



CITY OF WILLIAMS LAKE

A guide to the....

NORTH END INDUSTRIAL REVITALIZATION TAX EXEMPTION PROGRAM

In 2011, the City of Williams Lake Council approved the North End Industrial Revitalization Tax Exemption (NEIRTE) Bylaw. The North End Industrial Revitalization Tax Exemption program is intended to encourage new investment in existing lands and property as well as new developments as a way to increase economic activity in the City.

- The program is available to individuals or companies who own **property in the City's North End Revitalization Tax Exemption Area** by application. (The area is identified in Bylaw 2154 – see map on reverse page).
- The program purpose is to encourage revitalization of industrial use properties in the City's North End, increase the city's industrial tax base, increase sustainable job creation, and encourage green building practices.
- The Exemption would be applicable to the amount of **municipal property tax** payable on the lesser amount of the **incremental increase** (not total property taxes) in assessed value and the Project building permit value for a period of five (5) years.
- To qualify for a tax exemption in the following calendar year, a property must be issued a Tax Exemption Certificate prior to October 31 of the current year. To meet this deadline, applications must be received by the Development Services Department no later than by August 31.
- Applications must include:
 - ✓ A certificate that all taxes assessed and rates, charges, and fees imposed on the Lands have been paid, and where taxes, rates, or assessments are payable by installments, that all installments owing at the date of the certificate have been paid;
 - ✓ A copy of the property assessment notice;
 - ✓ Proof of ownership;
 - ✓ A description of the Project;
 - ✓ A certificate from a design professional for the Project certifying the construction value of the Project;
 - ✓ If applicable, the number of full time employees at the time of commencing operation of the business;
 - ✓ If applicable, proof of intent to use Green Building Technologies;
 - ✓ An application fee in the amount of \$100.

The exemption is broken down into three Classes. With the bylaw/program objectives in mind, a point based assessment will be used to rate applications to the NEIRTE program. The point score of a property application will determine what class of tax exemption the property owner will be eligible for.

NORTH END INDUSTRIAL REVITALIZATION TAX EXEMPTION CLASS CALCULATION

The objectives of the Williams Lake North End Industrial Revitalization Tax Exemption (NEIRTE) program are reflected in the exemption class determination.

With the bylaw/program objectives in mind, a point based assessment will be used to rate applications to the NEIRTE program. The point score of a property application will determine what class of tax exemption the property owner will be eligible for.

| OBJECTIVE: Expand the City's Industrial Tax Base | |
|---|-------------------------------|
| (\$) | Level of Capital Improvements |
| | Score out of 60 points |
| >= \$500,000 | 35 |
| >= \$1,000,000 | 45 |
| >= \$2,000,000 | 60 |

| OBJECTIVE: Increase sustainable local jobs | |
|---|------------------------|
| Number of jobs created | Score out of 30 points |
| >= 15 | 10 |
| >= 50 | 20 |
| >= 75 | 25 |
| >= 100 | 30 |

| OBJECTIVE: Encourage Green Building practices | |
|--|------------------------|
| Green Building practice utilized: | Score out of 10 points |
| Proof of use of Green Building Technology | 10 |

| North End Industrial Tax Exemption Classes | |
|---|---------------------|
| Points score | Tax Exemption Class |
| >= 35 | 3 |
| >= 50 | 2 |
| >= 70 | 1 |

The amount of annual Tax Exemption shall be based on three separate rate classes of exemption which reflect the objectives of the bylaw. The Tax Exemptions provided under this bylaw, and shown below, are described as the % of Municipal tax exempt on the difference between Base Amount and the lesser of Assessed Value and the Project building permit value:

| | Class 1 | Class 2 | Class 3 |
|--------|---------|---------|---------|
| Year 1 | 100%* | 100%* | 100%* |
| Year 2 | 90%* | 80%* | 70%* |
| Year 3 | 70%* | 60%* | 50%* |
| Year 4 | 50%* | 40%* | 30%* |
| Year 5 | 30%* | 20%* | 10%* |

*% is the municipal tax exemption based on the difference between Base Amount and the lesser of Assessed Value and the Project building permit value.

Example Tax Exemption for Illustration Purposes Only:

| | |
|--|-------------|
| Original Property Value/Assessment : | \$1,000,000 |
| Municipal Taxes due (2011) (\$88.426/\$1000 assessed): | \$88,426 |

The property owner implements a new manufacturing development worth \$1,000,000.

| | | <u>Points</u> |
|---------------------------------------|-------------|---------------|
| Value of new development on Property: | \$1,000,000 | 45 |
| New Jobs Created: | 50 | 20 |
| Green Building Certification: | LEED Silver | <u>10</u> |
| | | 75 |

- The new development qualifies for 75 points base on Schedule B of the bylaw and is therefore eligible for a Class 1 Tax Exemption under the program.
- After the new property improvements, the 2012 assessment is \$2,000,000; an increase of \$1,000,000 from 2011.
- For simplicity assume the 2012 Municipal Major Industry Tax rate is increased to \$90 / \$1000 of assessment.
 - **The total (increased) 2012 municipal tax due would be \$180,000.**
 - The first year (2012) of the exemption certificate provides a 100% exemption of the increased tax resulting from the new development.
 - The 2012 tax saving to the business is \$90,000 (\$180,000-\$90,000).
 - **Municipal Tax Payable in 2012 with exemption is \$90,000.**

Calculation of the subsequent exemptions and tax payments in years 2 to 5 (assuming the same mill rate of \$90/\$1000 of assessed value each year, and that the assessed value stayed level) would be as follows:

Year 2:

- 2013 Taxes Due without exemption: $(2,000,000 / 1000) \times \$90 = \$180,000$
- 2013 municipal tax payable on increased assessed value: $(1,000,000/1000) \times \$90 = \$90,000$
- 2013 Tax Exemption: $(180,000-90,000) \times 90\% = \$81,000$
- **Municipal Tax Payable in 2013 with exemption is \$99,000**

Year 3:

- 2014 Taxes due without exemption: $(2,000,000 / 1000) \times \$90 = \$180,000$
- 2013 municipal tax payable on increased assessed value: $(1,000,000/1000) \times \$90 = \$90,000$
- 2014 Tax Exemption: $(180,000-90,000) \times 70\% = \$63,000$
- **Municipal Tax Payable in 2014 with exemption is \$117,000**

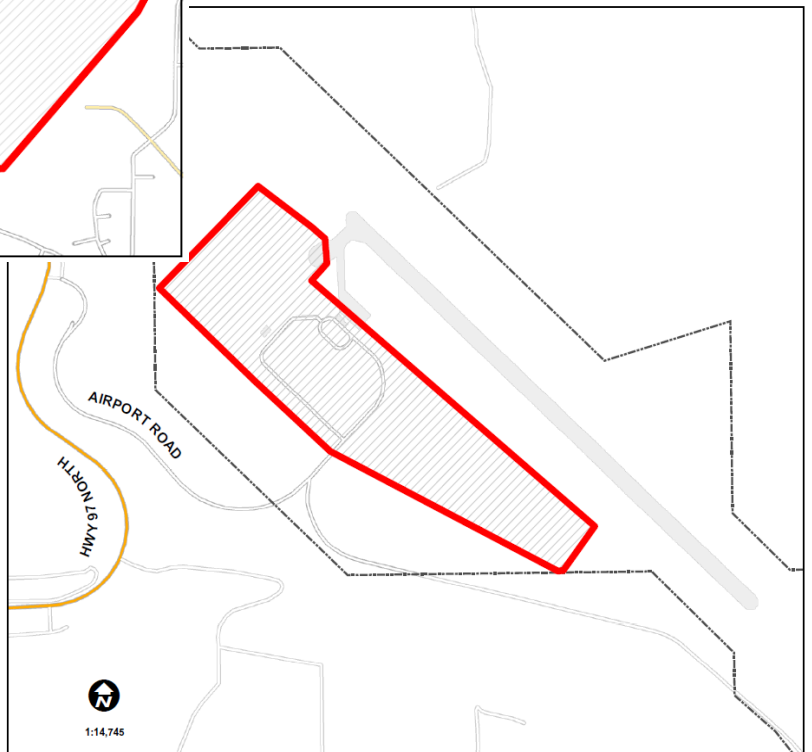
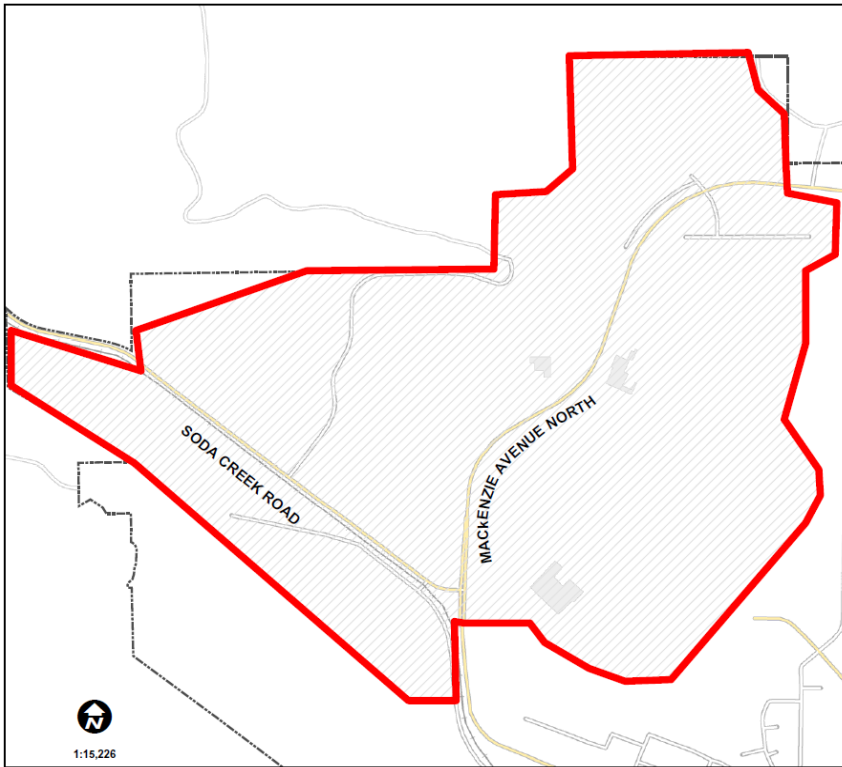
Year 4:

- 2015 Taxes due without exemption: $(2,000,000 / 1000) \times \$90 = \$180,000$
- 2013 municipal tax payable on increased assessed value: $(1,000,000/1000) \times \$90 = \$90,000$
- 2015 Tax Exemption: $(180,000-90,000) \times 50\% = \$45,000$
- **Municipal Tax Payable in 2015 with exemption is \$135,000**

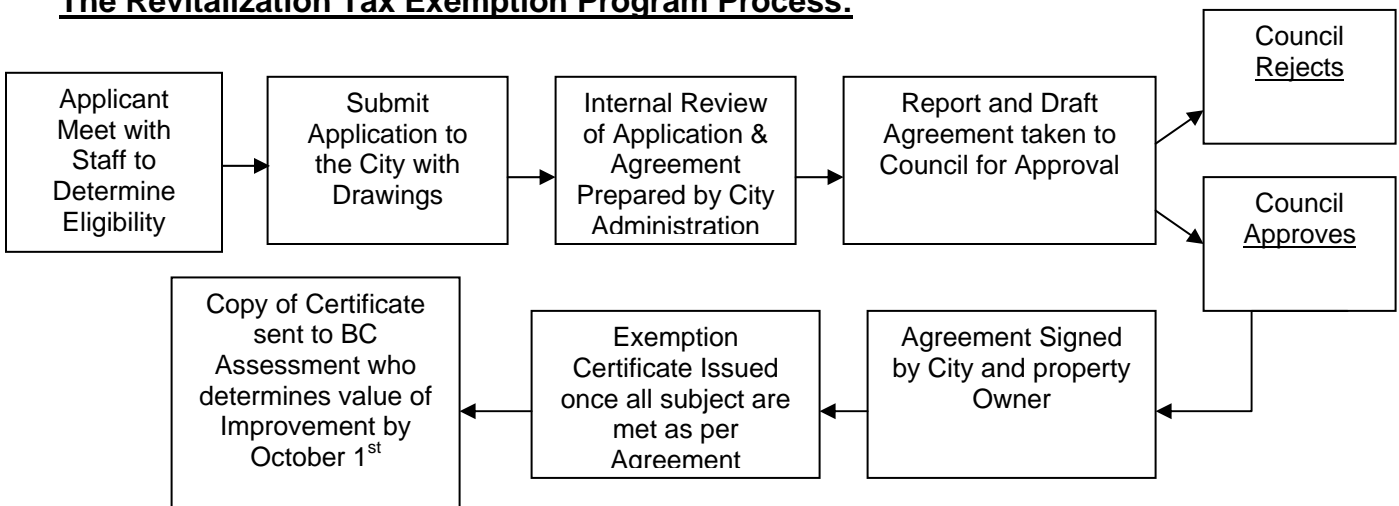
Year 5:

- 2016 Taxes due without exemption: $(2,000,000 / 1000) \times \$90 = \$180,000$
- 2013 municipal tax payable on increased assessed value: $(1,000,000/1000) \times \$90 = \$90,000$
- 2016 Tax Exemption: $(180,000-90,000) \times 30\% = \$27,000$
- **Municipal Tax Payable in 2016 with exemption is \$153,000**

DESIGNATED NORTH END INDUSTRIAL TAX REVITALIZATION AREAS



The Revitalization Tax Exemption Program Process:



CONTACT INFORMATION

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