

## 9.06 ECONOMIC DEVELOPMENT Commercial Tax Incentive Policy

Approval Date June 13, 2018

### 1. Purpose

The purpose of this policy is to:

- Encourage new development within the Municipality
- Provide tax relief to businesses who create jobs in the Municipality
- Contribute to economic development and growth in the Municipality

### 2. Background

Section 295 of *The Municipalities Act* provides municipalities with the ability to exempt specific properties from taxation for a period of time not exceeding five (5) years. Subsection 298(5) indicates that a municipality that has entered into an agreement to exempt or partially exempt the taxes on a specific property for the purposes of economic development is not required to reimburse other tax authorities, such as the school division, for any taxes lost as a result of the exemption.

### 3. Policies and Conditions

Council may enter into an agreement with a property owner or occupant, as applicable, to provide a tax exemption under the following conditions:

- 3.1 For buildings or facilities with an estimated taxable assessment valued under \$20,000,000, tax exemptions will be provided for a period of three (3) years at the following percentages:
  - Year 1: (from date on original Development Permit): 100% exemption
  - Year 2: 100% exemption
  - Year 3: 100% exemption
- 3.2 For buildings or facilities with an estimated taxable assessment valued over \$20,000,000, tax exemptions will be provided for a period of five (5) years at the following percentages:
  - Year 1: (from date on the original development permit)
  - Year 2: 100% exemption
  - Year 3: 100% exemption
  - Year 4: 100% exemption
  - Year 5: 50% exemption
- 3.3 In order to qualify, all of the following criteria must be met:
  - (a) The applicant must be a legally incorporated entity.
  - (b) The applicant must be in good standing with the Municipality with respect to taxes.
  - (c) The proposed development must be subject to commercial/industrial taxation.
  - (d) The building or facility in the Municipality for which application for exemption is being made, must contribute taxable assessment to qualify for a three (3) year exemption and at least \$20,000,000 to qualify for a five (5) year exemption. The estimated value of the building or facility shall be based on the value shown on the Building Permit.
  - (e) The applicant must submit a complete Tax Exemption Application Form to the Municipality when obtaining a Development Permit.
- 3.4 The tax exemption applies to permanent improvements only including new building or facility development and is not applicable to building renovations, expansions or taxes levied on lands.
- 3.5 Temporary buildings (no foundation), work camps, home based businesses and any businesses that are subject to grants-in-lieu are not eligible for a tax exemption
- 3.6 The tax exemption will apply to education property tax only if approved by the Ministry of Government Relations of the Province of Saskatchewan.

- 3.7 The tax exemption is not available to applicants with tax arrears.
- 3.8 Where a tax exemption has been approved under this policy and the applicant has entered into a Tax Exemption Agreement with the Municipality, the applicant remains responsible for payment of taxes levied. Taxes must be paid in full by a deadline of December 31<sup>st</sup> annually. Should the applicant fail to keep the taxes current during the term of the Tax Exemption Agreement, this will result in a default of the agreement. In the event of a default, any remaining exemption under the agreement will be forfeited and no further exemptions will be granted by the Municipality to the applicant.
- 3.9 Any tax exemption that is granted under this policy is not transferable. If a property is sold that is subject to a tax exemption under this policy, upon the transfer of ownership of the property, any remaining tax exemption is forfeited.
- 3.10 A tax exemption that is granted under this policy may be revoked by Council, at any time, the Municipality determines that the applicant is in violation of any municipal bylaws or agreements with the Municipality or has failed to meet the requirements or conditions of any permits or approvals issued by the Municipality.