

AGENDA ITEM NO: 7.5

MEETING DATE: August 1, 2023

## STAFF REPORT – COVER SHEET

SUBJECT: Industrial Revitalization Tax Exemption Bylaw Amendment Bylaw DATE: July 21, 2023

DEPARTMENT: Finance PREPARED BY: Glen Savard

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### 1. SUMMARY OF ISSUE:

On July 5, 2011, Council adopted “Industrial Revitalization Tax Exemption Bylaw 2011, No. 3786” to encourage industrial capital investment and allow property tax exemption, for a period of time, on the new industrial development. This bylaw applies to the construction of a new improvement or alteration of an existing improvement, developed for permitted industrial use, with a building permit value in excess of \$1,000,000. The bylaw was last extended in 2020 for an additional three (3) years and is set to expire September 30, 2023. To provide for a continuation of the program, staff is recommending that section 5(1) of the bylaw be amended to provide for a further three (3) year extension to September 30, 2026.

### 2. BACKGROUND

Section 226 of the *Community Charter* allows a municipality to establish a revitalization tax exemption program. Under the City’s established bylaw, a property tax exemption is provided based on the increase in assessed value as a result of the business improvement investment and grants a property tax exemption over a period of five (5) years.

This bylaw has been very beneficial for CEPCO in its efforts to attract business to locate in Chilliwack or for others, currently located in Chilliwack, to invest in expanding their current operation. Attracting private sector investment is a very competitive process and providing the Industrial Revitalization tax exemption has proven to be very beneficial and influential in attracting business to Chilliwack.

Since the bylaw’s inception in 2011, industrial development of \$80 million has been supported by the bylaw. The bylaw encourages Industrial capital investment with the objective to create additional permanent employment opportunities within the City, while expanding the industrial property tax base.

**3. RECOMMENDATION:**

That "Industrial Revitalization Tax Exemption Bylaw Amendment Bylaw 2023 No.5332" be given first and second reading.

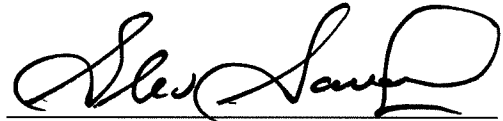
That "Industrial Revitalization Tax Exemption Bylaw Amendment Bylaw 2023 No.5332" be given third reading.



Glen Savard, Director of Finance

**4. FINANCE COMMENTS:**

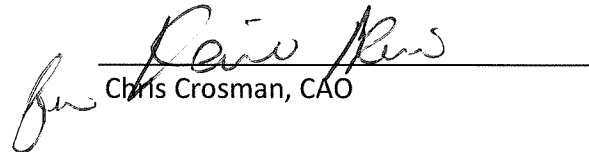
The financial implications of the bylaw are dependent on the value of investment and would be represented by the foregone, phased, property taxation revenue over the five (5) year period. However, such investment creates an expansion in the property tax base that provides ongoing benefits long after the exemption term.



Glen Savard, Director of Finance

**5. CHIEF ADMINISTRATIVE OFFICER'S  
RECOMMENDATION/COMMENTS:**

Supports recommendation.



Chris Crosman, CAO

“Owner” means the registered Owner in fee simple of a Parcel;

“Parcel” has the same meaning as in the Schedule (Definition and Rules of Interpretation) to the *Community Charter*;

“Tax Exemption” means an Industrial Revitalization Tax Exemption for which a Tax Exemption Certificate has been issued;

“Tax Exemption Certificate” means an Industrial Revitalization Tax Exemption Certificate issued by the City of Chilliwack under this Bylaw and the *Community Charter* and substantially in the form and with the content set out in Schedule “D”, attached hereto.

Any word that is defined in the *Community Charter* has the same meaning when used in this Bylaw unless it is specifically defined in this Bylaw.

### **ESTABLISHMENT OF INDUSTRIAL REVITALIZATION TAX EXEMPTION**

3. There is established a Revitalization Tax Exemption program for the granting of Tax Exemptions and the issuance of Tax Exemption Certificates in accordance with the terms and conditions prescribed by this Bylaw.

### **KINDS OF PARCELS TO BE EXEMPTED**

4. The kinds of Parcels that are eligible for a Tax Exemption under this Bylaw are limited to those located within the areas listed in Schedule “A”, attached hereto, where there is:
  - (1) construction of a new improvement and the building permit value of the new improvement is in excess of \$1,000,000.00; or,
  - (2) alteration of an existing improvement where that alteration has a building permit value in excess of \$1,000,000.00.
5. A Parcel is not eligible for a Tax Exemption under this Bylaw unless:
  - (1) the building permit for the construction of the new improvement or the building permit for the alteration of the existing improvement was issued on or after July 20, 2011 and prior to September 30, ~~2023~~2026; and,
  - (2) the Owner has entered into an Exemption Agreement with the City substantially in the form, and with the content, of the Agreement attached as Schedule “B”, attached hereto.

### **EXTENT OF TAX EXEMPTION**

6. The maximum Tax Exemption under this Bylaw shall not exceed the Increased Assessed Value.

### **AMOUNT OF TAX EXEMPTION**

7. The amount of Tax Exemption provided under this Bylaw shall be as follows:
  - (1) Year 1: 100% of the Increased Assessed Value;

**City of Chilliwack**

**Bylaw No. 5332**

**A bylaw to amend the “Industrial Revitalization Tax Exemption Bylaw 2011, No. 3786”**

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The Council of the City of Chilliwack in open meeting assembled, enacts as follows:

1. This bylaw may be cited as **“Industrial Revitalization Tax Exemption Bylaw Amendment Bylaw 2023, No. 5332”**.
2. “Industrial Revitalization Tax Exemption Bylaw 2011, No. 3786” is hereby amended in Section 5. KINDS OF PARCELS TO BE EXEMPTED, Subsection (2), by deleting the figure “2023” and substituting with the figure “2026” after the words “to September 30” and before the word “and”.

Received first and second reading on the

Received third reading on the

Received adoption on the

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Mayor

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Corporate Officer