



TOWN OF NIVERVILLE-FINANCE

POLICY NO. F4-16:	<u>TAX INCENTIVE POLICY (BIG)</u>	
EFFECTIVE DATE:	<u>May 6, 2016</u>	RESOLUTION# <u>142-16</u>
REVISION DATE:	<u>July 19, 2016</u>	RESOLUTION# <u>202-16</u>

Background: The following grid will be used as a guide to calculate the scope and amount of the business incentive grant (the “grant”) provided by Niverville Council to an eligible property titleholder (the “titleholder”) located in a commercially zoned area (*see herein “definitions” for further clarification*) within the Town of Niverville (the “Town”).

Following consultation with the Niverville Chamber of Commerce, the purpose of the business incentive policy is to encourage construction of new infrastructure resulting in added commercial assessment and the creation of new jobs. The business incentive grant is limited to commercial or industrial enterprises within specific localities of the community as herein described. That portion of a construction project classified as being of a residential category (*see “residential category” definition herein*) as determined by Manitoba Assessment are exempt for consideration under this policy.

In order to be eligible for the grant, the titleholder must generate a higher business assessment (*see herein definition for “Assessment Increase”*). An increased business assessment is the prerequisite criteria for eligibility consideration for part “B” of the policy, namely financial recognition for creating additional new jobs.

For further clarification regarding leased/rental units, only the titleholder to whom the Niverville property tax statement is issued can apply for this grant program. Any arrangements regarding the grant allocation between lease holders and landlords will not in any form or manner involve the Town.

The grant to the titleholder is calculated only on the municipal portion of the annual taxes due.

Council, by means of a resolution passed during regular Council meeting, reserves the right to suspend the program at any time. The grant program commences effective May 6, 2016 and is not applicable to any infrastructure built or in the process of being constructed prior to this date.

Part “A” Assessment	Discount
Up to \$250K	20%
\$251K to \$400K	30%
\$401K to \$550K	40%
\$551K to \$1MM	50%
Over \$1MM	60%
Part “B” # of Employees	Discount
1 to 7	20%
8 to 15	30%
16 to 20	40%
21 to 25	50%
26 or more	60%

Terms & Conditions:

1. Grant pertains to the percentage of the annual municipal portion of taxes being levied in any one full calendar year.
2. Grant commences in the first full calendar year after infrastructure completion. This is a requirement as a new assessment has to be completed/determined by the Manitoba Assessment Branch. (*see “Application Period” definition herein*). Payment to successful applicants will be made within 30 days of the property tax due date (*property taxes are currently due and payable by September 30th*).
3. Grant will not exceed more than 100% of the municipal tax portion despite the numerical application of the above grid.
4. Grant extends to a maximum of four calendar/tax years. The grant decreases by 25 % per annum over the eligible period.
5. In each applicable year the full amount of annual taxes payable and water and sewer accounts must be paid prior to grant approval. Any overdue accounts with the Town during the period eligible for the grant will result in immediate loss eligibility to continue with the program.
6. To qualify for the grant program all applicants must have obtained a Building Permit with the Town prior to construction commencing and have been issued an Occupancy Permit. The Occupancy Permit date will be considered in the application process.
7. Eligibility for the grant is based on the terms and conditions described within this policy. In the event a titleholder disagrees with the Town’s decision, the titleholder may choose to appeal to Council who will hear their case during an open council meeting. Council’s decision is final.
8. The above noted grid places value on both jobs created and added assessed value for infrastructure being constructed in the Town; however, the primary focus of the grant is on the

creation of increased municipal assessment. The creation of new jobs alone is not sufficient criteria to be eligible to apply for the grant.

9. Prior to the Town issuing a grant cheque, the applicant shall provide the Town with such adequate records as the Town deems necessary to determine and satisfy itself that the criteria for eligibility for the grant have been completed. Such information may include but is not limited to, copies of assessment and applicable business records for prior and current years and where applicable, signed by the titleholder's signing authority or auditor.

An application for the employment creation portion of the grant must include appropriate payroll records or such other records the Town deems appropriate. These records must be part of the titleholder's completed application and cannot be submitted separately by the tenant/ leaseholder in the case of leased or rented property. Prior year records are required to establish the baseline level of employment achieved by business within titleholder's property. Any fraudulent or manipulation of employee figures will result in immediate removal from the program and no future application will be reviewed.

10. To be eligible for the grant's employment creation discount, the business located on titleholder's land must have increase employment calculated on the equivalent of a full time employee (*see "full-time equivalent" definition for additional clarification*). The titleholder will be required to submit annual employment hours as per paragraph 9 herein each year of program eligibility prior to September 30th.
11. It is the sole responsibility of the titleholder to request the grant in writing from the Town. (*see "application period" definition for further details*). If a request is not received within the application period, the Town is under no obligation to consider eligibility for the grant program. For sake of clarity, the Town will not consider grant eligibility retroactively.
12. Should a business cease operations in a leased/rented space for any reason during the time that this policy is in effect for a titleholder; the employment creation portion of the refund will be cancelled effective date of business ceasing operations. This portion of the grant is not transferrable. In the event that the titleholder has in error received an overpayment for the employment grant portion in any given year, the titleholder shall be responsible for returning that portion that pertains to the year in which the business ceased.
13. Grant application approval will occur after the titleholder's application has been approved by resolution of the Town Council. A Letter of Agreement signed by the titleholder and the signing officers of the Town shall complete the application process.

Definitions:

- A) **Residential category:** The Municipal Assessment Act by way of regulation sets out prescribed classes of property. These classes of property are based on type, use, size and ownership of land or buildings, or any one or more of them. There are three residential categories – Residential 1 –

Category 10: 1-4 dwelling units per building; Residential 2 – Category 20: 5 or more dwelling units per building; Residential 3 – Category 80 – Owner Occupied Condominium and Co-operative Housing.

- B) **Commercially zoned:** those properties whose primary purpose is a commercial or industrial enterprise located in the following designated zones as defined by By-law No. 663-08 and amendments thereto: **C1** (Downtown Commercial), **C2** (Highway Commercial), **C2A** (Restricted Highway Commercial), **CML** (Commercial Industrial Limited), **M** (Industrial – other than the Niverville Business Park) and **RCC** (Recreational Community Complex).
- C) **New Infrastructure:** for the purpose of eligibility for this business incentive grant, new infrastructure represents newly constructed buildings, tear-down/re-builds and/or expansions to existing buildings. Expansions must be able to show separately the increased assessment as a result of the facility expansion as reported by the Manitoba Assessment Branch. Interior renovations are not eligible for the grant.
- D) **Assessment Increase:** means the actual increase in assessment value on a property tax statement as determined by the Manitoba Assessment Branch, excluding any inflationary increase. The increase due to inflation will be based on the average increase to the entire commercial tax roll. (e.g. if commercially zoned properties increase by 5 % and the applicant's building assessment due to expansion construction increased by 10 %, only 5% of building assessment increase would be considered eligible for this grant.)
- In the example of tear-down/re-builds, the prior assessment value will apply. In this situation if a building is worth \$ 200,000 and is torn down and replaced with a building having an assessment value of \$ 400,000 then only \$ 200,000 applies as assessment discount.
- E) **Program period:** any building permit issued after May 6, 2016 for a commercially zoned property expanding, re-building or building new infrastructure may make an application under this grant program to the Town.
- F) **Application period:** the Town will accept applications for the current calendar year up to December 1st of the current calendar year. Any applications submitted in the month of December will be approved for the following incentive year due to budget planning requirements for the Town. (i.e. Titleholder X makes application for 2016 tax reduction on December 15th, 2015. Due to blackout period this application will only be accepted for 2017 incentive program.) Titleholders may make an application prior to new assessment being determined by the Manitoba Assessment but the application will only be processed upon the Manitoba Assessment completing their review.
- G) **Full-time Equivalent:** is the total number of hours worked in an organization divided by 2,080 hours in a calendar year. Should a titleholder (on behalf of his/her tenants) wish to claim this portion of the program, the two parties must arrive at their own agreement on distribution of the rebate. The Town

will not be an intermediary and any application received is presumed to have this issue resolved prior to application.

H) ***Application process:***

- i) Applicant registers building permit with Town.
- ii) Building permit approved by Town.
- iii) Applicant obtains building permit from Town Office; can request application form for the Business Incentive Policy.
- iv) Applicant completes and returns form with supporting documentation to Town Office.
- v) Upon Occupancy Permit being issued and Manitoba Assessment completing its review, the Town activates the Application, reviews current status of all tax and utility accounts made by titleholder.
- vi) Town approves / denies request and provides basis for decision
- vii) IF:
 - a. Approved – Town will contact Applicant to work out details of the Letter of Agreement. Town will grant approved percentage of grant within thirty days after payment in full by the titleholder of the property tax statement;
 - b. Denied – Applicant has option to request review by Council as per condition number 7.