

To: Mayor and Members of Council

February 22, 2011

Re: McKenzie Pointe 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 Plan of subdivision was registered in 2007. 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 2007 and 2008. The taxes were not abated, and there was a misunderstanding between Administration and the Developer and there was not a rebate provided either.

I have met with the Developer to discuss the tax incentives, and it was the understanding of the Developer that he was to receive abatements on the lots for three years, as opposed to two year. I am unaware of the intent of the Council at the time the D.A. was written, however my interpretation is that the Developer was to receive an abatement on the lots that were owned by the developer for two years (2007 & 2008) and if/when a lot was transferred, the new owner would receive an abatement on the taxes of the building if a building was constructed within a year of the date of transfer. I have discussed this with Mark Mulatz and he agrees with my interpretation.

Discussion

I have compiled the information on the McKenzie Pointe subdivision and have concluded that the Developer should receive the following abatements/rebates:

Rebate:

Municipal Taxes –	9,500.07
Penalty -	<u>1,102.22</u>
Total	10,602.29

Abatement:

Municipal Taxes:	3,747.09
Penalty:	<u>1,938.46</u>
Total:	5,685.55

*I have attached a spreadsheet showing the breakdown of the rebate and abatement.

The abatement will simply be a cancellation of taxes & penalty towards the specific lot. The Rebate will be a credit that we will apply to other properties owned by the Developer that have taxes owing.

Budget Implications

This will decrease the amount of tax receivable we have. This will be reflected in the 2011 budget.

Conclusion

The Town has provided tax incentives to other developers within the Town. Those developers received a rebate on lots owned by the developer for the year the plan was registered and the following year. Therefore providing an abatement/rebate to Mauri Gwyn Developments for 2007 and 2008 was clearly the intent of the Town.

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
2 McKenzie Pointe	638.00	329.98
4 McKenzie Pointe	624.32	322.91
8 McKenzie Pointe	614.20	317.68
10 McKenzie Pointe	614.20	317.67
18 McKenzie Pointe	638.00	329.98
30 McKenzie Pointe	618.37	320.24”

“THAT Mauri Gwyn Developments receive a rebate of municipal taxes paid that will remain as a credit on account to be put towards taxes owing on properties owned by the Developer:

	Mun. Txs.	Penalty
2 McKenzie Pointe	501.73	55.12
4 McKenzie Pointe	493.39	54.18
6 McKenzie Pointe	492.21	54.07
8 McKenzie Pointe	486.85	53.47
10 McKenzie Pointe	486.85	53.47
12 McKenzie Pointe	1,101.05	195.81
16 McKenzie Pointe	490.42	53.88
18 McKenzie Pointe	502.32	55.18
28 McKenzie Pointe	489.23	53.74



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29 McKenzie Pointe	492.20	46.00
30 McKenzie Pointe	489.23	53.74
32 McKenzie Pointe	489.23	53.74
36 McKenzie Pointe	493.40	54.18
38 McKenzie Pointe	533.85	58.65
40 McKenzie Pointe	493.40	54.18
41 McKenzie Pointe	485.06	53.30
42 McKenzie Pointe	494.58	46.21
43 McKenzie Pointe	485.07	53.30"

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. Bzdel".

Shauna Bzdel,
Town Manager

Property Address	2007 Rebate		2007 Abatement		2008 Rebate		2008 Abatement	
	Mun. Taxes	Penalty	Mun. Taxes	Penalty	Mun. Taxes	Penalty	Mun. Taxes	Penalty
2 McKenzie Pointe	501.73	55.12					638.00	329.98
4 McKenzie Pointe	493.39	54.18					624.32	322.91
6 McKenzie Pointe	492.21	54.07						
8 McKenzie Pointe	486.85	53.47					614.20	317.68
10 McKenzie Pointe	486.85	53.47					614.20	317.67
12 McKenzie Pointe	486.85	53.47			614.20	142.34		
16 McKenzie Pointe	490.42	53.88						
18 McKenzie Pointe	502.32	55.18					638.00	329.98
28 McKenzie Pointe	489.23	53.74						
29 McKenzie Pointe	492.20	46.00						
30 McKenzie Pointe	489.23	53.74					618.37	320.24
32 McKenzie Pointe	489.23	53.74						
36 McKenzie Pointe	493.40	54.18						
38 McKenzie Pointe	533.85	58.65						
40 McKenzie Pointe	493.40	54.18						
41 McKenzie Pointe	485.06	53.30						
42 McKenzie Pointe	494.58	46.21						
43 McKenzie Pointe	485.07	53.30						
Totals	8,885.87	959.88	0.00	0.00	614.20	142.34	3,747.09	1,938.46