

# Incentive Application – ABC Canada Technology Group Ltd

## ISSUE

City Council approval is required for a five-year tax abatement on the incremental portion of taxes at ABC Canada Technology Group Ltd.'s development at 522 38<sup>th</sup> Street East.

## RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That the application from ABC Canada Technology Group Ltd. for a five-year tax abatement on the incremental portion of taxes at 522 38<sup>th</sup> Street East, as a result of its development in 2020, be approved as follows:
  - 100% in Year 1;
  - 80% in Year 2;
  - 70% in Year 3;
  - 60% in Year 4;
  - 50% in Year 5; and
2. That the City Solicitor be instructed to prepare the appropriate agreements.

## BACKGROUND

Council Policy No. C09-014, Business Development Incentives, outlines the criteria for which businesses could qualify for tax abatement incentives. The eligibility requirements for businesses to receive these abatements listed within this Policy are to:

- encourage them to locate or expand their operations in Saskatoon in order to create long-term, skilled or semi-skilled jobs;
- provide tax relief that will flow to companies creating new jobs;
- place Saskatoon in a competitive position to attract businesses that it would not otherwise occupy;
- increase the long-term viability of a project; or
- demonstrate the City of Saskatoon's commitment to a business or industry.

In accordance with this Policy, SREDA's Board of Directors, through a sub-committee, reviews the applications and brings forward a recommendation to City Council.

## DISCUSSION/ANALYSIS

### Eligibility Requirements

Appendix 1 is a report from Nevine Booth, Chair, SREDA Board of Directors, which describes how ABC Canada Technology Ltd.'s expansion satisfies the requirements of Council Policy No. C09-014. The highlights include a \$6.1 million investment in their new facility, as well as the creation of a minimum of eight new full-time equivalent positions.

### **FINANCIAL IMPLICATIONS**

If approved, the abatement for the first year is estimated to be \$71,382. The total estimated value of the five-year abatement, using 2019 rates, would be \$256,976. It should be noted that the incremental property tax increase, due to the expansion, fully funds the abatement amounts. In fact, after the first year of the incentive agreement, the City will see a permanent increase in property tax revenue for this property.

### **OTHER IMPLICATIONS**

There are no privacy, legal, social, or environmental implications identified.

### **NEXT STEPS**

If the abatement is approved, an annual compliance audit will be undertaken by SREDA.

### **APPENDICES**

1. Report from Nevine Booth, Chair, SREDA Board of Directors – June 24, 2020

### **REPORT APPROVAL**

Written by: Mike Voth, Director of Corporate Revenue

Approved by: Kerry Tarasoff, Chief Financial Officer

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