

DATE OF MEETING JUNE 15, 2022

AUTHORED BY JAMIE SLATER, MANAGER, REVENUE SERVICES

SUBJECT CONSIDERATION OF NEW PERMISSIVE TAX EXEMPTION

OVERVIEW

Purpose of Report

To obtain Council approval for the Permissive Tax Exemption application received from Makerspace Nanaimo Association for the property that it leases at 2221A McGarrigle Road.

Recommendation

That the Finance and Audit Committee recommend that Council:

- Award a Permissive Tax exemption commencing with the 2023 taxation year to the Makerspace Nanaimo Association

BACKGROUND

Historically, new applications for Permissive Tax Exemptions were reviewed by the Grants Advisory Sub-Committee, who then forwarded recommendations to approve or deny the applications to Council. With the dissolution of this Sub-Committee, the responsibility to review new applications falls to the Finance and Audit Committee.

A copy of the current Grants Policy and Guidelines document is attached to this report as ATTACHMENT A. Sections 7 and 8 provide specific direction on the evaluation of applications for permissive tax exemptions.

A copy of the application received is attached to this report as ATTACHMENT B. The application meets the minimum criteria, in that:

- The property, or a percentage thereof, is used for non-profit purpose(s)
- The services provided are accessible and benefit the residents of the City

Makerspace Nanaimo has been in operation since 2015. The organization is incorporated under the BC Societies Act and its purpose is to provide space with tools and equipment to enable members of our community to participate in hobbies and learning activities that they wouldn't otherwise be able to participate in.

The organization leases approximately 16.80% of the property at 2221 McGarrigle Road, and the registered owner has provided confirmation that should the organization be granted a permissive tax exemption, the full benefit will be passed on to Makerspace Nanaimo.

DISCUSSION

Makerspace Nanaimo is an open community lab that provides a blend of workshop, studio space, social hub and educational facility where members can share tools, resources and knowledge to build just about anything.

The association charges a membership fee of \$50 per month (or \$500 per year) that supports the operations of Makerspace Nanaimo which is run by a group of dedicated volunteers.

The 2022 assessed value of the property is \$2,662,000 and the portion of the property being utilized by Makerspace has a Class 6 (Business) designation. The organization is requesting an exemption that would commence with the 2023 taxation year. The estimated municipal portion of the tax exemption for 2023 is \$5,400. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council:

Award a Permissive Tax Exemption for the 2023 taxation year to the Makerspace Nanaimo Association for the portion occupied by the association (16.80%) at 2221A McGarrigle Road

- **Advantages:** Granting a Permissive Tax Exemption to Makerspace Nanaimo Association supports the not-for-profit activities of the organization and meets the criteria in the Grants and Policy Guidelines. This would also allow for the expansion of programs and services offered.
- **Disadvantages:** The remaining Class 6 (Business/Other) properties throughout the City of Nanaimo will be required to absorb approximately \$5,400 in property taxes. As outlined above, the 2023 municipal property tax calculation is an estimate.

2. That the Finance and Audit Committee recommend that Council:

Deny a Permissive Tax Exemption for the 2023 taxation year to the Makerspace Nanaimo Association for the portion occupied by the association (16.80%) at 2221A McGarrigle Road

- **Advantages:** The denial of a Permissive Tax Exemption would result in the remaining Class 6 properties throughout the City of Nanaimo not having to absorb approximately \$5,400 in property taxes. As outlined above, the 2023 municipal property tax calculation is an estimate.
- **Disadvantages:** The denial of a Permissive Tax Exemption could result in the Makerspace Nanaimo Association not being able to continue to provide services to the Nanaimo community due to the lack or decrease of financial resources. Alternatively, the association may not be able to provide as many services.

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SUMMARY POINTS

- The Makerspace Nanaimo Association has applied for a Permissive Tax Exemption for the 2023 taxation year for the portion of the property that it leases at 2221A McGarrigle Road
- The Permissive Tax Exemption would only apply to the area of the property that the association occupies (16.80%)
- The application from the association meets the criteria for approval of a Permissive Tax Exemption

ATTACHMENTS:

- ATTACHMENT A: Grants Policy and Guidelines
- ATTACHMENT B: Permissive Tax Exemption Application from the Makerspace Nanaimo Association |

Submitted by:

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Concurrence by:

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