



ECONOMIC DEVELOPMENT INCENTIVE PROGRAM

Property Tax Exemption

Purpose

Global competition for new businesses and jobs is becoming more intense. Businesses looking to site new facilities and companies are focused on many factors. The most important of these are usually: Transportation infrastructure, Availability and Cost of Skilled Labor, Overall Cost of Doing Business, Incentives, Tax Rates, Occupancy and Construction Costs and Proximity to Major Markets. It is therefore increasingly important for any metropolitan area to not only market the advantages of its business environment and quality of life, but to also have a set of incentives in place to ensure effective “closing of the deal”. In other words, while the availability of the other site selection factors is necessary to open the door to a new deal, it is often the availability of incentives that closes the deal.

Having ascertained the need to have an incentive program to be competitive in attracting new business to the region, it is also important to structure any incentive program so that it rewards specific desirable behaviors by the company. The incentive program should therefore promote the following behaviors: induce new business developments in Regina, create new quality job opportunities, broaden and diversify the tax base, diversify the local economy and enhance the development of identified priority industries, promote innovation, and improvement of employment opportunities for under-represented groups within the workforce. All of these factors are key contributors to the type of economic growth targeted in the Regina and region.

Just as the incentive program is geared towards rewarding certain behaviors, it is also designed not to provide financial support to businesses whose presence in the marketplace does not add to the economy but rather results in a substitution of labor, product or customers between themselves and existing businesses.

Definitions

FTE (Full-Time Equivalent) - The number of jobs created in a company expressed as though all jobs were full time with at least 30 hours per week of work. For example 2 part time workers of 15 hours per week each would be considered 1 FTE. One worker working 40 hours per week would also be considered 1 FTE.

Investment – The capital investment in land, buildings and fixed equipment made by the applicant company. In the event premises are leased, only the actual amount expended

by the company on fixed equipment and on leasehold improvements is included in the calculation of investment.

Sector – RREDA has identified specific sectors within which growth in the Regina region is targeted. These sectors are identified in the table below.

Location – Regina has a number of targeted locations with specific growth plans. These locations qualify applicants for points toward a property tax exemption as shown in the table below. These locations could include Regina Downtown, Regina Warehouse District, Regina Research Park, Regina Airport Authority, and Regina Exhibition Park.

Property Tax Exemption – the waiving of all or a portion of assessed property tax payments for a specified period of time. The exemption to a business includes any payment of the School and Library components of the tax assessed as well. If an application for a Property Tax Exemption is approved, the amount and terms of the exemption will vary depending on a number of factors as outlined in the Economic Development Incentive Program.

Research & Development (R & D) – Spending on research and development by a company as defined by Canada Revenue Agency for tax purposes.

Sustainability – Doing such things as lead to sustainability of resources. It may include construction qualifying for designated sustainability status such as LEEDS building standards, or incorporation of features such as green roofs, water collection and conservation, solar heating etc. RREDA will determine the eligibility of a company under this category. Where necessary, RREDA will seek analytic support and advice from local experts.

Economic Development Incentive Program Outline

Framework for the Property Tax Exemption program:

- Uses a system which allocates points for meeting targeted achievement in the following areas – jobs, investment, sector, location, technology, R&D, sustainability.
- The term of the exemption varies between 2 and 5 years and the amount of the exemption varies between 25% and 100%.
- Applies to qualifying businesses which result in growth of the regional economy with minimal disruptive substitution effects on other businesses in the region
- Residential construction and retail operations will not qualify for the program

Process:

The Property Tax Exemption program has been designed by the Regina Regional Economic Development Authority (RREDA) and is also administered by RREDA up to the point where a recommendation of approval of specific applications is made to City Council. Decisions on the actual amount of any tax exemption and the specific terms related to it are made by City Council. Administration of an Exemption Agreement following approval by City Council is done by the City Administration. Approved

applicants may be required to provide annual verification of achievement of the targets used for their application.

The process of receiving a property tax exemption contains the following steps:

- 1) A business approaches RREDA with a request to be considered for a property tax exemption and presents the necessary materials (i.e. business plan);
- 2) RREDA staff prepares and evaluates the application;
- 3) Qualifying applications are presented to the RREDA Board for a decision on whether to recommend approval to City Council
- 4) Applications receiving approval of the RREDA Board are forwarded to City Council for review and a final decision.

Eligibility

To be eligible for the Property Tax Exemption a business must satisfy one or more of the following criteria:

- 1) Create quality career opportunities and promote diversity in the workplace
- 2) Create significant new investment in Regina and region
- 3) Belong to one of the sectors that are key to Regina's economic development
- 4) Locate in one of the designated locations in the City to help achieve their growth plan
- 5) Be a global or national leader in implementing new technology
- 6) Have a significant research and development focus within the company
- 7) Utilize sustainable technologies/practices in construction and/or operations

Applicant Evaluation

Regina Regional Economic Development Authority will evaluate each applicant on an individual basis based on the criteria outlined below:

Category	Maximum points	Maximum in category	Points	Criteria to achieve maximum points		
JOBS (50%)**	75					
Number of Jobs		52.5		Create FTEs (within 24 months of start):		
			10	between 10 and 20 FTEs		
			20	between 20 and 50 FTEs		
			35	between 50 and 100 FTEs		
		Ave. Salary		15	52.5	over 100 FTEs
					5	Create FTEs with compensation 5 – 10% above regional average
					10	10 – 15% above average
		Target Workforce Jobs			15	Greater that 15% above average
						Hire target employee groups (Aboriginal, Women, Visible Minorities, Handicapped)
				7.5	5	Target groups represent 5 – 10 % of workforce
7.5	Target groups represent greater than 10 % of workforce					
INVESTMENT (40%)	60					
Land/Bldg/Eq.		37.5	20	Invest \$100,000 - \$200,000 per FTE created		
			37.5	Invest over \$200,000 per FTE created		
Sector		7.5	7.5	Be one of the key sectors: <ul style="list-style-type: none"> Value-added agricultural production; Manufacturing; Advanced technology; Environmental industry; Energy 		
Location		15		Be located in one of the following areas of the City:		
			7.5	<ul style="list-style-type: none"> Downtown; Research Park; Old Warehouse District Airport IPSCO Place 		
			15	In addition to being located in a target area, company also fits the published growth plan for the area		
Other (10%)	15					
Technology		4.5	4.5	RREDA determines the company is leading edge in application of technology		
Research & Development		6	3	Invest at least 2 to 5% of total revenue in Research and Development on an annual basis		
			6	Invest over 5% of total revenue in Research and Development on an annual basis		
Sustainability		4.5	4.5	RREDA determines the company will implement sustainable technologies/practices in construction and/or head office and production operations		
Total	150					

**** Any company creating a minimum of 250 jobs within 12 months of commencing operations will automatically qualify for a 5 year, 100 % property tax exemption regardless of how many other criteria they achieve.**

Incentive Level Matrix

The number of points a business receives during the evaluation process determines it’s eligibility for a Property Tax Exemption; which may be for a period of up to 100% for up to 5 years. If the number of points received is between any two numbers provided in the table below, the lower of the two numbers determines the amount and term of the tax exemption. For instance, if a business receives 17 points it gets 25% property tax exemption for 2 years; if a business receives 72 points it gets 75% property tax exemption for 4 years; if a business receives 120 points it gets 100% tax exemption for 5 years. The maximum tax exemption available is 100% for 5 years, regardless of how many points an applicant receives.

Years of Exemption	Percent Exemption				
		25	50	75	100
5	25	50	75	100	
4	22	44	67		
3	19	37			
2	14				

* Points calculated using 10% present value discounting

Compliance

Approved Property Tax Exemptions will be formalized in a written agreement between the City of Regina and the recipient business. The recipient business will be required to meet the performance criteria outlined in “Eligibility” section of this document. For proper evaluation of performance, business may be asked to provide payroll information and R&D spending information (based on Federal Tax Assessment) on an annual basis.

If during the period of exemption the criteria outlined in the initial proposal are not fully achieved by the business, the amount of tax exemption will be prorated.

If the business that made the initial request for tax exemption is located in leased premises, it is the intent that the agreement will be drafted such that benefits under the exemption flow through to the lessee.

Changing economic conditions and availability of funds may cause the City of Regina to modify, amend or discontinue the Property Tax Exemption program. Should the program be discontinued the City of Regina will honor incentive commitments made prior to that date.