

DOWNTOWN TAX EXEMPTION PROGRAM

PROGRAM GUIDELINES

PROGRAM DESCRIPTION

INTRODUCTION

The Downtown Tax Exemption Program provides a financial incentive for new commercial development in the downtown. The program offers exemptions on the municipal portion of property taxes for newly constructed commercial properties and for additions to existing commercial premises. The exemption will apply for five years, once the new development acquires an occupancy permit and a Tax Exemption Certificate is issued to the property owner.

The program has been designed to encourage new commercial development in the downtown. It is aimed at increasing the range of goods and services on offer and contributing to the downtown's revitalization and competitiveness.

The objectives of the Downtown Tax Exemption Program are to:

- Stimulate downtown revitalization and economic development.
- Ensure the Municipality stays competitive.
- Attract private investment to the downtown.
- Encourage growth in the tax base and assessed values in downtown Fort McMurray.

The Municipality is one of the first in Alberta to take advantage of changes to the *Municipal Government Act* that came into effect in June 2019. These changes enable municipalities to offer tax incentives for non-residential developments for up to fifteen years.

The Downtown Tax Exemption Program is regulated by Bylaw No. 20/18, which was adopted by the Regional Municipality of Wood Buffalo Council on June 23, 2020.

Bylaw No. 20/018 – Municipal Property Tax Exemption Program for New Commercial Development in Downton Fort McMurray

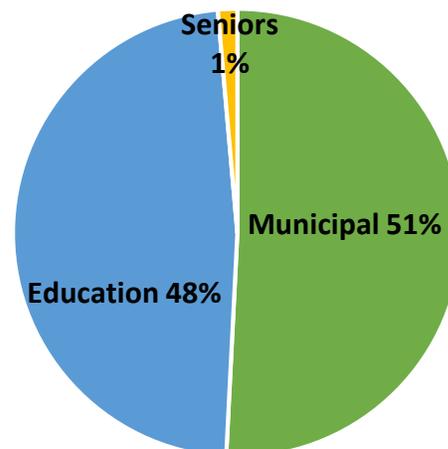
PROPERTY TAXES

The program exempts new commercial development from paying the municipal portion of the property tax for five years.

The property taxes collected by the Municipality are made up of different components. The pie chart (Figure 1) shows the percentage breakdown of these components:

- Municipal tax (51 per cent) – Council sets the municipal tax rate to generate the revenue to pay for municipal services, including police, community grants, parks, roads, libraries and planning and development.
- Education (48 per cent) – the Municipality collects the provincial education tax on behalf of the Province. The education tax or levy is set by the Province.
- Senior citizen accommodation taxes (1 per cent) – the Municipality collects this tax in order to provide accommodation for seniors in Ayabaskaw Home and Rotary House.

Figure 1: RMWB Property Tax % Breakdown



Important things to know

The exemption only applies to:

- The municipal portion of the assessed value of the new commercial development. The property owner will continue to pay the education and seniors portions of property tax on the new building.
- The municipal portion of the assessed value of the new addition to an existing building. What this means is that the rest of the building (i.e., the original building) will continue to pay the property tax in full.

VALUE OF THE TAX EXEMPTION

The amount of the tax exemption on the new commercial development or commercial addition is calculated as follows:

Property tax exemption = Assessed value of the development x Urban non-residential tax rate

In the following example, the tax exemption on a development with an assessed value of \$1 million would be \$3,954 for one year based on the 2019 urban municipal tax rate for non-residential properties (0.0039533).

Property tax exemption		Assessed value of the development		Urban non-residential tax rate 2019
\$3,954	=	\$1,000,000	x	0.0039533

Over the five years of the program, this development would show a return of approximately \$20,000, equal to two per cent of the investment made, in the form of an annual savings of just under \$4,000 in property taxes.

ELIGIBILITY GUIDELINES

The following must be met to be eligible:

The applicant(s) must be:

- The landowner or their authorized agent.
 - Tenants may apply, with the landowner's permission, however, the property tax exemption is issued to the landowner, not the tenant

The proposed development is eligible if:

- It is located within the downtown, as shown on the map on page 11.
- It is used for commercial purposes as defined in the Municipality's Land Use Bylaw 99/059 (Part 9, City Centre Redevelopment Special Area).
- It is a newly constructed building or an addition to an existing building.
- All the required development, building and trade permits are approved, and an occupancy permit has been issued.
- Construction did not commence until after Bylaw No. 20/18 was adopted (June 23, 2020). This means that the tax exemption cannot be applied to developments started before the bylaw was in force.
 - For the purposes of Bylaw No. 20/018, "construction was commenced" means that either physical construction activity in pursuit of the development has occurred, or that an application for any permit, approval, or similar document necessary to begin work on the development has been made.

- There are no registered liens (builders' or other securities) on the parcel of land occupied by the development.
- The application for the tax exemption was received during the application period, which ends on Dec. 31, 2021.

The proposed development is ineligible if:

- It is for the purpose of remediation or repair of damages related directly or indirectly to the April 2020 Flood (i.e., the program is intended to stimulate new commercial investment in the downtown and not meant to subsidize developments that essentially restore the property to its pre-flood state).
- Property taxes are overdue in respect of the property, and all other properties within the Municipality owned by the owner.
- It is on a parcel of land occupied by a property that is licenced under the *Gaming, Liquor and Cannabis Act*.

Note about the *Gaming, Liquor and Cannabis Act*

Section 365(1) of the Municipal Government Act (MGA) prohibits municipalities from granting property tax exemptions to properties that require a licence under the *Gaming, Liquor and Cannabis (GLC) Act*.

Although the application for a development permit for a new commercial development triggers the beginning of the tax exemption process, the certificate issued on completion of the development is legally associated with the parcel of land occupied by the development, as opposed to the new structure or addition.

The potential implications of this are shown in the following scenarios:

- **Scenario A:** A developer constructs a new commercial building on a parcel of land that is already occupied by a building that included, for example, a licensed restaurant. In this case the new development would not be eligible for a tax exemption.
- **Scenario B:** The parcel of land is occupied by an eligible commercial development, which has already been granted the tax exemption, but a subsequent new development, on the same parcel, is operating as a licensed restaurant. In this scenario, the tax exemption would no longer apply, and both developments would be required to pay the full property tax, from the time the licence was issued.
- **Scenario C:** A developer constructs a new commercial building for use as retail and offices. The development is eligible, and the tax exemption is granted for the next five years. If, after the first three years, there is a change of use and one of the units becomes a licensed restaurant or a liquor store, then the tax exemption would no longer apply from the time the licence was granted and came into effect. This means that the property would no longer be exempt, and the owner would have to start paying the full property tax on the development. However, they would not be required to repay the exempt portion of the property taxes for the three years the exemption was in place.

GENERAL INFORMATION

Refusal of an application

- If a tax exemption application is refused, Planning and Development will issue a notice of refusal to the applicant, within 10 days of the decision being made. The notice of refusal sets out the decision and the reasons for the refusal.
- Reasons for refusal may be that the development:
 - Does not meet the definition of commercial as defined in the Municipality's Land Use Bylaw.
 - Did not obtain development approval.
 - Is on a parcel of land occupied by a development licensed under the *Gaming, Liquor and Cannabis Act*.
 - Is owned by a party that owes monies to the Municipality.
- Where a development has been refused, it will be reconsidered if the applicant:
 - Makes a new application for the tax exemption.
 - Shows that they have addressed the reasons for refusal described in the original notice of refusal.
- Alternatively, the owner of the parcel on which the development is located may make an appeal to Council (see Appeals, below). The appeal must be made within 30 days of receiving the notice of refusal.

Cancellation of a certificate

- The Municipality has the discretion to cancel a tax exemption certificate should the owner:
 - Fail to comply with the conditions of the agreement or the certificate, or any provision of Bylaw No. 20/018.
 - Breach any federal law, provincial law, or municipal bylaw in respect of the development.
 - Be in breach of or otherwise in arrears for a payment related to property taxes, or a licence or lease with the Municipality.
- Planning and Development will issue a notice of cancellation to the owner, setting out the reasons for the cancellation.
- If a certificate is cancelled, the owner must pay the Municipality the full amount of the property taxes due from the time the certificate should have become cancelled. In other words, if a condition warranting cancellation is only present during part of the certificate's period, then property taxes will only be due for the certificate period *after* that condition manifested.
- Within 30 days of receiving the cancellation notice, the owner must either refund the Municipality or appeal to Council (see Appeals, below).
- If an owner appeals a cancellation, the property tax amount shall only become due after Council affirms the decision to cancel the certificate.

Appeals

- The owner may appeal the decision to refuse a tax exemption application or cancel the certificate to Council.
- The appeal must be made within 30 days of receiving either the refusal or cancellation notices and submitted to Legislative Services.
- Once the Municipality has received the appeal, the hearing will be held before Council at the next general Council meeting.
- Council will consider the appeal and decide to either uphold or reverse the refusal or cancellation decision.

Important things to note

- Applicants are required to submit the reasons for their appeal in writing and provide copies of the original application and the reasons for refusal or cancellation.
- There is no further appeal if Council upholds the refusal or cancellation decision.

KEY DATES AND TIMELINES

- Applications for the Downtown Tax Exemption Program will be accepted until Dec. 31, 2021.
- Owners have 30 days from receipt of a notice of refusal or cancellation in which to submit an appeal to Council.
- If a cancellation notice is issued and the owner does not appeal to Council, any refunds must be paid to the Municipality within 30 days of receiving the notice.

GENERAL CONTACT INFORMATION

For information about the development process and to request a pre-application meeting, please contact:

Community Development Planning
Planning and Development Department
Regional Municipality of Wood Buffalo
309 Powder Drive
Fort McMurray, AB, T9K 0M3
Current.planning@rmwb.ca
780-799-8695

For information about property tax assessment and valuation, please contact

Assessment and Taxation Department
Finance Department
Regional Municipality of wood Buffalo
9909 Franklin Avenue
Fort McMurray, AB, T9H 2K4
Assessment.Taxation@rmwb.ca
780-743-7900

For information about the appeals process, please contact:

Legislative Services
Regional Municipality of wood Buffalo
9909 Franklin Avenue
Fort McMurray, AB, T9H 2K4
Legislative.Assistants@rmwb.ca
780-743-7001

APPLICATION PROCESS

1: PRE-APPLICATION

- Before applying for a property tax exemption, please contact the Community Development branch of the Planning and Development department to arrange a pre-application meeting to determine whether the proposed development is eligible.
- At the pre-application meeting with Community Development, applicants will:
 - Be advised of the eligibility of their proposal.
 - Receive advice about the required development and trades permits, and any terms and conditions that may apply.
 - Be provided with information about the property tax exemption application process.
- At this stage, applicants may submit an incomplete tax exemption application form, a copy of which Planning and Development will hold as a placeholder on the property file until an occupancy permit is issued.
- Following the pre-application meeting, applicants will receive a detailed summary of the meeting with action items attached. A copy will be kept in the proposed development's property file.

Important things to know

- Planning and Development may consult with other municipal departments to determine whether there are any additional requirements that may apply to the development or the owner. The applicant will receive written confirmation of any further requirements.

STEP 2: CONSTRUCTION

- Before construction may begin, applicants must obtain all the necessary permits and approvals. These include:
 - **Business licences** – All businesses operating in the Municipality require a valid municipal business licence.
 - **Development permits** – A development permit is required for new development and additions. Development permits are issued by the Community Development Planning branch in Planning and Development.

Note: All development must adhere to the Land Use Bylaw.
 - **Building and trades permits** – Building and trades permits (electrical, gas, plumbing and ventilation) are required for most major construction projects including new buildings, additions, renovations, alterations, repairs, relocations, demolitions or the change of use in an existing building. These permits are issued by the Safety Codes Services branch in Planning and Development.
- On completing construction, the development is inspected by Planning and Development to ensure compliance with any development conditions and all applicable Safety Codes permits.
- Applicants apply for an occupancy permit, which is issued in writing and authorizes the occupancy or use of the premises. This permit needs to be applied for and approved prior to occupancy.

Important things to know

- Applicants are responsible for obtaining all required development and trades permits, including the occupancy permit.
- The occupancy permit must be obtained before Dec. 31, 2021.

STEP 3: APPLICATION AND REVIEW PROCESS

- Once the occupancy permit has been granted, an applicant is able to submit their completed application with all the required documentation.
- Planning and Development will review the application and will respond in writing within 30 days of the date of submission, indicating whether the application has been approved or refused.

Important things to know

- Only complete applications will be accepted.
- Applicants are responsible for submitting a complete application.
- The application must include a general description of the development, detailing the costs and benefits it is likely to bring to the community.

STEP 4: AGREEMENT AND CERTIFICATION

- Once an application is approved, Planning and Development notifies the applicant and issues a property tax exempt agreement between the Municipality and the registered owner of the parcel.
- The owner signs and returns the agreement to Planning and Development, which forwards the agreement to the Finance department.
- The Finance department will:
 - Issue a property tax exemption certificate for the parcel of land to the owner.
 - Record the new assessment on the tax and assessment roll for the years during which the exemption applies.
 - Notify Planning and Development.
- Copies of the agreement and the certificate are then placed on the property file held by Planning and Development.

Important things to know

- The tax exemption will be effective for five years, beginning in the tax year (starting January 1) following the year the certificate was issued.
- The tax exemption certificate is transferable with the sale of the land.

DEFINITIONS

Addition means any new construction that increases the gross floor area of an existing building.

Agreement means the Property Tax Exemption Agreement, it being a prescribed contract between the owner and the Municipality, confirming the provision of a Property Tax Exemption granted pursuant to Bylaw No. 20/018.

Applicant means an owner or authorized agent of an owner or a tenant (with the property owner's permission) who submits an application.

Application means the Property Tax Exemption Application, in the form prescribed by the Municipality.

Application period means the time period when an applicant can apply for a Property Tax Exemption under this bylaw.

Building means anything constructed or placed, on, in, over or under land including supporting structures of any type but does not include a highway or public roadway or a bridge forming part of a highway or public roadway.

Bylaw means Municipal Property Tax Exemption Program for New Commercial Development in Downtown Fort McMurray Bylaw No. 20/018.

Certificate means the Property Tax Exemption Certificate, in the form prescribed by the Municipality.

Commercial means a development designed to accommodate the buying and selling of goods and services, as defined under section 9.4 of Part 9 of the Land Use Bylaw and as otherwise employed in the Land Use Bylaw.

Council means the Council of the Regional Municipality of Wood Buffalo.

Development means a building or an addition and the construction or placing of any of them in, on, over or under land.

Development permit means a document authorizing the commencement of development as pursuant to the Land Use Bylaw

Gross floor area means the sum of the areas of all floors of a building measured to the outside surfaces of the exterior walls, or where buildings are separated by firewalls, to the centerline of the fire wall and includes all floors totally or partially above grade, and all floors totally below grade and includes all mechanical and electrical equipment areas, but does not include parking structures.

Land Use Bylaw means Bylaw No. 99/059 adopted by the Regional Municipality of Wood Buffalo, as amended, to regulate the use and development of land and buildings within the region.

Liens means a security interest granted over an item of property to secure the payment of a debt or performance of some other obligation.

Municipality means the Regional Municipality of Wood Buffalo.

Occupancy permit means an authorization in writing that all applicable Safety Codes permits comply and the occupancy or use of the premises is granted.

Owner means:

- In respect of unpatented land, the Crown.
- In respect of other land, the person who is registered under the *Land Titles Act* as the owner of the fee simple estate in the land.
- In respect of any property other than land, the person in lawful possession of the property.

Parcel(s) means the aggregate of the one or more areas of land described in a certificate of title or described in a certificate of title by reference to a plan filed or registered in a land titles office.

Property tax exemption means an exemption of the requirement to pay an amount of the municipal portion of the property tax.

Tax rate means the municipal tax rate as set by bylaw and adopted by Council for the year the certificate is issued.

Trades permit means a document issued by the Municipality's Safety Codes Services, who are responsible for ensuring compliance with the Alberta Building Code within the Regional Municipality of Wood Buffalo. Trades permits include building, gas, electrical, ventilation and plumbing permits

DOWNTOWN TAX EXEMPTION PROGRAM



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

PROGRAM AREA MAP

