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## Incentive Application – Brandt Properties Ltd.

### Recommendation

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

1. That the application from Brandt Properties Ltd. for a five-year tax abatement of 100% of taxes at 819, 827 and 859 59<sup>th</sup> Street East and 826 and 858 58<sup>th</sup> Street East, as a result of its purchase in 2017, be approved; and
2. That the City Solicitor be instructed to prepare the appropriate agreements.

### Topic and Purpose

The purpose of this report is to obtain City Council approval for a five-year tax abatement of 100% of taxes at Brandt Properties Ltd. (Brandt) for 819, 827 and 859 59<sup>th</sup> Street East and 826 and 858 58<sup>th</sup> Street East.

### Report Highlights

1. Brandt has met the eligibility requirements of Council Policy No. C09-014, Business Development Incentives.
2. Saskatoon Regional Economic Development Authority (SREDA) is recommending a 100% five-year tax abatement for these properties owned by Brandt.

### Strategic Goal

This report supports the long-term strategy of creating a business-friendly environment where the economy is diverse and builds on our city and region's competitive strengths under the Strategic Goal of Economic Diversity and Prosperity.

### Background

City Council approved Council Policy No. C09-014, Business Development Incentives, on October 15, 1991, with the most recent update approved on March 26, 2012.

The purpose of this Policy is to make incentives available to businesses which meet the eligibility requirements listed within the Policy 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 in attracting 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.

## Report

Attachment 1 is a report from Jonathan Huntington, Chair, SREDA Board of Directors. The report provides the required information for City Council to consider the request from Brandt for a five-year tax abatement.

The Policy includes the following criteria regarding the Amount of Incentives:

- Section 3.1(d) states that all corporations meeting the eligibility requirements for a property tax incentive may qualify for a tax abatement of up to 100% of new or incremental taxes in year one; and
- Section 3.1(e) states that incentives for new or local expansions in the manufacturing or processing sectors creating 100 or more new, full-time employees may be eligible for tax abatements of up to 100% of new or incremental property taxes for a period of five year.

SREDA is recommending approval of a five-year abatement of 100% of taxes that were levied in previous years but are new to the property owner.

The Province of Saskatchewan is currently updating its regulations regarding the approval of abatements, which are expected to include a threshold amount that a municipality may approve. Requests that exceed that threshold would require the Province's approval, and it is likely the abatement of the provincial levy portion of the request will require provincial approval. However, correspondence received from the Province has indicated that agreements in place prior to January 1, 2018 are not affected by this new regulation.

As noted in the attachment, it is SREDA's expectation that this development will result in at least 300 new jobs and will stimulate approximately \$26.5 million of annual gross domestic product (GDP) impact.

## Options to the Recommendation

City Council has the option of denying the tax abatement.

## Financial Implications

It is requested that 100% of taxes levied to these properties be abated. The taxes on these properties are subject to phase in due to reassessment, with the estimated annual impact as follows (but excludes estimated mill rate increases):

<b>Year</b>	<b>Estimated Abatement</b>	<b>Municipal</b>	<b>Library</b>	<b>Education</b>
2018	\$328,017	\$169,976	\$17,668	\$140,373
2019	\$348,814	\$180,365	\$18,723	\$149,727
2020	\$369,611	\$190,754	\$19,777	\$159,080
2021	\$369,611	\$190,754	\$19,777	\$159,080
2022	\$369,611	\$190,754	\$19,777	\$159,080

**Other Considerations/Implications**

There are no policy, environmental, privacy, or CPTED implications or considerations. Neither a communication plan nor public and/or stakeholder involvement is required.

**Due Date for Follow-up and/or Project Completion**

A further follow-up report is not required; however, the abatement will be subject to an annual compliance audit undertaken by SREDA.

**Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Attachment**

1. Report from Jonathan Huntington, Chair, SREDA Board of Directors, July 26, 2017.

**Report Approval**

Written by: Shelley Sutherland, Director of Corporate Revenue

Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management  
Department

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