

Incentive Application – Great Western Brewing Co.

ISSUE

City Council approval is required for a five-year tax abatement on the incremental portions of taxes at the Great Western Brewing Co. development at 519 2nd Avenue North.

RECOMMENDATION

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

1. That the application from Great Western Brewing Company for a five-year tax abatement on the incremental portion of taxes at 519 2nd Ave North, as a result of its development in 2023, be approved as follows:
 - a. 100% in Year 1;
 - b. 80% in Year 2;
 - c. 70% in Year 3;
 - d. 60% in Year 4; and
 - e. 50% in Year 5.

That the City Solicitor be instructed to prepare the appropriate agreements.

BACKGROUND

Council Policy C09-014, Business Development Incentives, outlines the criteria for which businesses could qualify for tax abatement incentives. The purpose of the 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 which 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 Saskatoon's commitment to a business or industry.

In accordance with this Policy, Saskatoon Regional Economic Development Authority (SREDA) 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 Great Western Brewing Company expansion satisfies the requirements of City Council Policy No. C09-014. The highlights include a \$40 million investment in their new facility, as well as the creation of a minimum of ten new full-time equivalent positions.

FINANCIAL IMPLICATIONS

If approved, the abatement for the first year is estimated to be \$32,217. The total estimated value of the five-year abatement, using 2023 rates, would be \$115,979. It should be noted that the incremental increase, due to the expansion, fully funds the abatement amounts. In fact, after the first year of the incentive agreement, Saskatoon will see a permanent increase in 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 – August 30, 2023

REPORT APPROVAL

Written by: Mike Voth, Director of Corporate Revenue

Approved by: Clae Hack, Chief Financial Officer