

Business Property Tax Incentive Policy

1. PURPOSE

This policy is intended to set out the economic development incentives for new or pre-existing businesses in the Town of Langham. Town Council wishes to provide an incentive for new businesses to locate or relocate to Langham.

2. DEFINITIONS

Commercial/Industrial Enterprise – defined as a business that is either a retail or manufacturing operation that provides a service or benefit to any or all residents or other businesses in Langham, including creation of jobs.

New Business – defined as a commercial or industrial enterprise that has not previously operated at the location where the construction of a new building is taking place, and has not previously obtained an economic incentive from the Town.

Municipal Portion of Taxes – shall be municipal taxes generated by mill levy, not including base tax. The municipal taxes shall be calculated based on the increased assessment for the new building, as determined by SAMA.

3. POLICY

This policy applies to businesses that are owner operated, not to construction of businesses that are for resale or lease.

The following tax abatements shall be applicable to business owners in the Town of Langham:

- A. Persons or Corporations, who **construct a new building** and operate a new or existing business, shall receive the following abatements as follows:
 - i. In the first year (year one) following the year in which the new building is constructed the municipal portion of taxes will be given 100% abatement.
 - ii. In the second year (year two) following the year in which the new building is constructed the municipal portion of taxes will be given 100% abatement.
 - iii. In the third year (year three) following the year in which the new building is constructed the municipal portion of taxes will be given 100% abatement.
 - iv. In the fourth year (year four) following the year in which the new building is constructed the municipal portion of taxes will be given 75% abatement.

- v. In the fifth year (year five) following the year in which the new building is constructed the municipal portion of taxes will be given 50% abatement.
- vi. In the sixth year (year six) the new business will pay full taxes.

B. Persons or Corporations, who **purchase a building which has been vacant for at least 1 year and operate new or existing business**, shall receive the following abatements as follows:

- i. In the first year (year one) following the year in which the business owner has purchased the vacant building the municipal portion of taxes will be given 100% abatement.
- ii. In the second year (year two) following the year in which the business owner has purchased the vacant building the municipal portion of taxes will be given 75% abatement.
- iii. In the third year (year three) following the year in which the business owner has purchased the vacant building the municipal portion of taxes will be given 50% abatement.
- iv. In the fourth year (year four) the business will pay full taxes.

C. Persons or Corporations who **expand or renovate an existing business, resulting in an increase in assessed value**, shall receive the following abatements as follows:

- i. In the first year (year one) following the year in which the business owner has completed the expansion or renovation of an existing business the municipal portion of taxes will be given 50% abatement (applies to increased portion of the assessed value).
- ii. In the second year (year two) following the year in which the business owner has completed the expansion or renovation of an existing business the municipal portion of taxes will be given 25% abatement (applies to increased portion of the assessed value).
- iii. In the third year (year three) the business will pay full taxes.

4. GENERAL:

The following shall apply to the aforementioned conditions:

A. Council reserves the right to revoke an economic incentive if the business ceases to qualify for any reason, or for any other reason that Council determines.

B. The municipal abatement shall be calculated as follows for Clauses 3(A):

- i. Year one – new building assessment x mill rate for year one x 100%.
- ii. Year two – new building assessment x mill rate for year one x 100%.
- iii. Year three – new building assessment x mill rate for year one x 100%.
- iv. Year four – new building assessment x mill rate for year one x 75%.
- v. Year five – new building assessment x mill rate for year one x 50%.

- C. The municipal abatement shall be calculated as follows for Clauses 3(B):
- i. Year one – building assessment x mill rate for year one x 100%.
 - ii. Year two – building assessment x mill rate for year one x 75%.
 - iii. Year two – building assessment x mill rate for year one x 50%.
- D. The municipal abatement shall be calculated as follows for Clauses 3(C):
- i. Year one – expanded or renovated building assessment x mill rate for year one x 50%.
 - ii. Year two – expanded or renovated building assessment x mill rate for year one x 25%.
- E. The tax abatement shall be applied as a credit at the beginning of each of the years it applies.
- F. One year from the date of business opening shall be allowed for an owner to apply for a tax abatement for a business.
- G. Applications for tax abatements shall originate with the property owner, and shall be sent to the Town, in writing. Only one application shall be considered in a calendar year (January 1 - December 31). Each tax abatement will be in the form of an Agreement signed by both the Town and the property owner. A Motion will be passed by Council to enter into said Agreement. The form of the Agreement shall be as shown by Schedule “A”, attached to and forming part of the Policy.
- H. Local Improvement (Frontage) taxes are not included in any tax abatement.
- I. Each application for a tax abatement will be considered by Council, and may be rejected.
- J. Tax abatements will be given provided taxes are paid on or before December 31 of each year. If taxes are not paid before December 31 of a given year within the duration of a tax abatement, the agreement shall be considered void.

Passed by Resolution No. 358/2013

Passed by Resolution No. /2017

This ____ Day of _____, 2017

ADMINISTRATOR

Schedule A
Approved Tax Abatements