



VILLAGE OF LYTTON

Date: October 9, 2014

To: Mayor and Council

From: CAO

Re: Grant-in-aid to the Legion

The Legion currently has penalties (with interest on same) for taxes not paid on time, going back three years. Council has requested that these penalties and interest be forgiven. This was the response received from the Ministry:

From: Johnson, Brittany CSCD:EX [<mailto:Brittany.Johnson@gov.bc.ca>]
Sent: September-17-14 1:47 PM
To: 'Enid Keir'
Cc: Andres, Lisa CSCD:EX
Subject: RE: Tax penalty Forgiveness

Hi Enid,

While Council normally has the discretion to request a Minister's order under section 315.3 of the *Local Government Act* to write off tax penalties if they choose, they cannot request this for a class 6, business, property. Section 25 of the *Community Charter* prohibits a local government from providing assistance to business which includes waiving a tax or fee. We will not approve any requests to write off taxes for a business.

If you need any more information let me know.

Brittany

Although Council cannot forgive the charges in this manner, there are other alternatives. One such alternative is to give the Legion a *grant-in-aid* in an amount equivalent to the amounts owing. Consider that if the Legion were to come in January and request a grant-in-aid to assist in providing services to the community, then there is no question that Council would have the authority to approve the request. The situation here is no different, provided that Council clearly specifies that the grant is *for the purposes of assisting the Legion in providing services to the Community*. It is irrelevant what causes the Legion to have a shortfall (it could just as easily be a hole in the roof or an exceptionally large utility bill).

The Ministry's response above simply indicates that they have a general policy of not approving write-offs for properties in that particular *Class* of taxable properties. However, that does not mean that the Legion is a *business* for other purposes (the *Community Charter* prohibits Councils from providing financial assistance to a business). The Legion is a non-profit organization and does not meet the definition of a 'business' in the *Community Charter*.

RECOMMENDATION:

I would recommend that Council provides a grant-in-aid to the Legion in order *to assist it in providing services to the community*, in an amount that is appropriate to the circumstances.

(Council should note that this is being done due to *extenuating circumstances*, and that relief from tax penalties in this manner will not be contemplated in future.)



Mark Anthony Brennan
Chief Administrative Officer