

CITY OF CHARLOTTETOWN POLICY

TAX INCENTIVE STRATEGY

Policy Number: P-ED-5

Originating Department: Economic Development

Approved By: City Council

Date of Approval: December 14, 2009

Objective

To provide a development incentive strategy that will encourage the expansion and/or rejuvenation of commercial properties within the City of Charlottetown. The Strategy is directly aimed at enhancing and maintaining the vitality of commercial properties in the City which will augment the tax base of the future.

Strategic Direction

- 1) Encourage renovation of existing commercial buildings;
- 2) Encourage growth in bio-technology, Financial Services and IT sectors;
- 3) Encourage any project which provides innovative solutions for the improvement of City building stock; and
- 4) Encourage the relocation of non-conforming use commercial operations to conforming use areas.

Eligibility

1. Within the City of Charlottetown this Strategy applies to:
 - a) New construction or redevelopment for businesses in the bio-technology, financial services, and IT sectors. To make application under this Strategy, the development must first have received approval under PEI Business Development's Strategic Industries Initiative;
 - b) The relocation of a business operating on a property that is not zoned for the operation of that business to a location that is properly zoned for the operation of that business. For this section to apply, it will be necessary for the existing non-conforming use of the existing property to be rescinded. It will also be necessary for the appropriate zoning to be in place for the relocation property.
2. Within the downtown core as detailed in Appendix "A", this Strategy applies to:
 - a) Redevelopment of existing commercial properties for commercial purposes;
3. All projects must demonstrate a commitment to environmentally sustainable construction and ongoing operational practices.

4. The following projects will not be eligible for this tax incentive initiative:
 - a) Properties owned, or used by, government and/or government agencies or institutions, with the exception of the Airport Business Park;
 - b) Properties located within the proposed Bio-Common Research Park, unless those properties are privately owned.
 - c) Residential developments; and
 - d) Expansion to consolidate or relocate existing businesses already located within the City of Charlottetown, with the exception of businesses relocating from a non-conforming use property.

Basic requirements to qualify for assistance under this initiative include proof that property taxes are not in arrears, that the project complies with all City of Charlottetown Bylaws and Zoning and Development requirements, and that the project has received all the approvals, certificates and licenses that may be required, at any time and for any reason, by the City of Charlottetown.

The City of Charlottetown reserves the right to amend and/or alter existing criteria, or to impose additional or alternative criteria, as it may deem appropriate.

Incentive Available

The incentive is based on the increase of the real property tax assessment as a result of the project. The annual incentive is calculated on the increase assessment portion of the municipal component of real property tax subsequent to the project being completed. The incentive allows for the temporary graduated suspension of only the increase of the municipal portion of the assessed value of properties for a period of five (5) years. Any increase in the property assessment or the tax rate levied by the City of Charlottetown during the term of the program is not covered in the Incentive Program. The incentive is a diminishing incentive over a five-year period as follows:

- 100% municipal property tax in Year 1 on the portion of increased assessment
- 80% municipal property tax in Year 2 on the portion of increased assessment
- 60% municipal property tax in Year 3 on the portion of increased assessment
- 40% municipal property tax in Year 4 on the portion of increased assessment
- 20% municipal property tax in Year 5 on the portion of increased assessment
- 0% year 6 and beyond

Payment of benefit shall begin on the first full calendar year following the completion of construction, and shall be remitted upon receipt of proof of payment of final installment of taxes in each year.

Timely Application Required

A developer shall make application for the program contemporaneous with the application for a Building Permit from the City otherwise the Program will not apply to that project. The onus to make a timely application is upon the Developer.

Agreement

The applicant and the City of Charlottetown shall enter into an agreement upon completion of the project. The agreement shall include but not be limited to:

- ❑ An approved City of Charlottetown Building Permit for work completed on the property.
- ❑ Verification that there are no property taxes owing on the property.
- ❑ Documentation demonstrating that there has been an increase in the property tax assessment and showing the amount of the increase over the Base Year.

To receive rebates under the Strategy each year, the applicant must submit annually by December 15th information to the satisfaction of the City of Charlottetown demonstrating that the real property taxes for the property have been paid in full. During the term of the agreement, the business operation must be maintained as initially accepted under the Strategy.

Interpretation, Application and Appeal

The proper interpretation or application of the Strategy shall be determined by the City's Director of Corporate Services. Where in doubt, the matter shall be referred to the Economic Development and Tourism Committee, which shall make a recommendation to City Council. Council's determination shall be final and binding.

Administration

The City of Charlottetown Tax Incentive Strategy shall be administered by the Economic Development Officer who shall report to the Director of Corporate Services.

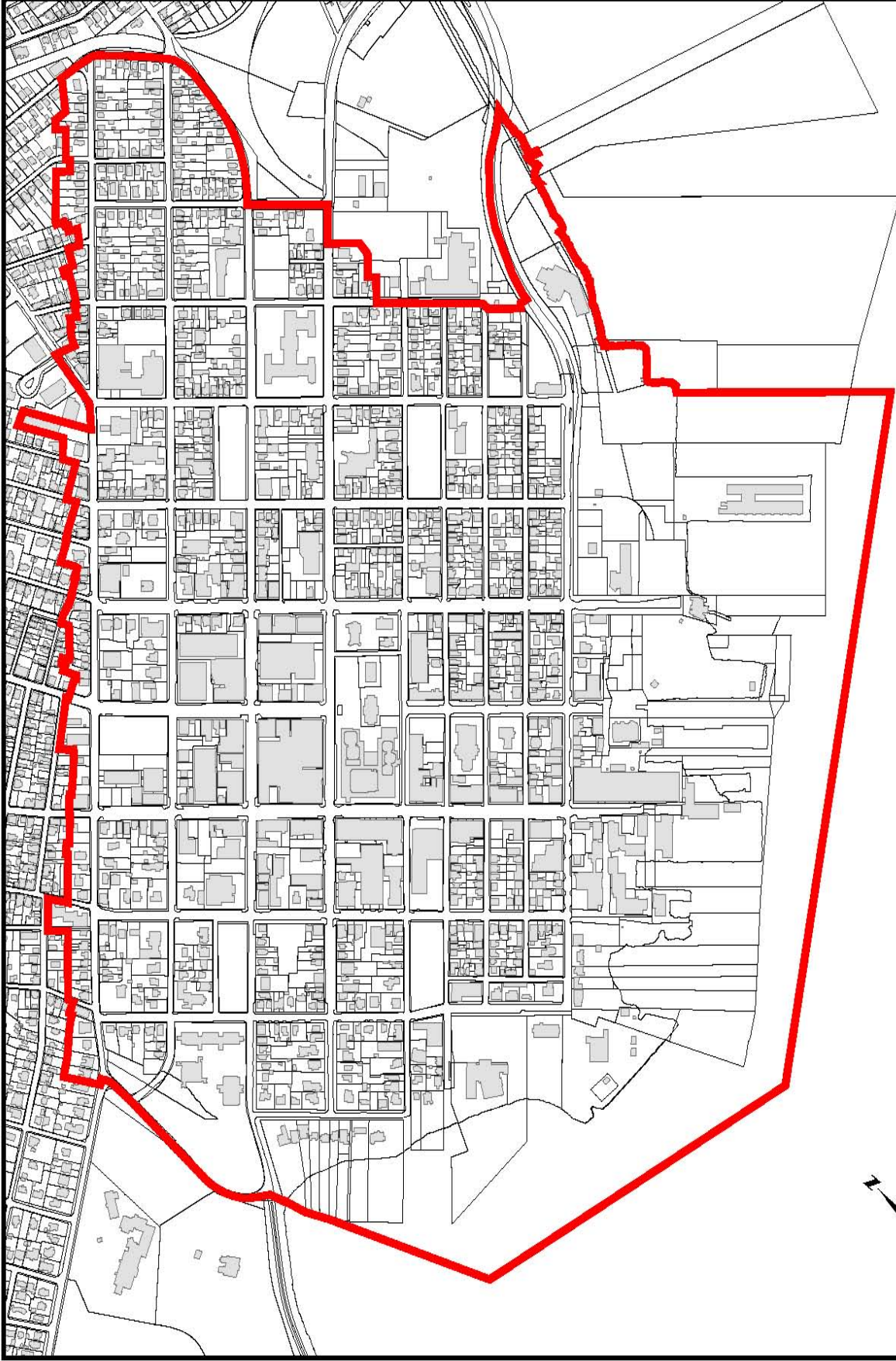
Amendment

City Staff, after consultation with the Economic Development Committee, may make minor amendments to the Strategy.

This Strategy shall be evaluated on an annual basis to determine whether or not the goals and objectives of the Strategy are effectively and efficiently being met. Council, upon the recommendation of the Economic Development Committee, may amend, alter or terminate the Strategy.

Assignment

Benefits paid under contract are not assignable without express written permission from the City of Charlottetown.



Appendix "A"
City of Charlotte Tax Incentive Area
Downtown Area Map