

# Staff Report for Decision

DATE OF MEETING    SEPTEMBER 23, 2024

AUTHORED BY        JAMIE SLATER, MANAGER, FINANCIAL SERVICES & SPECIAL PROJECTS

**SUBJECT                2025 PERMISSIVE TAX EXEMPTION BYLAW**

**OVERVIEW**

**Purpose of Report**

To introduce “Permissive Tax Exemption Bylaw, 2024 No. 7388” (a bylaw to exempt certain land and buildings from taxation) for first, second and third readings.

**Recommendation**

1. That the “Permissive Tax Exemption Bylaw, 2024 No. 7388” (a bylaw to exempt certain land and buildings from taxation) pass first reading;
2. That the “Permissive Tax Exemption Bylaw, 2024 No. 7388” pass second reading; and
3. That the “Permissive Tax Exemption Bylaw, 2024 No. 7388” pass third reading.

**BACKGROUND**

Pursuant to the Community Charter, Council may exempt certain properties from taxation through a tax exemption bylaw. This bylaw must be adopted annually by October 31, and Council can choose the term of the exemption as long as it does not exceed ten (10) years.

Each year, a separate exemption bylaw is created so that properties can be added or removed as necessary.

**DISCUSSION**

In 2024, 22 new applications were received and considered by Council. Of those applications, ten (10) applications were approved and twelve (12) applications were denied. A summary of the applications that were approved during the year are outlined below.

<b>Applicant</b>	<b>Council Meeting</b>	<b>Property Address</b>	<b>% Exempt</b>	<b>Status</b>
Nanaimo Men’s Centre	2024-FEB-21	418D Fitzwilliam Street	100% of portion occupied by the organization at 418D Fitzwilliam Street	Approved

Alano Club of Nanaimo Society	2024-SEP-09	201-321 Wallace Street	100% of portion occupied by the organization at 201-321 Wallace Street	Approved
Connective Support Society Nanaimo	2024-SEP-09	2630 Labieux Road	100% of portion occupied by the organization at 2630 Labieux Road	Approved
Island Crisis Care Society	2024-SEP-09	3-2025 Bowen Road	100% of portion occupied by the organization at 3-2025 Bowen Road	Approved
Nanaimo Systems Planning Organization Society	2024-SEP-09	495 Dunsmuir Street	100% of portion occupied by the organization at 495 Dunsmuir Street	Approved
Pacifica Housing Advisory Association	2024-SEP-09	940 Hecate Street	100%	Approved
The Canadian Red Cross Society	2024-SEP-09	Units 4 and 5 – 2525 McCullough Road	100% of portion occupied by the organization at 2525 McCullough Road	Approved
The Vancouver Island Exhibition Association – Beban Urban Gardens	2024-SEP-09	2300 Bowen Road (Folio 05549.014)	100%	Approved
Unitarian Foundation of Nanaimo	2024-SEP-09	591 Townsite Road	100%	Approved
Vancouver Island Symphony	2024-SEP-09	617 Wentworth Street	100% of portion occupied by the organization at 617 Wentworth Street	Approved

During the Permissive Tax Exemption review, it was noted that the property at 4166 Departure Bay Road was previously exempted under the Nanaimo Disability Resource Center. Upon further review, it was noted that the building is occupied by both Diabetes Canada and the Nanaimo Disability Resource Center. The Bylaw has been updated to reflect this change, as both entities continue to meet the criteria for permissive tax exemption.

Throughout the year, properties are removed from the Permissive Tax Exemption Bylaw if there is an ownership change, if lease space is vacated, or if the organization no longer qualifies for an exemption.

### Valuation of Permissive Tax Exemptions

The *Community Charter* requires that the municipal value of the exemptions for the upcoming year, plus two additional subsequent years are disclosed. Each year, this is completed as part of the public notice requirements for the Permissive Tax Exemption bylaw.

The estimated value of the municipal exemptions granted for 2025 for all 179 properties is \$2,379,000, as detailed in the chart below:

	Bylaw Schedule	# Properties	2025 – Estimated City Portion Only (\$)
PLACES OF WORSHIP	A	38	\$660,000
SENIOR CITIZENS HOUSING	B	11	\$238,000
COMMUNITY CARE FACILITIES	C	5	\$199,000
MISCELLANEOUS NON-PROFIT	D	66	\$627,000
LEASED PROPERTIES AND PARTIAL EXEMPTIONS	E	59	\$655,000
<b>TOTAL</b>		<b>179</b>	<b>\$2,379,000</b>

### Bylaw Format

The City is committed to continuous improvement and continues to work with BC Assessment to ensure that the bylaw meets and exceeds the standards required for the accurate recording of Permissive Tax Exemptions. This year’s bylaw (specifically Schedule E for Leased Properties and Partial Exemptions) provides additional information regarding the leased properties for easier administration and clarity.

### OPTIONS

1. That the “Permissive Tax Exemption Bylaw, 2024 No. 7388” (a bylaw to exempt certain land and buildings from taxation) pass first reading;

That the “Permissive Tax Exemption Bylaw, 2024 No. 7388” pass second reading; and

That the “Permissive Tax Exemption Bylaw, 2024 No. 7388” pass third reading.

#### **Advantages:**

- Granting permissive tax exemptions is consistent with Council motions made throughout the year, past practice, and with Council’s Permissive Tax Exemption Policy
- Organizations supported by permissive tax exemptions can use the funds that they otherwise would have paid in property taxes to support the work that they are doing to benefit the Community

**Disadvantages:**

- By granting permissive tax exemptions to these organizations, the remaining Class 1 (Residential), Class 2 (Utilities), Class 6 (Business/Other), and Class 8 (Recreational) properties throughout the City of Nanaimo will be required to absorb the property taxes that would have otherwise been paid

**Financial Implications:**

- There are no financial impacts to the City of Nanaimo if the Permissive Tax Exemption bylaw is adopted, as the total amount of taxes requisitioned will remain the same
  - The impact of permissive tax exemptions is a shift from taxpayers that are exempt over to the remaining taxpayers in that same property assessment class
  - The estimated municipal portion of these taxes is \$2,379,000
    - This estimate represents municipal taxes only and does not include collections for other government entities
2. That Council does not pass any readings of the “Property Tax Exemption Bylaw, 2024 No. 7388” (a bylaw to exempt certain land and buildings from taxation)

**Advantages:**

- Approximately \$2,379,000 in municipal taxes would not be required to be absorbed by the remaining Class 1 (Residential), Class 2 (Utilities), Class 5 (Light Industry), Class 6 (Business/Other), and Class 8 (Recreational) properties

**Disadvantages:**

- The denial of permissive tax exemptions for all these organizations would be inconsistent with Council’s cumulative actions to date
- The entities that are currently receiving a permissive tax exemption would be required to pay property taxes in 2025
- The denial of permissive tax exemptions could have a potentially significant financial impact on the operations of multiple charitable organizations

**Financial Implications:**

- There are no financial impacts to the City if the permissive tax exemption bylaw is not adopted, as the total amount of taxes requisitioned will remain the same.
3. Other direction, as provided by Council.

**SUMMARY POINTS**

- The Permissive Tax Exemption bylaw for the upcoming taxation year must be adopted and provided to BC Assessment annually by October 31 each year
- Public Notice will be provided in accordance with the City of Nanaimo's Public Notice Bylaw
- Applications received throughout the year were presented to Council on 2024-FEB-21 and 2024-SEP-09

**ATTACHMENTS:**

Permissive Tax Exemption Bylaw, 2024 No. 7388

**Submitted by:**

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**Concurrence by:**

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