

Incentive Application – Saskatchewan Food Industry Development Centre Inc.

ISSUE

City Council approval is required for a five-year tax abatement on the incremental portions of taxes at the Saskatchewan Food Industry Development Centre Inc.'s expansion at 122 Buckle Avenue.

RECOMMENDATION

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

1. That the application from Saskatchewan Food Industry Development Centre Inc. for a five-year tax abatement on the incremental portion of taxes at 122 Buckle Avenue, as a result of its development in 2021, be approved as follows:
 - a. 100% in Year 1;
 - b. 80% in Year 2;
 - c. 70% in Year 3;
 - d. 60% in Year 4;
 - e. 50% in Year 5; and
2. That the City Solicitor be requested to prepare the appropriate agreements, and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the corporate seal.

BACKGROUND

Council Policy No. C09-014, Business Development Incentives, outlines the criteria for which businesses could qualify for tax abatement incentives. The purpose of this policy for business is 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

Appendix 1 is a report from Cam Broten, Chair, SREDA Board of Directors, which describes how the Saskatchewan Food Industry Development Centre's expansion satisfies the requirements of Council Policy No. C09-014. The highlights include a

\$2.4 million investment in their new facility, as well as the creation of a minimum of five new full-time equivalent positions.

FINANCIAL IMPLICATIONS

If approved, the abatement for the first year is estimated to be \$6,937. The total estimated value of the five-year abatement, using 2021 rates, would be \$24,974. 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. Letter from Cam Broten, Chair, SREDA Board of Directors – October 13, 2021

Report Approval

Written by: Mike Voth, Director of Corporate Revenue

Approved by: Clae Hack, Chief Financial Officer