

TOWN OF DRUMHELLER

BYLAW NUMBER 19.19

BEING A BYLAW FOR THE PURPOSE OF IMPLEMENTING NON-RESIDENTIAL DEVELOPMENT INCENTIVE PROGRAMS FOR THE TOWN OF DRUMHELLER IN THE PROVINCE OF ALBERTA.

WHEREAS pursuant to the provision of *Section 364.2 of the Municipal Government Act, RSA 2000, Chapter M-26* and amendments thereto, the Council of the Town of Drumheller deems it expedient to provide for a Bylaw for the purposes of implementing "Non—Residential Development Incentive Programs".

NOW THEREFORE, be it resolved that the Council of the Town of Drumheller, in the Province of Alberta, duly enacts as follows:

1. This Bylaw may be referred to as the "Non-Residential Development Incentive Programs" Bylaw.
2. Minimum Qualifying Criteria and Property Tax Abatements and/or Reductions are outlined per Council Policies attached hereto and outlined in Schedules A & B.
3. The tax cancellation applies to the municipal portion of property taxes only.
4. The Bylaw and corresponding non-residential tax abatements and/or reductions policies may be amended from time to time by resolution of Town Council.
5. This Bylaw will come into full force and effect on the date of final passing thereof.

READ A FIRST TIME THIS 6th DAY OF JANUARY, 2020

READ A SECOND TIME THIS 6th DAY OF JANUARY, 2020

READ A THIRD TIME AND PASSED THIS 6th DAY OF JANUARY, 2020

The original document, duly signed and executed, is retained on file.

SCHEDULE "A"

COUNCIL POLICY #C-09-19

COMMERCIAL DEVELOPMENT INCENTIVE POLICY

PURPOSE

The purpose of this policy is to encourage new business development and / or business expansion within the Town of Drumheller.

DEFINITIONS:

1. Any construction of a **new** commercial building for the purposes of establishing a business;
2. Any **new** construction pertaining to the expansion of an existing business;
3. Any business that is subject to commercial taxation. Home based businesses and businesses subject to grants in lieu are excluded;
4. The Incentive is based on a "**Return on Investment**" which takes into consideration direct, indirect and induced gains as a percentage of the Municipality's abatement of taxes for the period of the Incentive.

POLICY STATEMENT

1. The Incentive applies to the Municipal portion of property taxes only;
2. Developments must conform to all Municipal Bylaws and Policies, the Laws of Canada and the Laws of Province of Alberta;
3. Property owners must submit a "Non-Residential Development Incentive Application" to the attention of the Manager of Economic Development;
4. The maximum amount of the Incentive will be based on the "Return on Investment" subject to the provisions of **Section 364.2 of the Municipal Government Act RSA 2000 Chapter M-26**;
5. Additions, expansions or renovations are only eligible if the assessed value of the new improvement is greater than or equal to \$50,000 more than the previous improvement assessment, not including land assessment, and has a demonstrable "Return on Investment";
6. The Incentive shall be granted for the tax year immediately following completion of construction. The Incentive shall be applied to the property tax account prior to tax notices being sent out.
7. All eligible development must be of a permanent nature;

8. Failure by the applicant to comply with any of the clauses herein or comply with the conditions of the Incentive Agreement may result in dissolution of the Incentive Agreement with the applicant;
9. The Incentive applies only for the new construction or renovations and does not apply to existing assessment on any property;
10. The Incentive may be transferred in the event of a new property owner up until the expiry date of the Incentive Agreement;
11. In the case of new construction for expansions; the property owner must not be in property tax arrears or owe the Town of Drumheller any funds to qualify for the Incentive;
12. The level of Incentive will be based on the merits of the development and will include considerations such as number of employees, anticipated number of net new positions added over the incentive period, cost of development, percentage of local content (local contractors, services, suppliers & labour);
13. Applicants must agree to provide the Town of Drumheller with information on a yearly basis for those applicants receiving more than a one-year incentive. Types of information include number of employees and local content levels to ensure compliance with the Incentive Agreement.

Council Determinations:

14. Council reserves the right to accept or refuse any Incentive Application;
15. Council reserves the right to provide full or partial tax exemption based on the "Return on Investment" over the Incentive period;
16. Council reserves the right to cancel, limit, or reduce any Incentive Agreement if conditions of the Incentive Agreement are not met per ***Section 364.2 of the Municipal Government Act RSA 2000 Chapter M-26;***
17. Council reserves the right to increase the level of any Incentive Agreement if conditions of the Incentive Agreement change due to expansion per ***Section 364.2 of the Municipal Government Act RSA 2000 Chapter M-26.***

ROI Calculations

Combined Annual Income of Employees _____

Combined Local Content Spending 48%

Municipal Investment
(Cost of Tax Cancellation) _____

ROI: Dollar \$ _____

Positive Position: _____ Year(s)

Incentive Agreement Approved by Council: Yes/No

Incentive Start Date: _____

Incentive End Date: _____

Incentive Agreement Signed with Applicant: Yes/No

Example 1:

Combined Annual Income of Employees: \$60,000,000 (200 Employees) over 5 years

Local Content Spending: 48% - \$28,800,000

Municipal Investment: \$2,500,000 (5 Year Abatement)

Town Positive Position: 10 Years

ROI: \$11.52 spent in local economy for every \$1.00 of property tax abatement.

Example 2:

Combined Annual Income of Employees: \$105,000 (3 Employees) over 1 year

Local Content Spending: 48% - \$50,400

Municipal Investment: \$2,900 (1 Year Abatement)

Town Positive Position: 2 Years

ROI: \$5.75 spent in local economy for every \$1.00 of property tax abatement.

SCHEDULE "B"

COUNCIL POLICY #C-10-19

NEW BUSINESS VACANT BUILDING INCENTIVE POLICY

PURPOSE

The purpose of this policy is to stimulate new business growth by utilizing existing vacant buildings and commercial spaces.

1. DEFINITIONS:

- 1.1 Any business that has never had a business license in the Town of Drumheller;
- 1.2 Any business that occupies a vacant building within the Town of Drumheller;
- 1.3 A licensed homebased business that moves to a commercial space or occupies a vacant building;
- 1.4 Homebased businesses are ineligible.

2. GENERAL POLICY:

- 2.1 Shall apply only to businesses starting up in a vacant building or commercial space, which has been vacant for at least 6 months;
- 2.2 Available to businesses that have purchased a vacant building. The Incentive will not come into effect until business activity begins;
- 2.3 In the case of multi-tenant buildings, the rented space will be calculated as a proportionate share of taxes based on a total rentable square footage of the building compared to the newly rented area;
- 2.4 If in a rented building, the owner of the building has to make an application for the incentive and sign an Incentive Agreement. The owner of the building must also provide verification that the benefit of the incentive is being passed on to the tenant as a clause or amendment in the tenant's lease agreement;
- 2.5 The Incentive will terminate on the date that the business ceased operations, whether in a privately owned premises or rented, taxes become payable pro-rated for every day during the year the business **is not** in operation;
- 2.6 No one building will be able to access this Incentive more than four (4) times during the course of its existence;
- 2.7 In order to qualify for the Incentive, property taxes must be current;
- 2.8 Council reserves the right to approve each Incentive individually and has the option to expand or limit the Incentive on a case-by-case basis;

3. TIMING OF INCENTIVES:

- 3.1 The Incentive will be applied as follows:
 - 3.1.1 50% of the current years municipal taxes to a maximum of \$2000;
 - 3.1.2 25% of municipal taxes in following year to a maximum of \$1000;
 - 3.1.3 Full taxation.
- 3.2 Incentives will commence in the year the business opens for its first day of business. If taxes were paid in full, the property owner will only receive 50% of taxes rebated from time of opening until calendar year-end.

4. Council Determinations:

- 4.1 Council reserves the right to accept or refuse any Incentive application;
- 4.2 Council reserves the right to provide a full or partial incentive;
- 4.3 Council reserves the right to cancel, limit, or reduce any Incentive if conditions of the Incentive are not met per ***Section 364.2 of the Municipal Government Act RSA 2000 Chapter M-26;***
- 4.4 Council reserves the right increase the level of any Incentive if conditions of the Incentive change due to expansion per ***Section 364.2 of the Municipal Government Act RSA 2000 Chapter M-26;***