

To: Mayor and Members of Council

August 22, 2011

Re: McKenzie Lane/Landing Tax Incentives

Background

In 2007 a Development Agreement (D.A.) was signed with Mauri Gwen Developments for the McKenzie Pointe subdivision. Section 5.06, Tax Incentives, explains the tax incentives the Town would provide for that subdivision. The section reads as follows:

5.06 Tax Incentives

The Town agrees that, after the Plan of Subdivision ("the Plan") is registered:

- a) municipal taxes will be abated against any of the Lots for the balance of the calendar year in which the Plan is registered; and*
- b) municipal taxes will be abated against any of the Lots for the balance of the following calendar year; and*
- c) following the date of transfer of title of a Lot to an Owner, municipal taxes will be abated against the building constructed on that Lot for a period of one year from the date of transfer of the Lot; provided that municipal taxes will be assessed against the land portion of the Lot from the date of the transfer of title.*

Notwithstanding the foregoing:

- a) the exemption granted hereinbefore shall expire for each Lot three years from registration of the Plan;*
- b) the exemption granted hereinbefore shall expire if the Plan is not registered within one year from the date of this Agreement;*
- c) the present assessment and municipal taxes assessed against the Land shall continue until the Plan is registered.*
- d) it will be necessary for the Developer or land owner to apply for a rebate for the municipal tax portion by December 31st of each year.*

Nothing in this provision waives or exempts the Lands from assessments for school assessments and taxes.

The definitions of 'abatement' and 'rebate', as per Merriam-webster dictionary are as follows:

Abatement – an amount abated; especially: a deduction from the full amount of a tax.

Rebate – a return of a part of a payment.

The Plans of subdivision for both McKenzie Lane and McKenzie Landing were registered in 2009. Therefore, as per the D.A. the Developer should have received an abatement of municipal taxes on the 'land' taxes for any lots that the Developer owned in 2009 and 2010. The taxes were not abated, and there was a misunderstanding between Administration and the Developer and there was not a rebate provided either.

Discussion

I have compiled the information on the McKenzie Lane and McKenzie Landing subdivisions and have concluded that the Developer should receive the following abatements/rebates:

McKenzie Lane:

Abatement:

Municipal Taxes:	1,366.21
Penalty:	<u>300.72</u>
Total:	1,666.93

McKenzie Landing:

Abatement:

Municipal Taxes:	3,341.11
Penalty:	<u>736.19</u>
Total:	4,077.30

*I have attached a spreadsheet showing the breakdown of the abatement for each parcel of land.

The abatement will simply be a cancellation of taxes & penalty towards the specific lot.

Budget Implications

This will decrease the amount of tax receivable we have. This particular abatement was not included in the 2011 Budget.

Conclusion

The Town approved abatement and rebate of taxes for properties in McKenzie Pointe in the beginning of 2011, based on similar circumstances.

Therefore it was clearly the intent of the Town to provide tax incentives to the Developer for these subdivisions.

Recommendation

Administration recommends that the following motion be passed:

“THAT Mauri Gwyn Developments receive an abatement of municipal taxes on the following properties as follows:

	Mun. Txs.	Penalty
Block B Plan 101909189	1,366.21	300.72
2 McKenzie Landing	1,069.75	242.34
7 McKenzie Landing	1,110.86	244.77
18 McKenzie Landing	1,130.50	249.08”

Respectfully submitted,



Shauna Bzdel,
Town Manager

Property Address	2009 Rebate		2009 Abatement		2010 Rebate		2010 Abatement	
	Mun. Taxes	Penalty	Mun. Taxes	Penalty	Mun. Taxes	Penalty	Mun. Taxes	Penalty
Block B Plan 101909189			678.46	218.19			687.75	82.53
2 McKenzie Landing			547.42	176.06			552.33	66.28
7 McKenzie Landing			552.88	177.81			557.98	66.96
18 McKenzie Landing			562.54	180.92			567.96	68.16
Totals	0.00	0.00	2,341.30	752.98	0.00	0.00	2,366.02	283.93