COUNCIL REPORT

Date: December 11, 2025

File: 2.8.3.1

To: Warren Waycheshen, CAO for Mayor and Council

From: Sue-Lin Tarnowski, Director of Finance

Re: Permissive Tax Exemption Policy
Applicant: N/A
Location: N/A

Recommendation:

Action: That Council provide input on staff's recommendation to bring forward Permissive Tax Exemption Policy.

Recommended Motion:

THAT a Permissive Tax Exemption Policy be presented for Council consideration.

Background:

Property taxation in British Columbia is governed by the *Community Charter* which distinguishes between statutory and permissive tax exemptions.

Statutory exemptions are mandated by provincial legislation and grant automatic municipal property taxes exemption to certain properties. These properties include land and improvements owned and used by the Crown, the municipality, or other local authorities; places of worship and religious institutions (this exemption applies to the land that the building occupies, and the building itself used directly for worship purposes only); charitable institutions used for charitable purposes; hospitals, schools, and universities; and public libraries and cemeteries. Municipalities have no discretion over statutory exemptions and must exempt these properties.

Permissive tax exemptions, in contrast, are discretionary. Section 224 of the *Community Charter* gives municipalities the authority to grant full or partial exemptions to properties that are not automatically exempt but provide a clear public or community benefit. Eligible properties may include non-profit organizations delivering social, recreational, cultural, or community services; heritage or historical properties; affordable or supportive housing projects; and auxiliary lands or buildings associated with places of worship or charitable institutions. Permissive exemptions are granted through a bylaw and require Council approval.

The value of permissive exemptions is considered forgone revenue. The District of Kitimat's estimated permissive exemption total for 2026 is $800,616 (2025 - $765,271). Currently, the overarching policy in Section G of the District's Objectives and Policies (part of the Five-Year Financial Plan) states that Council may grant permissive tax exemptions to activities provided by not-for-profit organizations and private citizens that offer public access to services consistent with the municipality's mission, services that would otherwise be provided by the District. However, the District does not have a dedicated permissive tax exemption policy to guide these discretionary decisions, nor does it have mechanisms for oversight such as renewal conditions or compliance reviews.

Establishing a Permissive Tax Exemption Policy would ensure the consistent and transparent application of exemptions, enabling the District to strategically support organizations that deliver clearly defined community benefits. The policy would also introduce a requirement for periodic review of exempted properties to confirm that they continue to be used for the purposes approved by Council.

If Council approves the Permissive Tax Exemption Policy, the application process for permissive tax exemptions would take effect on June 1, 2026, with an application deadline of August 31, 2026. This timeline would provide sufficient time for staff review and Council consideration in order to meet the statutory deadline of October 31, 2026, for adopting the permissive tax exemption bylaw for the following year(s).

Permissive Tax Exemption Bylaw No. 1987, 2020, was adopted by Council on September 8, 2020 (and amended by Bylaw No. 2057 on October 7, 2024). If Council approves the Permissive Tax Exemption Policy, the application process for permissive tax exemptions would take effect on June 1, 2026, with an application deadline of August 31, 2026. This timeline would provide sufficient time for staff review and Council consideration in order to meet the statutory deadline of October 31, 2026, for adopting the permissive tax exemption bylaw for the following year(s).

If Council does not wish to consider a policy, the exemptions covered in this bylaw would remain in effect until 2034 or otherwise as amended by Council through bylaw.

Alternative Options:

1. If Council, does not wish to direct staff to bring forward a Permissive Tax Exemption Policy, the following motion is provided for Council consideration:

   THAT the Permissive Tax Exemption Policy report dated December 1, 2025, be received for information.

Budget Implications:
If approved by Council, the policy may impact future municipal budgets.

"SLT"
Director of Finance Initials

Budgeted: n/a **Unbudgeted:**

Council Initiative/Other Relevant Plans:

Strategic Plan (2023-2026)
Not considered
Joint Strategic Plan for Haisla Nation Council – District of Kitimat (2024-2029)
Not considered
District of Kitimat and Haisla Council Friendship Agreement - gi guáƛaṗ nis
Not considered
Community Energy and Emissions Plan
Not considered
Housing Action Plan and Needs Assessment
Not considered
Kitimat Age-Friendly Assessment Report and Action Plan

Not considered

Kitimat Cycle Network Plan
Not considered

Kitimat Poverty Reduction Strategy
Not considered

Leisure Services Master Plan
Not considered

Minette Bay West Concept Plan
Not considered

Official Community Plan (and Downtown Design Guidelines)
Not considered

Solid Waste Action Plan
Not considered

Water Conservation Plan
Not considered

BC Transit Future Services Plan
Not considered

Economic Development Strategic Plan (2023-2029)
Not considered

"Sue-Lin Tarnowski"
Submitted by
Sue-Lin Tarnowski
Director of Finance

"Warren Waycheshen"
Approved for Submission
Warren Waycheshen, CAO

Attachment(s): None

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