



Policy #PD-002

Policy Title: **ECONOMIC INCENTIVE TAX EXEMPTION POLICY**

Policy Objective	To stimulate and promote economic development in the Town of Strasbourg by encouraging the construction of residential, commercial, and industrial buildings, and to increase or enhance the products and services available to the Town and surrounding region.
Authority	Resolution #125/2019
Supporting Bylaw	n/a
Related Policy	#PD-001 New Subdivision Policy

Preamble:

The Town of Strasbourg's Official Community Plan includes being ready to accept new sustainable residential, industrial, and commercial investment. The Town Council deems it essential to provide incentives that demonstrate the municipality's commitment and readiness to invest in the development of the community.

Legislative Authority:

The Municipalities Act

Exemption of specific properties

295(1) A council may exempt any property from taxation in whole or in part with respect to a financial year.

(2) Subject to Section 298, a council may:

(a) enter into an agreement with the owner or occupant of any property for the purpose of exempting that property from taxation, in whole or in part, for not more than five years; and

(b) in an agreement entered into pursuant to clause (a), impose any terms and conditions that the council may specify.

(3) If a council exempts property from taxation pursuant to Subsection (1) or (2), the assessment for that property must appear on the assessment roll in each year of the exemption.

Terminology:

- a) **Commercial District (C1)** - The area defined as C1 in the Town's Zoning Bylaw and includes the Mountain Street downtown commercial businesses.
- b) **Community Service District (CS)** - The area defined as CS in the Town's Zoning Bylaw and includes Town-owned facilities, schools, churches, health care facilities, recreational buildings and areas, golf courses, and cemeteries.

- c) **Council** - The Mayor and Councillors of the Town elected pursuant to the provisions of *The Local Government Election Act, 2015*.
- d) **Current Status** - Means the account balance contains only amounts from the most current billing period and therefore is not yet subject to late payment penalties.
- e) **Demolition Lot Development** - A residential lot that has a house or structure on it assessed at \$60,000 or less, and the lot owner wants to remove the house and leave the empty lot to sell or develop later. If the house or structure is assessed greater than \$60,000, but if at the discretion of Council, deems the house hazardous and an eyesore within the community, could be approved for Demolition Lot Development Incentives. All structures must be removed from the property, including accessory buildings, to be eligible for exemption.
- f) **High Profile Commercial District (HPC)** - The area defined as HPC in the Town's Zoning Bylaw and includes the Highway 20 commercial businesses.
- g) **Improvement** - Capital changes that materially extend the useful life of a building and/or increase the value of a building.
- h) **Incentive Period** - The period of time, measured in years, when the tax incentive applies, as prescribed in Sections 2, 3 & 4 of this policy.
- i) **Infill Lot Development** - A lot that currently has, or at one time has had, residential development established.
- j) **Increased Assessed Value** - The amount of new assessment values on property improvements as listed on field sheets produced by the Saskatchewan Assessment Management Agency (SAMA).
- k) **Industrial District (IND)** - The area defined as IND in the Town's Zoning Bylaw and includes development along Railway Avenue and the CPR rail line.
- l) **Multi-Unit Residential** - Residential housing that include two (2) or more units.
- m) **New Residential Lot Development** - A lot that has never previously had residential development established.
- n) **Residential District (R1, R2, CR)** - The area defined as R1, R2, and CR in the Town's Zoning Bylaw and includes all residential, multi-unit residential, and country residential development, with the exception of trailers, mobile homes, and trailer-style modular homes.
- o) **Residential Mobile Home District (RMH)** - The area defined as RMH in the Town's Zoning Bylaw and includes the areas on Railway Avenue and Pierce Street specifically designated for trailers, mobile homes, and trailer-style modular homes.
- p) **Tax Exemption** - The reduction of or abatement from taxes granted through an incentive/abatement policy or bylaw of a municipal government for a specified period of time.
- q) **Town** - The Town of Strasbourg.

Policy:

1. ELIGIBILITY

The following are the eligibility requirements for the tax incentives for new or replacement homes and multi-unit residential dwellings, and new or replacement commercial and industrial buildings.

- 1.1 All zoning districts are eligible for tax incentives, except for the CS District.
- 1.2 All tax incentive policies will come into effect for building and development permits issued after this policy is approved and passed by Council. Prior to the passing of the policy, no current or previous projects will be eligible for the tax incentive unless by resolution of Council.
- 1.3 All required demolition, building, and development permits must be completed, paid for, and approved by the Council as part of the qualification for tax incentives.
- 1.4 All taxes, utilities, and receivables owed to the Town and levied on the qualifying property must be in current status before the incentives will be granted and must be kept current throughout the duration of the project. The tax incentive automatically ceases when either the taxes, utilities, and/or receivables on the qualifying property go into arrears (January 1st of the following year).
- 1.5 Most tax incentives apply to the assessment on both the land and improvements (see Section 1.6 for the exceptions), including both the municipal portion of taxes pursuant to Section 295 of *The Municipalities Act*, and the education portion of the taxes, pursuant to Section 9 of *The Education Property Tax Regulations*. In accordance with the *Education Property Tax Act*, exemption of education tax levies are subject to Ministerial approval.
- 1.6 Demolition lot development incentives apply only to the assessment on the land, and commercial addition development incentives apply only to the assessment on the improvements.
- 1.7 The exemption period is by calendar year, beginning on January 1st of the year immediately following the substantial completion (occupancy approval) of the building permit as per the Town's building inspector or upon date of final inspection (whichever comes first) of the building or improvements. If a building is issued an occupancy permit prior to February 28th in any year, but the building is not yet assessed, the current year shall be considered year one of the exemption period. The Town will not assess new building construction or replacement in the year that construction begins.
- 1.8 Construction must be completed within two (2) years of issuance of the building permit to be eligible for any incentive or as per agreement with the Town through resolution by Council on an individual project.
- 1.9 If the owner, prior to the end of the incentive time period, sells the qualifying building and or the property for which incentives have been granted, the balance of the tax incentives shall be transferable to the new owner.
- 1.10 Applicants must complete an "Application for Economic Incentive Tax Exemption" as prescribed in Schedule "A" of this policy at the time of application of the building permit. If this is not feasible, then at minimum, by December 31st of the year prior to the property becoming eligible for an incentive.

- 1.11 Full compliance with the Town's Zoning Bylaw, Official Community Plan Bylaw, and Building Bylaw, as well as the *Fire Safety Act* and National Building Code regulations shall be required. Failure to submit required documents by the property owner or his/her agent will result in the forfeiture of all rights to the incentives provided in this policy.
- 1.12 Each property can access only one tax incentive at a time and can only apply for a different incentive once the duration of the current incentive has lapsed.
- 1.13 Any tax incentives given shall be authorized by Council resolution and subsequently implemented by signed and sealed bylaw of Council (sample bylaw as per Schedule "B") and shall come into effect as of that date of the bylaw.
- 1.14 The Council reserves the right to periodically review, eliminate, and modify this policy as they deem necessary.

2. RESIDENTIAL TAX INCENTIVES

The following conditions apply to new or replacement homes or multi-unit residential dwellings in R1, R2, CR, and RMH Districts. This does not apply to homes moved from one lot in Town to another lot in Town. This incentive is in place to assist in offsetting the costs associated with development, including lot purchase, demolition, etc.

- 2.1 Residential incentives will be based on the following criteria:
 - a) **New Lot Development** (*excluding Maple Street Subdivision*)
 - (i) Year 1 – 100% of both land and improvements
 - (ii) Year 2 – 100% of both land and improvements
 - (iii) Year 3 – 100% of both land and improvements
 - b) **Infill Lot Development**
 - (i) Year 1 – 100% of both land and improvements
 - (ii) Year 2 – 100% of both land and improvements
 - (iii) Year 3 – 100% of both land and improvements
 - c) **Demolition Lot Development**
 - (i) Year 1 – 100% of land

**Note: If the improvements on a property are demolished part-way through the year, the property owner will receive a pro-rated tax abatement for that demolition. The following year, the land will become exempt.*
- 2.2 The Town has several residential lots available for new development on the 300 block of Maple Street. Fourteen lots were developed in 2007 and only a few lots have sold in the past number of years. To encourage sale and development of these lots, Council has lowered the price of the lots to \$10,000.00 plus GST as per the Town's New Subdivision Policy #PD-001. However, no residential tax incentives will be available for those who purchase one of these lots.
- 2.3 Infill lot development and demolition development incentives cannot be stacked. That is, if a lot is approved for a demolition development incentive, and is left as an empty lot for several years, but then developed later, the incentives do not reset at Year 1 for infill lot development.

- 2.4 Only buildings and improvements located in the RMH District on Railway Avenue will be eligible for exemption, and not the buildings and improvements located on the Town's RMH District rented lots on Pierce Street.
- 2.5 The following improvements and structures shall be eligible for incentives under this policy:
- a) New construction of single family homes, semi-detached homes, duplexes, multi-unit dwellings (up to five (5) units) and apartments (up to five (5) units);
 - b) Ready-To-Move homes (RTMs), modular homes, mobile homes/trailers, and approved houses or buildings moved into Town.

3. COMMERCIAL AND INDUSTRIAL TAX INCENTIVES

The following conditions apply to new or replacement commercial or industrial buildings and major additions to existing commercial or industrial buildings in the Town in the C1, HPC, and IND Districts.

- 3.1 Commercial incentives will be based on the following criteria related to the increase in total assessed value for **new construction**:

- a) **\$20,000-\$200,000 assessment increase**
 - (i) Year 1 – 100% of both land and improvements
 - (ii) Year 2 – 100% of both land and improvements
- b) **\$200,001+ assessment increase**
 - (i) Year 1 – 100% of both land and improvements
 - (ii) Year 2 – 100% of both land and improvements
 - (iii) Year 3 – 100% of both land and improvements

- 3.2 Commercial incentives will be based on the following criteria related to the increase in total assessed value for **additions and major renovations**:

- a) **\$20,000-\$200,000 assessment increase**
 - (i) Year 1 – 100% of improvements only
 - (ii) Year 2 – 100% of improvements only
- b) **\$200,001+ assessment increase**
 - (i) Year 1 – 100% of improvements only
 - (ii) Year 2 – 100% of improvements only
 - (iii) Year 3 – 100% of improvements only

- 3.3 The following additional improvements and structures shall not be eligible for incentives under this policy:

- a) Oil tanks and bulk fuel tanks;
- b) Utility or radio towers;
- c) Non-permanent or removable buildings, and buildings that have a steel floor, including steel I-beams, if not set on an approved permanent foundation, e.g. ATCO trailers;
- d) Junk or salvage yards;
- e) Any buildings or improvements listed as permitted or discretionary use in the CS District of the Town's Zoning Bylaw.

- 3.4 The most recently received assessment will be used to calculate the amount of each subsequent year of the incentive.

4. LARGE INDUSTRIAL, MANUFACTURING, COMMERCIAL, OR RETAIL TAX INCENTIVES

The Council of the Town of Strasbourg reserves the right to customize a tax incentive plan, on an individual basis, for any large industrial, manufacturing, commercial, or retail development.

To encourage manufacturing businesses to locate, operate, and provide employment opportunities within the Town of Strasbourg, Council may, in accordance with Section 295 and 298 of *The Municipalities Act*, and upon receiving written request, negotiate and enter into agreement on tax incentives that:

- a) Includes abatement of both municipal and education tax levies up to a maximum of five (5) years;
- b) Includes abatement of municipal tax levies in excess of five (5) years.

Town of Strasbourg



Schedule "A" to Policy PD-002 Application for Economic Incentive Tax Exemption

<i>For Office Use</i>		
Received By: _____	Date: _____	Roll No. _____

REGISTERED PROPERTY OWNER

_____ Name

_____ Mailing

Address _____

Email _____ Phone _____ Cell _____

PROPERTY – LEGAL DESCRIPTION & ADDRESS

_____ Lot(s)

Block _____ Plan No. _____ Civic Address _____

TAX INCENTIVES

Check which incentive is being applied for:

- Residential New Lot Development
- Residential Infill Lot Development
- Residential Demolition Lot Development
- Commercial/Industrial New Development – Assessed Value Increase \$20,000-\$200,000
- Commercial/Industrial New Development – Assessed Value Increase \$200,001+
- Commercial/Industrial Additions/Renos – Assessed Value Increase \$20,000-\$200,000
- Commercial/Industrial Additions/Renos – Assessed Value Increase \$200,001+
- Discretionary

I/We, the undersigned, understand the conditions of eligibility outlined in Policy #PD-002, and would like to apply for a tax exemption under the applicable tax incentive program.

Date

Signature of Registered Property Owner

Date

Signature of Registered Property Owner

For Office Use

DEVELOPMENT/BUILDING PERMIT INFO

Permit # _____ Type of Project: _____

Permit Issue Date _____ Date of Final Inspection _____

Monies owed on accounts: Utilities (Y/N) Taxes (Y/N) Accounts Receivable (Y/N) Other _____

If monies owed, list amount: \$ _____

Residential New Lot Development

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

Residential Infill Lot Development

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

Residential Demolition Lot Development

100% land tax abatement for the 20__ taxation year

Commercial/Industrial New Development – Assessed Value Increase \$20,000-\$200,000

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

Commercial/Industrial New Development – Assessed Value Increase \$200,001+

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

100% land and improvements tax abatement for the 20__ taxation year

Commercial/Industrial Additions/Renos – Assessed Value Increase \$20,000-\$200,000

100% improvements tax abatement for the 20__ taxation year

100% improvements tax abatement for the 20__ taxation year

Commercial/Industrial Additions/Renos – Assessed Value Increase \$200,001+

100% improvements tax abatement for the 20__ taxation year

100% improvements tax abatement for the 20__ taxation year

100% improvements tax abatement for the 20__ taxation year

Discretionary

Approved by Council on _____, 20__, Bylaw # _____.

Conditions, if any:



Schedule "B" to Policy PD-002
Draft Tax Exemption Bylaw Relating to Economic Development

BYLAW NO. ___/___

**A BYLAW TO PROVIDE FOR ENTERING INTO A TAX EXEMPTION AGREEMENT FOR THE
PURPOSES OF ECONOMIC DEVELOPMENT**

The Council of the Town of Strasbourg in the Province of Saskatchewan enacts as follows:

1. The Town of Strasbourg is hereby authorized to enter into an agreement, attached hereto and forming a part of this bylaw, and identified as Exhibit "A", with _____, assessed owner of _____ *(legal description of land and/or improvements)* to exempt said property from taxation for the purpose of economic development.
2. The Mayor and the Administrator of the Town of Strasbourg are hereby authorized to sign and execute the attached agreement identified as Exhibit "A".

Mayor

[SEAL]

Administrator

Certified to be a true copy of Bylaw
No. ___/___ adopted by the Council
of the Town of Strasbourg, on the
___ day of _____, 20__.

[SEAL]

Administrator



Exhibit "A" to Bylaw # ____/____

AGREEMENT

THIS AGREEMENT made in duplicate

Between: The Town of Strasbourg in the Province of Saskatchewan

And: _____ of _____ in
the Province of Saskatchewan

WITNESSETH THAT _____ is the owner of the land and/or improvements
as follows: _____ *(legal description of land and/or improvements)*

IT IS AGREED THAT:

1. The taxable assessment of said property shall be exempt from taxation for the years ____ to ____ inclusive.

OR

1. That ____ per centum of the taxable assessment of said property shall be exempt from taxation for the years ____ to ____ inclusive.

2. The owner hereby agrees to

- *(specify the terms and conditions the owner is agreeing to undertake; such as, operate a businesses within a certain time, etc.)*

3. This agreement shall be terminated upon

- *(define those conditions that would cancel the agreement, such as*
 - *a specific date, not to exceed 5 years;*
 - *a general reassessment of the municipality;*
 - *the owner being in breach of this agreement;*
 - *additional improvements being constructed on the property;*
 - *renovations made to existing improvements;*
 - *demolition of existing improvements;*
 - *the sale of the subject property by the owner;*
 - *any other conditions that Council specifies)*

4. It is agreed that this written instrument embodies the entire Agreement of the parties hereto with regard to matters dealt with herein and that no understanding or agreements, verbal or otherwise, exist between the parties except as herein expressly set out.

Dated at the Town of Strasbourg

this _____ day of _____, 20____

Town of Strasbourg

Mayor

[SEAL]

Administrator

Witness

Assessed Owner

Witness

Assessed Owner

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF SASKATCHEWAN

TO WIT:

I, _____, of the
_____ of _____,
_____ (occupation) make oath and
say

1. That I was personally present and did see _____, named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein;

2. That the same was executed at the _____ of _____ in the Province of Saskatchewan, on the ____ day of _____, 20____, and that I am a subscribing witness thereto;

3. That I know the said _____ and he/she is in my belief the full age of eighteen years

SWORN before me at the _____
of _____ in the Province of
Saskatchewan, this ____ day of
_____, 20____

A Commissioner for Oaths in and for
Saskatchewan

My appointment expires
