

BYLAW NO. 24/009

A BYLAW OF THE REGIONAL MUNICIPALITY OF WOOD BUFFALO TO PROVIDE NON-RESIDENTIAL PROPERTY TAX INCENTIVES FOR NATURAL RESOURCE EXTRACTION SUPPORT PROJECTS

WHEREAS Section 364.2 of the *Municipal Government Act*, RSA 2000, c. M-26 allows for a municipality to encourage development by providing a full or partial exemption from property taxes;

AND WHEREAS, the Council of the Regional Municipality of Wood Buffalo commits to promoting investment in the Region;

NOW THEREFORE, the Council of the Regional Municipality of Wood Buffalo, duly assembled, enacts as follows:

PART 1. DEFINITIONS AND INTERPRETATION

Short Title

1. This Bylaw may be cited as the “Tax Incentive Bylaw”.

Definitions

2. In this Bylaw:
 - (a) “Administration” means includes the CAO and any other person who exercises a power, function, or duty of the Municipality, including natural person powers, whether under delegation from the CAO or by any other authority or agreement;
 - (b) “Applicant” means the Assessed Person or authorized agent of the Assessed Person who applies for the Property Tax Exemption under this Bylaw;
 - (c) “Application” means the Property Tax Exemption Application, in the form prescribed by the Municipality;
 - (d) “Assessed Person” has the same meaning as in section 284(1) of the *Municipal Government Act*, R.S.A. 2000, c.M-26, as amended, or any successor legislation;
 - (e) “Base Tax Amount” means the amount of Municipal property taxes levied on the property in the year the Application was submitted.
 - (f) “Council” means the Regional Council of the Regional Municipality of Wood Buffalo;

- (g) “Eligible Capital Costs” means the lower of:
- (i) the actual total capital costs incurred to build the project, or
 - (ii) the estimated cost to the Applicant to build the project as outlined in the complete Application;
- and shall include any new expenditures on labour, engineering, materials, or other costs associated with the construction, but shall not include the costs of any improvements or Machinery and Equipment that existed on the land before construction commenced or the land itself, maintenance and turnaround costs, or other non-capital costs such as legal/regulatory/permitting fees;
- (h) “Employer-Assisted Housing Benefit” means forgivable loans, grants, or matched savings provided by the Applicant to help employees purchase a home within the Regional Municipality of Wood Buffalo.
- (i) “Expansion” means a development that adds to an existing facilities’ physical space but does not include the replacement or upgrading of components of an existing facility;
- (j) “Full Time Equivalent Skilled Worker” means an employee that works 35 or more hours a week in a job that requires a university degree, post-secondary diploma or certificate, or trade credential recognized in Canada;
- (k) “Machinery and Equipment” has the same meaning as in *Matters Relating to Assessment and Taxation Regulation*, 2018, Alta Reg 203/2017 as amended, or any successor legislation;
- (l) “Municipality” means the Regional Municipality of Wood Buffalo;
- (m) “Natural Resource Extraction Support Project” means a project associated with the support of the natural resource extraction industry and may include, but is not limited to, projects that involve:
- (i) Manufacturing parts and equipment used by the natural resource extraction industry;
 - (ii) Repairing equipment used by the natural resource extraction industry;
 - (iii) Researching and developing new products and technology used by the natural resource extraction industry; and
 - (iv) Upgrading or reutilizing waste or byproducts of the natural resource extraction industry.

- (n) “Non-residential Property” has the same meaning as in section 297(4) of the *Municipal Government Act*, R.S.A. 2000, c.M-26, as amended, or any successor legislation;
- (o) “Qualifying Property” means the property that meets the criteria for a tax exemption under this Bylaw.
- (p) “*Safety Code Act*” means *Safety Codes Act*, RSA 2000, c S-1, as amended, or any successor legislation;
- (q) “Tax Incentive Agreement” means a contract between the Assessed Person and the Municipality confirming the exemption of taxes pursuant to this Bylaw; and
- (r) “Tax Incentive Zone” means the area clearly identified in Schedule “A” of this Bylaw.

Criteria

3. To be eligible for a Tax Incentive Agreement, all of the following criteria must be met:

Project Requirements:

- (a) be a new construction or expansion project;
- (b) have a minimum of \$25 million and a maximum of \$500 million Canadian dollars in Eligible Capital Costs;
- (c) employ more than 250 personnel, including contractors and subcontractors, during the course of the construction period or employ more than 15 permanent Full Time Equivalent Skilled Workers on an ongoing basis once the project is operational;
- (d) be a Natural Resources Extraction Support Project;
- (e) not be linear property as defined by the *Municipal Government Act*;
- (f) not be worker accommodation; and
- (g) commence construction or obtain an occupancy permit after this bylaw comes into effect.

Property Requirements:

- (h) be located within the Tax Incentive Zone;
- (i) obtain all necessary development approvals from the Municipality;

- (j) not going through foreclosure;
- (k) not in violation of a development agreement; and
- (l) not in violation of the *Safety Code Act* at any time during the Tax Incentive Agreement.

Applicant Requirements:

- (m) be the Assessed Person or authorized agent for the Assessed Person;
- (n) not in arrears or have amounts owing to the Municipality;
- (o) not in bankruptcy or receivership;
- (p) in compliance with the terms and conditions of any grant or other financial assistance received from the Municipality; and
- (q) not involved in litigation against the Municipality.

Application

4. Applicants must submit a complete Application to the Municipality.
5. Applicants must submit a non-refundable application fee of \$5,000.
6. The Municipality has the discretion to reject incomplete or late applications.
7. Applicants may resubmit rejected applications provided they are received by the deadline with no further fee.
8. The deadline for applications is December 31, 2025.

Exemption Amount

9. Only the Municipal portion of property taxes may be exempted by this Bylaw.
10. The Tax Incentive Agreement will exempt a portion of taxes for the non-residential portion of the Qualifying Property based on the following formula:
 - 1% of the non-residential Eligible Capital Costs.
11. The Tax Incentive Agreement will exempt a portion of taxes for the machinery and equipment portion of the Qualifying Property based on the following formula:
 - 1% of the machinery and equipment Eligible Capital Costs.

12. If the Applicant has implemented an Employer-Assisted Housing Benefit, the Tax Incentive Agreement will exempt an additional portion of taxes for the non-residential portion of the Qualifying Property based on the following formula:

0.5% of the non-residential Eligible Capital Costs, for a total maximum of 1.5% overall
13. If the Applicant has implemented an Employer-Assisted Housing Benefit, the Tax Incentive Agreement will exempt an additional portion of taxes for the machinery and equipment portion of the Qualifying Property based on the following formula:

0.5% of the machinery and equipment Eligible Capital Costs, for a total maximum of 1.5% overall
14. Municipality has the sole discretion to determine if the Employer-Assisted Housing Benefit is sufficient for the purposes of this Bylaw.
15. Where Eligible Capital Costs include both expenditures on machinery and equipment and non-residential property, the Eligible Capital Costs will be allocated to each class of property for the purposes of calculating the Exemption under this section.
16. For all eligible tax years identified in the Tax Incentive Agreement, the Qualifying Property will receive a maximum 80% exemption on the incremental increase from the Base Tax Amount.

Exemption Period

17. The Tax Incentive Agreement will be in effect for:
 - (a) \$50 million in Eligible Capital Costs: 10 consecutive taxation years;
 - (b) \$25 million in Eligible Capital Costs: 5 consecutive taxation years; or
 - (c) until the maximum exemption as calculated in sections 10 through 13 have been reached.

Agreement

18. A Tax Incentive Agreement must be signed by all successful Applicants.
19. A Tax Incentive Agreement must include the following:
 - (a) The taxation years that are granted the exemption;
 - (b) The conditions of maintaining the exemption;
 - (c) The Base Tax Amount, **if the Application is regarding an Expansion;**

- (d) The amount of the exemption;
- (e) The date on which the exemption begins; and
- (f) The date on which the exemption ends.

Cancellation

20. If at any time after an exemption is granted, the Municipality determines that:
- (a) The Applicant did not meet the eligibility criteria for an exemption,
 - (b) The Applicant ceased to meet the eligibility criteria for an exemption or
 - (c) There is a breach of any condition of the Tax Incentive Agreement;
- The Municipality may cancel an exemption for the taxation year or years where the criteria was not met, or the breach occurred.
21. The Municipality may require the Applicant to provide additional information to verify that eligibility criteria have been met.
22. A decision to cancel an exemption must be provided to an Applicant in writing and contain the following:
- (a) Rationale for cancelling an exemption.
 - (b) Identify which taxation years are affected.
 - (c) Provide the date by which an appeal must be submitted.

Appeal

23. Decisions to reject an Application or cancel a Tax Incentive Agreement may be appealed to Council.
24. Applicants must submit a request for appeal in writing to the Chief Legislative Officer within 30 days of receiving notice that an Application was rejected, or a Tax Incentive Agreement was cancelled.
25. Council may hear an appeal at a regularly scheduled meeting of Council or a special meeting of Council.
26. Council may uphold or revoke the decision of Administration to reject an Application or to cancel a Tax Incentive Agreement.

Effective Date

27. This Bylaw comes into effect on the day it is passed.

Read a first time this ____ day of _____, 2024

Read a second time this ____ day of _____, 2024

Read a third and final time this _____ day of _____, 2024.

Signed and Passed this _____ day of _____ 2024

Mayor

Chief Legislative Officer

Schedule "A"
Tax Incentive Zone

