Rural Municipality of Corman Park No. 344 Policy

Policy # FI-002

Policy Title: Tax Exemption Policy

Policy Objective: The purpose of this policy (herein referred to as the Tax Exemption Policy) is to foster industrial and commercial economic development through the use of tax exemptions for eligible businesses.
Authority: (Bylaw#, Resolution date/#) Resolution #32, October 25, 2021 Council Meeting

Policy:

1.0 PURPOSE

The Tax Exemption Policy is intended to meet the following objectives of the Rural Municipality of Corman Park No. 344 (herein referred to as the Municipality) to:
1. Attract new businesses to help build the Municipal tax base;
2. Encourage existing businesses to grow and expand within the Municipality;
3. Provide tax relief to eligible businesses creating new jobs; and
4. Foster continued business and industry growth in the Municipality.

2.0 BACKGROUND

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

3.0 POLICY

Council may, by agreement, provide tax exemptions to a new or existing business under the following conditions:

3.1 Exemptions will be provided for a period of three years on a declining scale at the following increments:

YEAR	EXEMPTION
Construction Year (or portion thereof)	75%
Year 2	50%
Year 3	25%

3.2 Exemption applies to assessment and taxation of permanent improvements, consisting of new facility development and expansion of existing improvements only and is not applicable to assessment and taxes levied on land.

3.3 A new or existing business (herein referred to as an Applicant) may be considered to receive a tax exemption if the Applicant meets **all** of the following eligibility criteria:

3.3.1 The Applicant must be a legally incorporated Entity.

3.3.2 The Applicant must invest a minimum of $500,000 in the construction of permanent facility improvements in the Municipality where facilities are defined as assessed buildings or structures and the value of improvements for the purposes of determining its eligibility are defined by the value applied for the building permit.

3.3.3 The Applicant must submit the Tax Exemption Application by September 15 in the year prior to assessment. Applications received after the assessment date of a building will not be considered.

3.3.4 The Applicant is responsible for submitting supporting documentation with the Tax Exemption Application demonstrating that a minimum of 5 full time equivalent positions will be created as a result of the proposed facility improvements. All full-time positions are expected to be retained throughout the period of the exemption. Subject to section 3.6 herein, a temporary reduction of workforce does not constitute a default under this Policy. The Applicant is required to provide notice and documentation to the Municipality of workforce reductions and/or rehiring, and the Applicant shall provide to the Municipality, in each year during which the exemption is in force, a sworn statement in the form designated by the Municipality confirming that the Applicant continues to meet the employment requirements set out herein.

3.4 This Policy shall apply to commercial and industrial developments. Residential development, including home based businesses and home occupations are specifically excluded.

3.5 Businesses with tax arrears shall not be eligible for tax exemption and where tax exemption has been previously approved and the business fails to keep taxes current during the exemption term, it shall be deemed to be in default of the agreement and is subject to the provisions described in Section 5.

3.6 An Applicant may, without affecting its eligibility for exemption from taxes, reduce its workforce on a temporary basis. However, if any temporary reduction of the Applicant's workforce extends beyond a period of twenty-six (26) weeks, it shall be deemed by the Municipality to be a permanent reduction, and the Applicant shall be considered to be in default pursuant to Section 5 hereof.

4.0 PROCEDURES

4.1 A complete tax exemption application shall be submitted to the Municipality along with a completed building permit application as required by the Municipal Building Bylaw.

4.2 If the application satisfies all of the eligibility requirements noted above, a Bylaw will be prepared for consideration by Council at its next regularly scheduled meeting.

4.3 If approved, Council shall formally adopt the Bylaw authorizing the execution of a "Tax Exemption Agreement."

4.4 The exemption term commences from the date of issuance of the building permit authorizing the improvement.

5.0 DEFAULT

If the Applicant fails to comply with the terms and conditions contained within this Policy or within a Tax Exemption Agreement at any time during the term for which the exemption was granted, the Applicant shall be considered to be in default, and any taxes previously exempted shall become a debt due to the Municipality by the Applicant. This debt shall be payable by the Applicant upon demand by the Municipality, and if the monies are not repaid, the debt due is collectable by adding them to the tax roll and/or by civil action.

6.0 ANNEXATION

Where a request for annexation is received which includes properties which are currently subject to a tax exemption or which have within the current or previous year completed an exemption program; Council shall request that the annexing jurisdiction provide repayment of the total exempted municipal taxes provided by the exemption program for the affected properties as a condition of support for the annexation in addition to any other compensation requested.