

## **Economic Development – Commercial/Industrial Bare Land Tax Exemption Policy**

Effective Date January 1, 2020

### 1. Purpose

The purpose of this policy is to:

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

### 2. Background

Section 295 of *The Municipalities Act* provides municipalities with the authority to exempt specific properties from taxation of a period of time not exceeding five (5) years. The tax exemption will also apply to taxes levied by any school division subject to conditions listed in *The Municipalities Act*, *The Education Property Act*, and any other *Act* that may be applicable.

### 3. Policy

Council may enter into an agreement to provide for a tax exemption under the conditions listed below:

- 3.1 Tax exemptions will be provided for up to a maximum of five (5) consecutive years at the following percentages:

Year One (1) – 100%  
Year Two (2) – 100%  
Year Three (3) – 75%  
Year Four (4) – 50%  
Year Five (5) – 25%

- 3.2 Year one (1) of the tax exemption shall commence the year the improvement is assessed. This will depend on when the Building Permit is approved. Where it is determined that a tax exemption is to be prorated or there is a dispute on the commencement date, the Administrator shall determine the commencement date.

- 3.3 In order to qualify, all of the following criteria must be met:
- a) The applicant must own or have a leasehold agreement to place improvements on the land.
  - b) The applicant must not have tax arrears in the Municipality.
  - c) The proposed development must be subject to commercial/industrial taxation.
  - d) The applicant must submit a complete Tax Exemption Application Form to the Municipality before obtaining the Building Permit Approval. Applications received after the Building Permit Approval date will not be considered.
  - e) The applicant must not have any other outstanding Building Permits in the Municipality.
- 3.4 The tax exemption applies to property that is bare land only and a Building Permit Approval shall be for the first permanent building only. It is not applicable to building renovations, expansions or taxes levied on lands.
- 3.5 Temporary buildings, work camps, home based businesses and any businesses that are subject to grants-in-lieu of taxes are not eligible.
- 3.6 The successful applicant is encouraged to complete the Building Permit prior to the end of year two (2). If the Building Permit is not completed by the end of year two (2) the applicant must provide the Municipality, prior to the end of year two (2), documentation that explains why the Building Permit has not been completed. The Council will then consider the explanation to extend the tax exemption after year two (2).
- 3.7 The tax exemption is not available to applicants with tax arrears. Where a tax exemption has been approved by the Municipality the applicant remains responsible for payment of taxes levied. Taxes must be paid in full by the deadline of December 31<sup>st</sup> annually. Should the applicant fail to keep the taxes current during the term of the 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 tax exemptions will be granted by the Municipality to the applicant.

- 3.8 A tax exemption agreement is not transferrable. 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 will be forfeited.
- 3.9 The approved applicant shall erect a sign at the property that references the abatement. The sign will be provided by the Municipality and must remain up for the term of the agreement.
- 3.10 The conditions listed in the policy are guidelines, and while incentives entered into by the Municipality and applicant are based on the criteria herein, each respective exemption requires authorization by resolution or bylaw of Council to be in effect and Council may make any change they may deem necessary.
- 3.11 A tax exemption that is granted under this policy may be revoked by Council at any time:
- a) that the applicant is in violation of any municipal bylaws or agreements with the Municipality or
  - b) that the applicant has failed to meet the requirements or conditions of any permits or approvals issued by the Municipality.