

POLICY STATEMENT AND REGULATIONS

Number: 200.4

REVENUE POLICY

POLICY OBJECTIVE

The Community Charter requires all municipalities to develop specific statements of policy on certain revenues and taxes. This policy will meet the requirements of the Community Charter by stating policy related to the proportion of total revenue by revenue source, the distribution of property taxes among the property classes and the use of permissive tax exemptions.

POLICY

A. PROPORTION OF REVENUE BY SOURCE

Property Value Taxes

The District of Summerland (District) will attempt to keep the proportional share of revenue from property value taxes at a level similar to historical amounts, adjusted for non-market changes and the changing priorities of the Council.

The District will continue to use property value taxation as a primary source of revenue in the general fund. When new sources of revenue are made available to the District from senior governments, these revenues will be used to reduce dependency on property value taxation wherever possible.

Parcel taxes

Parcel taxes will continue to be utilized to raise revenues where Council determines they are more appropriate than property value taxes. Parcel taxes are most appropriate in situations such as utility services where only a portion of the community benefits from the service.

Fees and charges

Fees and charges will be utilized when they are both easily attributable to the service user and directly beneficial to those who utilize the service. The proportion of the costs recovered by the fees and charges will vary with the nature of the service provided.

The District will establish cost recovery policies for fee-supported services. The policies will consider whether the benefits received from the service are public and/or private.

The District will review fees/charges every two years, at a minimum, to ensure that they keep pace with changes in the cost-of-living as well as changes in the methods or levels of service delivery.

The District will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges.

Proceeds of borrowing

Borrowing will be considered when determining the funding source of large capital projects that provide benefits to taxpayers over a long period of time (20 years or more). The District will consider leasing opportunities when acquiring assets that provide benefits over a shorter period of time.

Other revenue sources

The District will actively pursue alternative revenue sources to reduce reliance on property value taxes.

The District will utilize surplus funds when appropriate. The *Community Charter* does not allow municipalities to plan an operating deficit (i.e. where expenditures exceed revenues). To ensure this situation does not occur, revenue projections are conservative and authorized expenditures are closely monitored. The combination of conservative revenue projections and controlled expenditures should produce a modest annual operating surplus. Council will review options and provide direction to staff regarding the allocation of any operating surplus.

The District will establish and utilize reserve funds when appropriate. Reserve funds shall be set aside to:

- a. Provide sources of funds for future capital expenditures;
- b. Provide a source of funding for areas of expenditure that fluctuate significantly from year to year (ex. snow removal);
- c. Protect the District from uncontrollable or unexpected increases in expenditures or unforeseen reductions in revenues, or a combination of the two; and
- d. Provide for working capital to ensure sufficient cash flow to meet the District's needs throughout the year.

The District will utilize development cost charges to help fund capital projects deemed to be required in whole or in part due to development in the community. These charges will be set by bylaw and reviewed at a minimum every 5 years to ensure that project estimates remain reasonable and the development costs charges are aligned with the strategic goals of Council.

The District will develop and pursue new and creative partnerships with government, community institutions (churches, schools), and community groups as well as private and non-profit organizations to generate revenues, reduce costs and enhance service to the community

B. DISTRIBUTION OF PROPERTY VALUE TAXES

Council will set tax rates with the goal of tax stability. This is accomplished by Council first considering the historical proportion of taxes paid by each property classification before consideration of non-market changes in the property classes and then the tax levy on a typical home and the average assessed value for a business.

C. USE OF PERMISSIVE TAX EXEMPTIONS

The District believes that the Permissive Tax Exemption is an appropriate way to recognize the value of the services provided to the community by non-profit organizations. Permissive tax exemptions will be considered annually by Council. All applications for permissive tax exemptions will be reviewed in accordance with the current Permissive Tax Exemption Policy. Permissive Tax Exemptions will be reviewed at least every three years to ensure that the organization and property still meets the criteria established by Council.

Adopted: November 10, 2014