property taxes directly to the City of Vernon.

- Is a British Columbia registered non-profit society.
- Uses the property primarily for a purpose covered by Section 224 of the Community Charter (other incidental uses would not disqualify the applicant, but if substantial, will reduce the percentage of exemption).
- Primarily serves the residents of the City of Vernon.
- Has its membership to the society open to any resident of the City of Vernon.
- Provides a service supporting the social, spiritual, cultural, educational or physical well-being of the community.
- The property is in compliance with City bylaws, policies and regulations.

2.2.2 Exemptions are based on the principal use of the property, not on the charitable service of the organization as a whole.

2.2.3 Exemptions can only be granted to the portion of a property that meets all the requirements of this policy. The exemption may apply to the whole or part of the taxable assessed value of land, improvements, or both.

2.2.4 There is no obligation on the part of Council to grant permissive tax exemptions in any given year.

2.2.5 Place of Worship and Private Schools

Applications will NOT be considered for:

- Vacant land that a church organization is holding for future use and/or investment purposes: or
- Property that is used exclusively for parking, unless it is in direct relationship to the place of worship

2.2.6 New Applicants

A property under construction will NOT be considered for permissive tax exemption until construction is complete and an occupancy permit is issued. Occupancy must be issued by the City of Vernon prior to the end of the permissive tax exemption application intake period to be considered for a permissive tax exemption in the next calendar year.

2.3 EVALUATION CATEGORIES

2.3.1 All applications must meet the description of at least one of the categories below, and self-declare their primary category as part of the application:

- Places of Worship, Private Schools and Hospital Ancillary Properties: must be recognized by BC Assessment as operating in one of these capacities and receiving partial statutory exemption, with remaining taxable values.
- Social Services Facility: Properties used by eligible societies primarily for the provision of support services to members of the community with a range of needs; and for administrative and fund-raising activities in support of those services. Exemptions can be granted up to 100%.

- Cultural and Educational Facility: Properties used by eligible societies primarily for the preparation and delivery of cultural and educational programs and events available to the public; and for fund-raising in support of those activities. Exemptions can be granted up to 75%.
- Recreation and Sports Facilities: Properties used by eligible societies primarily for the provision of space and equipment for the physical and mental enjoyment of the participants, with or without spectators. Exemptions can be granted up to 50%.

3 ADDITIONAL INFORMATION

3.1 Council may request a presentation from an applying organization.

3.2 The City of Vernon may request additional information.

3.3 The City of Vernon reserves the right to review records and/or property to verify information provided in support of the application.

3.4 Successful applicants may be asked to publicly acknowledge the exemption.

3.5 Council may, at its discretion, reject any or all applications brought forward for consideration in any given year.