

R.M. of Lumsden No. 189 Commercial/Industrial Development Tax Incentive Policy

Policy:

1.0 Tax Incentive Policy Objective

The Commercial/Industrial Development Tax Incentive Policy is put forth to benefit both the developer of bare land commercial/industrial subdivisions and the purchaser of a lot(s) within such a subdivision. The policy looks to entice business and development in the RM of Lumsden No.189 by providing tax abatements for new commercial/industrial developments, as well as substantial improvements to existing commercial/industrial developments on commercial assessed land. This policy only applies to taxes on new development (buildings or structures) and the taxes on improvements (ex. Additions) to an existing development (buildings or structure).

Specific objectives of this policy include:

- a. Business attraction and retention;
- b. To increase and diversify employment opportunities within the RM of Lumsden No.189;
- c. To provide financial relief to businesses in their start-up year by offering a tax exemption;
- d. To increase the long-term economic viability of a commercial/industrial business enterprise;
- e. To improve the RM of Lumsden's competitive position;
- f. To make the RM an attractive locale for foreign and domestic investment and development.

2.0 Definitions:

1st Year - means the first year in which the improvement is assessed by the Saskatchewan Assessment Management Agency.

2nd Year - means the second year after the improvement is assessed by the Saskatchewan Assessment Management Agency.

3rd Year - means the third year after the improvement is assessed by the Saskatchewan Assessment Management Agency.

4th Year - means the fourth year after the improvement is assessed by the Saskatchewan Assessment Management Agency.

5th Year - means the fifth year after the improvement is assessed by the Saskatchewan Assessment Management Agency.

Applicant - means the business enterprise, either existing or new, applying for a development tax incentive.

Business Enterprise - means any business that is commercially assessed by Saskatchewan Assessment Management Agency.

Chief Administrative Officer (CAO) - means the Chief Administrative Officer for the RM of Lumsden No.189.

Commercial Business Enterprise - means any business subject to commercial taxation.

Council - means the council of the RM of Lumsden No.189.

Developer - means owner of land assessed commercial.

Improvements - means the erection of a new building or structure on a bare land commercially assessed parcel, or additions to an existing building or structure on a commercially assessed parcel.

Tax exemption - means a tax abatement applied to improvements on land that is assessed commercial/industrial.

Special Circumstances - means the criteria and factors associated with a unique development applying for a tax exemption. Council shall consider the tax exemption application on its own merit, on a case-by-case basis. This type of request for tax exemption shall be entirely at the discretion of Council.

3.0 Background:

Section 295 of *The Municipalities Act* (the 'Act') provides authority for a municipality to exempt improvements from taxation for economic development purposes for a period of up to five (5) years. When an agreement under this section of the Act is entered, the exemption also applies to taxes collected on behalf of other taxing authorities under Section 298 of the Act (i.e. school divisions).

4.0 Policy:

Council may by agreement, through a separate policy or bylaw, or resolution of Council, provide up to a five (5) year exemption on property taxes for new construction on bare land, or expansion to an existing commercially assessed site by renovation or addition, in accordance with Schedule 'A' attached. The percentage of the tax exemption and term of the exemption will be based on the value of construction of the improvement.

The above Tax Incentives are subject to the following conditions:

- a. The exemption does not apply to the assessment of the land; base and minimum taxes where applicable will remain on land and any pre-existing buildings or improvements.
- b. The value of construction of the improvement shall be determined by the Municipality's Building Official during the Plan Review phase of the Building Permit process, prior to a Building Permit being issued for said improvement.
- c. The exemptions are applied the first full calendar year in which the improvement is assessable and remains in effect providing the development proceeds within the provided timeframe and for its intended use.
- d. The value of the exemption is based on the percentage of total property taxes attributable to the improvement.

- e. The exemption is transferable to other parties for the duration of the pre-existing exemption agreement only with the RM of Lumsden No.189's consent.
- f. This Commercial/Industrial Tax Incentive Policy cannot be stacked with any other Municipal tax incentive policy.
- g. Upon approval of a Building Permit within the municipality and upon request from the applicant, the Municipal Development Officer shall provide a Commercial/Industrial Development Tax Incentive Application to the applicant in the form attached hereto as Schedule 'B'. The Development Officer reserves the right to set a date as to when the application is due.
- h. The Municipality agrees that the exemption from levied taxes, shall include school taxes pursuant to Section 298 of the Act.
 - The applicant agrees that the exemption from levied taxes, including school taxation, shall at all times be subject to the Municipality having the statute authority to provide the exemption from levied taxes, without the municipality having to either pay out the exempted school tax revenue; or obtain the consent of the school board for the exemption.
- i. The applicant must own or have legal interest in the land.
- j. Tax exemptions will not be granted to properties in arrears of taxes.
- k. Tax exemptions will not apply to local improvement levies.
- l. Where it is determined that tax exemptions are to be prorated from an effected date, the CAO shall determine the date.
- m. The above are tax incentive guidelines only, 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.

5.0 Evaluation

- a. A Commercial/Industrial Development Tax Incentive Application form shall be at all times confidential and shall not be disclosed to the public. The information shall be used solely by the Municipality to confirm the application meets the criteria and intent of this policy.
- b. The applicant should provide an estimate of any part-time or full-time jobs being created directly through their venture as well as construction and trades jobs in the construction and expansion of the project.
- c. GST and PST are not considered eligible costs.

6.0 Exclusions

The Municipality will not normally consider providing a tax exemption in the following circumstances:

- a. Tax exemptions will not normally be provided to:
 - New owners of an existing business, unless a Building Permit has been approved for an improvement (addition/renovation) to the existing business.
 - New businesses that are renting or leasing commercial/industrial space from a landlord.
- b. The Municipality may not provide tax exemptions where it is believed it is not in the best interest of the public or where it does not enhance the economic progress of the Municipality.

7.0 Agreement

The commercial/industrial development tax exemption will only be provided by agreement; either by bylaw or resolution of Council, between the Municipality and applicant.

- a. Exemptions will be applied only when the project or improvements are completed per the timeframes indicated in the application or set by the Development Officer, and the development remains for its intended use.
- b. Tax exemption agreements may be rescinded if:
 - If the development, improvement or project is not completed within the specified timeframes;
 - The development, improvement or project changes from the intended use noted in the application;
 - The information provided in the application is fallacious or misleading; and
 - If any taxes or fees are in arrears or become in arrears during the exemption term.
- c. Council may consider other exemption options for special circumstances.

RM OF LUMSDEN NO.189**COMMERCIAL/INDUSTRIAL DEVELOPMENT TAX INCENTIVE POLICY****Schedule 'A'**

Table 1 - New Development	
Value of Construction from Building Permit	Exemption Term and Percentage Exempt
\$100,000 - \$250,000	Year 1 - 50%
\$250,001 - \$400,000	Year 1 - 75%, Year 2 - 50%
\$400,001 - \$600,000	Year 1 - 100%, Year 2 - 75%, Year 3 - 50%
\$600,001 - \$750,000	Year 1 - 100%, Year 2 - 75%, Year 3 - 50%, Year 4 - 25%
More than \$750,001	Year 1 - 100%, Year 2 - 100%, Year 3 - 75%, Year 4 - 50%, Year 5 - 25%

Table 2 - Improvements or Renovations	
Value of Construction from Building Permit	Exemption Term and Percentage Exempt
\$100,000 - \$250,000	Year 1 - 50%
\$250,001 - \$400,000	Year 1 - 75%, Year 2 - 50%
\$400,001 - \$600,000	Year 1 - 100%, Year 2 - 75%, Year 3 - 50%
\$600,001 - \$750,000	Year 1 - 100%, Year 2 - 75%, Year 3 - 50%, Year 4 - 25%
More than \$750,001	Year 1 - 100%, Year 2 - 100%, Year 3 - 75%, Year 4 - 50%, Year 5 - 25%

RM OF LUMSDEN NO.189

COMMERCIAL/INDUSTRIAL DEVELOPMENT TAX INCENTIVE POLICY

Schedule 'B'

PLEASE READ

Application Procedure:

- 1. This application may be submitted after a Building Permit for a qualifying Commercial or Industrial improvement is issued.**
- 2. Fill out the details on the application form. Please attach any other information that you believe will help evaluate the application, such as drawings and renderings, if they are not already included with your Development or Building Permit Application form(s).**
- 3. Return the application form to the attention of the RM of Lumsden's Development Officer. The application will be checked and prepared for consideration by Council.**
- 4. Council will consider the application and if approved, the development will be included into a Tax Incentive Bylaw.**
- 5. Upon approval, an agreement between the Developer and the RM of Lumsden will be prepared and executed by both parties, putting in place the tax exemption for the development.**

RM of LUMSDEN NO.189

APPLICATION FOR COMMERCIAL/INDUSTRIAL TAX INCENTIVE

REGISTERED PROPERTY OR BUSINESS OWNER

Name: _____ Corporation or Partnership: _____

Mailing Address: _____

Telephone: _____ Email Address: _____

PROPERTY - LEGAL DESCRIPTION & ADDRESS

Lot(s): _____, Block: _____, Registered Plan No. _____

ESTIMATED JOB ACTIVITY

Enter below the estimated part-time and full-time jobs that you anticipate will be created as result of the venture, as well as any jobs that are anticipated during the construction of the improvement.

New Jobs Created as a Result of New or Expanded Business: full time _____ part time _____

Anticipated Jobs During Construction: _____

Date

Signature

Date

Signature