



STAFF REPORT

Title: Bill 7 - Municipal Government (Property Tax Incentives) Amendment Act, 2019

Meeting Date: September 17, 2019

Executive Summary:

Bill 7, *Municipal Government (Property Tax Incentives) Amendment Act*, 2019 received Royal Assent and came into force on June 28, 2019. This bill amended the *Municipal Government Act* to allow another avenue for municipalities to provide property tax incentives to business and industry which can help municipalities attract investment and development.

Background:

Bill 7 allows municipalities to decide if, and how, to implement the tax incentives by passing a single bylaw that will:

- Offer incentives to reduce, exempt or defer the collection of property taxes for non-residential properties for **up to 15 years**, with the option for renewal (Currently, Saskatchewan allows property tax incentives for up to 5 years and B.C. for up to 10 years);
- Establish an eligibility criteria and application process to streamline tax incentive offers, instead of requiring a separate council resolution or bylaw for each property
- Municipalities will continue to collect the province's education tax as part of the municipal property taxes

If a municipality wants to utilize the new multi-year tax incentives authorized by Bill 7, the Council would pass a bylaw which would establish criteria for eligibility (ie. types of businesses or geographic areas that qualify, the time period, and amount of the exemption). Applicants would then apply for consideration.

Prior to Bill 7, municipalities already had the ability to provide year-by-year tax incentives under section 347 of the *MGA*, which allows a municipality to cancel, refund, or defer a tax on any property, but those provisions are not clear on how long it can be offered. Bill 7 amends the *MGA* so that municipalities can partially or fully exempt nonresidential properties for up to 15 years which may be an incentive for new business development. It has been noted however, that some municipalities have already used section 347 to incentivize business development. Municipalities can currently already



offer multi-year tax exemptions for brownfield properties under section 364.1 of the *MGA*.

Bill 7 has been received mixed reviews, since the announcement there have been concerns brought forward by some municipalities that the new legislation may create unfair advantages to the municipalities that have the capacity to offer incentives.

The City of Cold Lake currently has a Business Retention and Attraction Incentive Policy that encourages owners of nonresidential building to invest in improvements to enhance buildings or demolition of existing buildings as well as attract new business opportunities.

Alternatives:

Recommended Action:

For information only.

Budget Implications (Yes or No):

None at this time.

Submitted by:

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