



POLICY

Policy No.13-303-24/11/04

Department: Finance

PROPERTY TAX VARIANCE OBJECTIVES

1. PURPOSE:

The intent of this policy is to outline Council's objectives and direction with respect to the specific property tax varying mechanisms contained in the *Non-Residential Tax Incentive Bylaw* (1386/24) and the *Property Assessment Subclass Bylaw* (1400/24), for ease of annual review and public transparency.

2. Non-Residential Tax Incentive Bylaw summary:

2.1 The Municipal Government Act permits municipalities to offer multi-year tax exemptions, reductions, or deferrals for non-residential properties to encourage economic growth.

2.2 The objectives of this bylaw are to:

- provide property tax incentives to encourage assessment growth and promote non-residential expansion for all sizes of non-residential development.
- encourage the development or revitalization of non-residential properties for the general benefit of the municipality.

2.3 Calculation of the Exemption

An approved tax exemption under the bylaw is applied to the municipal portion of property taxes based on the increase in assessment attributable to the new non-residential development or renovation of or addition to an existing non-residential development as determined by the Town in accordance with the following schedule:

- i. **\$25,000 - \$75,000** = 1 year of exemption on the new development
 - 75% exemption in year 1
- ii. **\$75,001 - \$250,000** = 1 year of exemption on the new development
 - 100% exemption in year 1
- iii. **\$250,001 - \$1,000,000** = 2 years of exemption on the new development
 - 100% exemption in year 1
 - 50% exemption in year 2
- iv. **\$1,000,001 - \$10,000,000** = 3 years of exemption on the new development
 - 100% exemption in year 1
 - 75% exemption in year 2
 - 50% exemption in year 3
- v. **Greater than \$10,000,000** = 4 years of exemption on the new development
 - 100% exemption in year 1
 - 75% exemption in year 2
 - 50% exemption in year 3
 - 25% exemption in year 4

- 2.4 The Chief Administrative Officer or designate receives and makes decisions on application eligibility in line with strict bylaw criteria tied closely to the development permit process. Appeals may come to Council.
- 2.5 Town Administration and the property owner will not know the full value of an exemption until a project or improvement is completed and has an assessed value.
- 2.6 Town Administration will advise Council annually of the fiscal impacts of the exemptions when they are in effect on eligible properties.
- 2.7 Council does not need to take any annual action with respect to this varying power unless it wishes to amend or repeal the bylaw itself.
- 2.8 If not amended or repealed, the bylaw will expire on December 31st 2035.
- 2.9 It is recognised that these incentives are only an incremental incentive to non-residential property assessment growth and that entrepreneurs must consider many factors outside of the control of the Town of Nanton before making firm investment decisions.

3. Property Assessment Bylaw summary:


- 3.1 The *Municipal Government Act* allows for the non-residential and residential assessment classes to be divided into subclasses for the purpose of varying the tax levy for different objectives to the general benefit of the municipality.
- 3.2.1 The current objectives of the bylaw are to:
- Reward and encourage small business in Non-Residential properties
 - strongly discourage the ongoing challenges to our local business climate caused by Vacant Non-Residential built properties in the commercial core/ downtown area;
 - incentivize **new** multi-unit dwelling opportunities in the R-GEN Land Use District when appropriate.
- 3.3 At present, there are no subclasses that specifically target bare (undeveloped) residential or non-residential property.
- 3.4 Range and current application of Council discretion authorized by the bylaw:

Council authority	Current application:
Any property within the Town of Nanton meeting the criteria for the Vacant Non-Residential Property, as per the provisions of the Bylaw, is subject to a municipal tax rate set that: (i) must not be less than the non-residential tax rate for Other Non-Residential property; (ii) must not be greater than 200 per cent of the non-residential tax rate for Other non-residential property.	125 per cent (increase)
Any property within the Town of Nanton meeting the criteria for the Small Business Property, as per the provisions of the Bylaw, will have a tax rate set that: (i) must not be less than 75 per cent of the non-residential tax rate for other non-residential property. (ii) must not be greater than the non-residential tax rate for other non-residential property.	100 per cent (no discount at present)
Any property within the Town of Nanton meeting the criteria for a Multi-Unit Dwelling Property, as per the provisions of the Bylaw, is subject to a municipal tax rate set that:	0 per cent (no discount at present)


(i) must not be less than 50 per cent of the residential tax rate for other residential property. (ii) must not be greater than the residential tax rate for other residential property.	
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- 3.5 Council must authorize, by resolution, to amend or freeze the authorized rates for the subclasses prior to setting the general tax rates for the next tax year.
- 3.6 Council may choose not to vary one or all of the subclass rates from general class rates.
- 3.7 To amend any subclass criterion or definition requires a full bylaw amendment or replacement.
- 3.8 Town Administration will advise Council annually of the general fiscal impacts of the subclasses when they are in effect on eligible properties.
- 3.9 Subclasses and their criteria must be universally and fairly applied to the property assessment base. Exceptions and changes cannot be made for particular circumstances, owners, special interests or locations. It is also the responsibility of property owners to accurately and fully submit statutory declarations within the timelines specified in the bylaw.
- 3.10 It is recognized that these subclass varying powers may not deliver the desired objectives alone, but are established to increase the probability of desired outcomes.

TOWN OF NANTON



CHIEF ELECTED OFFICIAL



CHIEF ADMINISTRATIVE OFFICER