


# Bylaw 20-2021 Strathcona Industrial Area Incentive Tax Exemption Bylaw

June 15, 2021



# Strathcona County's Strategic Goals

Goal #3: Cultivate economic diversification, within the petrochemical industry and beyond, through a business-friendly environment

Goal #5: Foster collaboration through regional, community and governmental partnerships

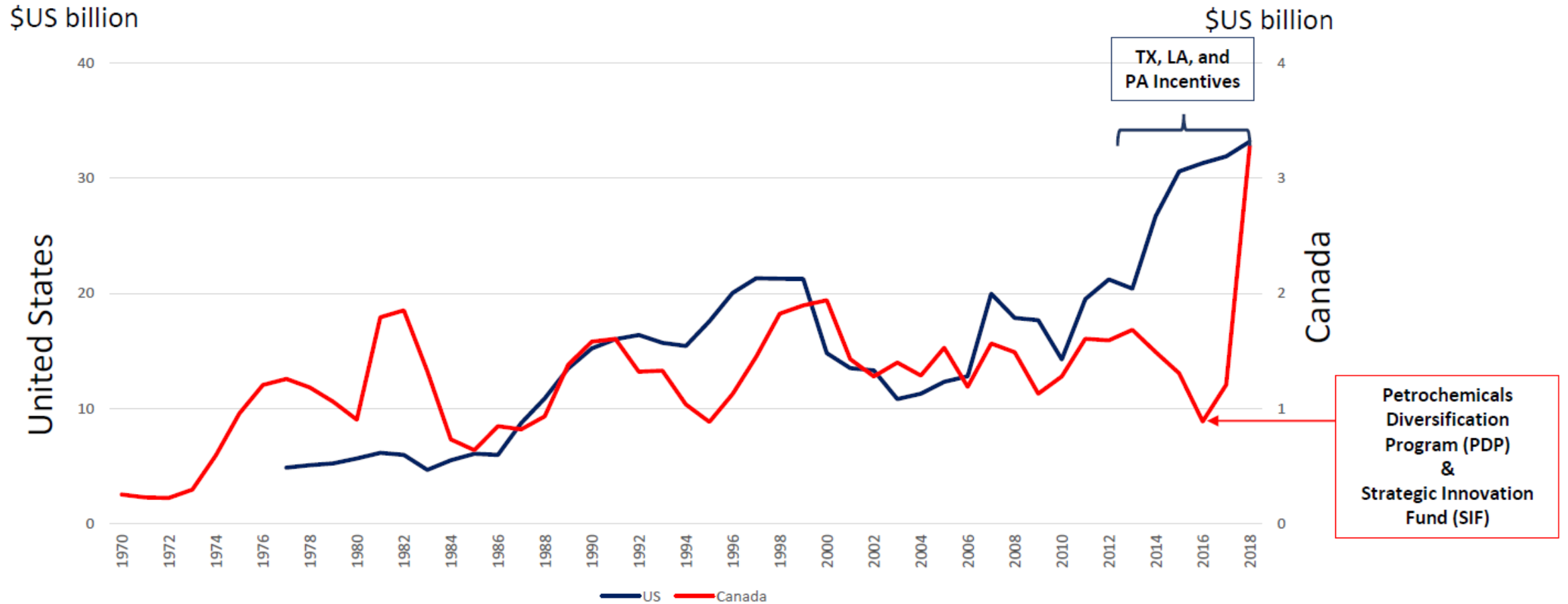


# The benefits of major investment

- Property tax assessment
- Employment (construction, permanent, indirect)
- Local procurement (trades, manufacturing, logistics, hospitality, etc.)
- Economic diversification
- Community sponsorship and donations

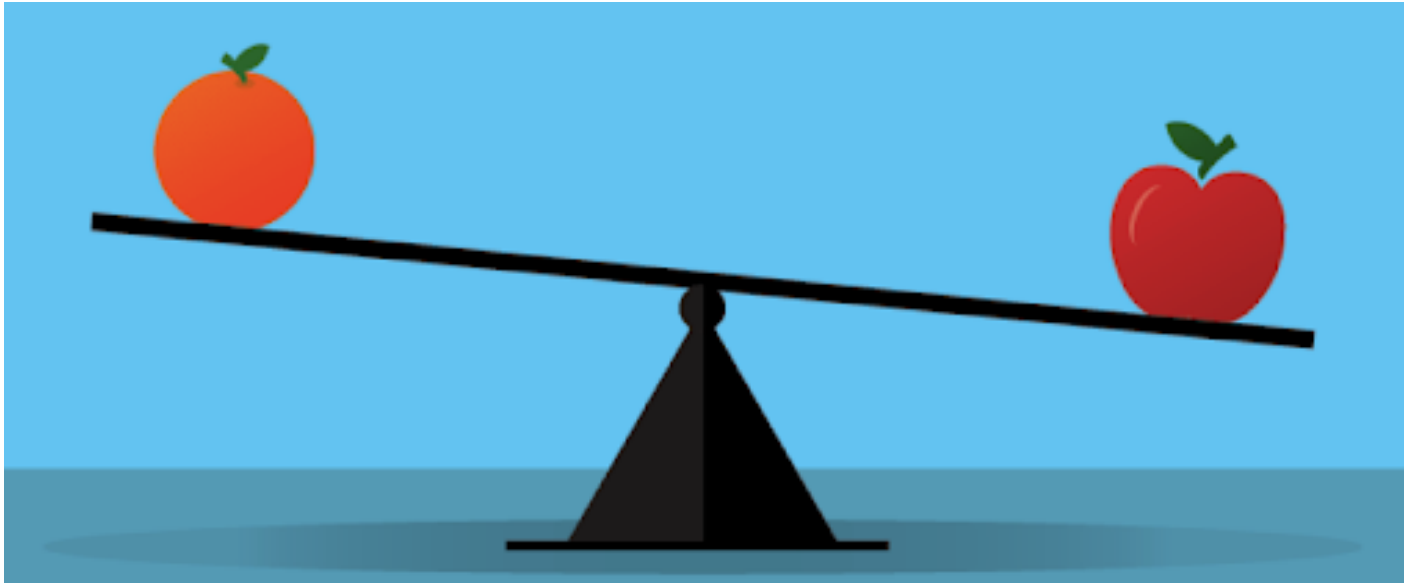


# Petrochemical investment trends



Chemistry Industry Association of Canada Graphic using Statistics Canada and U.S. Census Bureau Data

# Competitive analysis – factors



Considerations included:

- Actual capital cost
- Operating costs
- Feedstock costs
- Tax rates
- Depreciation
- Incentives
- And more

In most cases, to bridge the USGC competitiveness gap, a project may require incentives approximately equivalent to 10-12% of the capital cost.

# Alberta Petrochemicals Incentive Program (APIP)

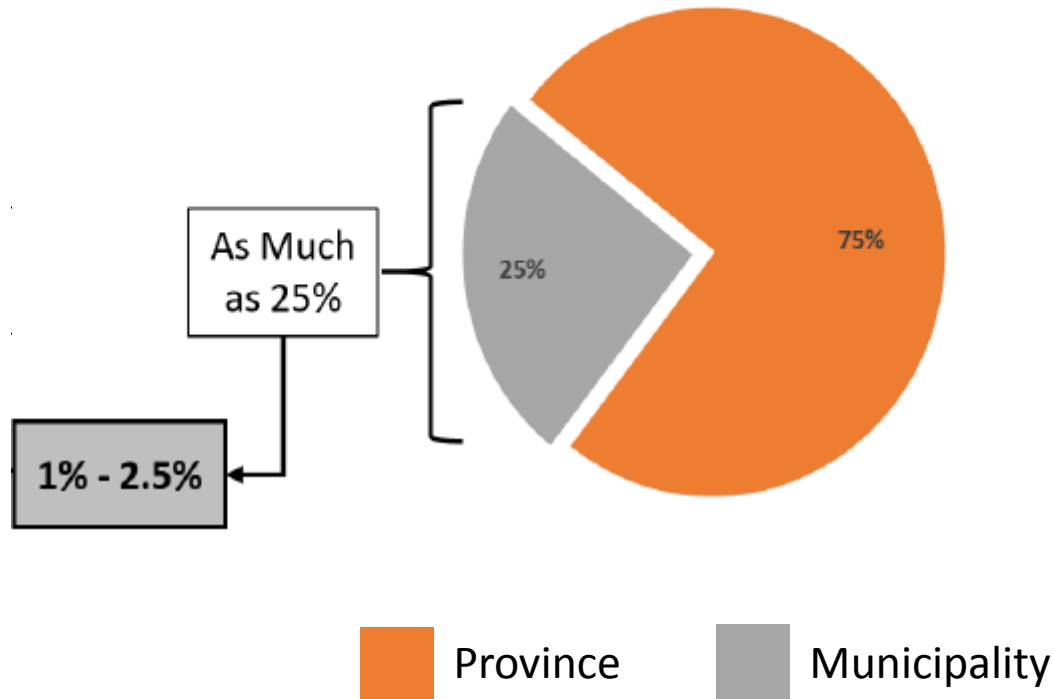
Grants 12% of eligible capital costs to projects that meet specific criteria:

- Physical location in Alberta
- Capital investment of at least (CAD) \$50 million
- Must create permanent jobs in Alberta
- Facility must utilize natural gas, natural gas liquids, or petrochemical intermediaries in the manufacturing of products
- And more



# Shared tax burden and shared benefit

2-Gov Share of Tax Revenue/Burden



Share of Tax Revenues = Share of Incentives



# Authority: *MGA* Section 364.2



Province of Alberta

## MUNICIPAL GOVERNMENT ACT

Revised Statutes of Alberta 2000  
Chapter M-26

Current as of September 1, 2020

Office Consolidation

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Allows municipalities in Alberta to incentivize investment through exemptions on:

- Non-Residential taxes
- Machinery & Equipment taxes

for the general benefit of the municipality.



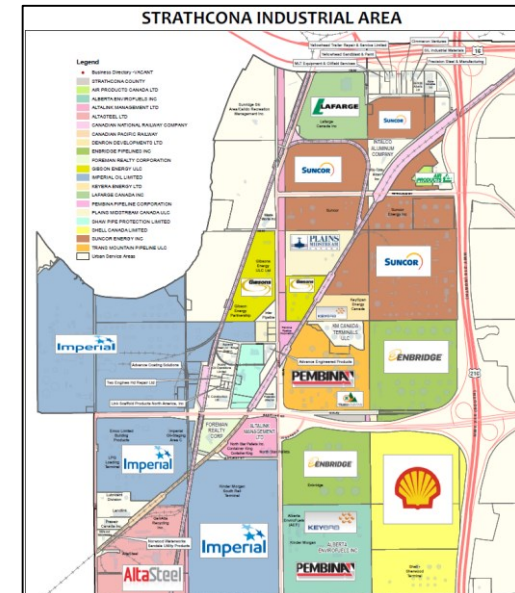
# Strathcona Industrial Area (SIA) Tax Exemption Incentive Bylaw

Bylaw to attract “Energy Value Chain” projects to the Strathcona County SIA area.

- Requested by Council. Identical criteria and award as HIP. Located within SIA.

Industrial facilities currently located in this area include (but are not limited to):

- Imperial’s Strathcona Refinery
- Suncor’s Edmonton Refinery
- Keyera’s Alberta EnviroFuels Facility
- TransMountain’s Edmonton Terminal
- Air Products’ Strathcona Hydrogen Facilities
- Pembina’s Edmonton Terminals
- Enbridge’s Edmonton Terminal
- Gibson Energy’s Edmonton Terminal
- AltaSteel’s manufacturing plant
- Rio Tinto’s Strathcona Works facility



# Strathcona Industrial Area Incentive Tax Exemption Bylaw

## BYLAW 20-2021

Would provide criteria and a process for certain exemptions from taxation to be granted for the purpose of encouraging the development or revitalization of properties in certain assessment classes for the general benefit of Strathcona County.

# Strathcona Industrial Area Incentive Tax Exemption Bylaw 20-2021

## Overview:

- Tax Exemption Criteria
- Tax Exemption - Additional Requirements
- Amount of Exemption
- Period of Exemption
- Cancellation and Re-instatement of Exemption
- Process and Effective Date

## Strathcona Industrial Area Incentive Tax Exemption - Criteria

- Energy Value Chain Project or Associated Infrastructure
- Must be physically located within Strathcona County's Industrial Heartland
- New construction or expansion project
- Capital cost greater than \$50 million CAD
- +250 construction workers, or +15 permanent staff after construction concluded during tax exemption period

# Strathcona Industrial Area Incentive Tax Exemption – Additional Requirements

The Applicant must:

- Submit Complete Application before construction commences
- Provide all information required by the County to verify eligibility for exemption
- Not furnish false information within an exemption application, or furnish false information or misrepresent any fact or circumstance to the County during the term of the exemption
- Enter into a tax incentive agreement that reflects the bylaw requirements

# Strathcona Industrial Area Incentive Tax Exemption - Amount

- Maximum incentive value = 1% of eligible capital costs
- Maximum annual tax exemption = 25% of new eligible taxes

Tax exemption is applied once the project is complete and operational i.e. at the point at which the complete project is assessable and taxable

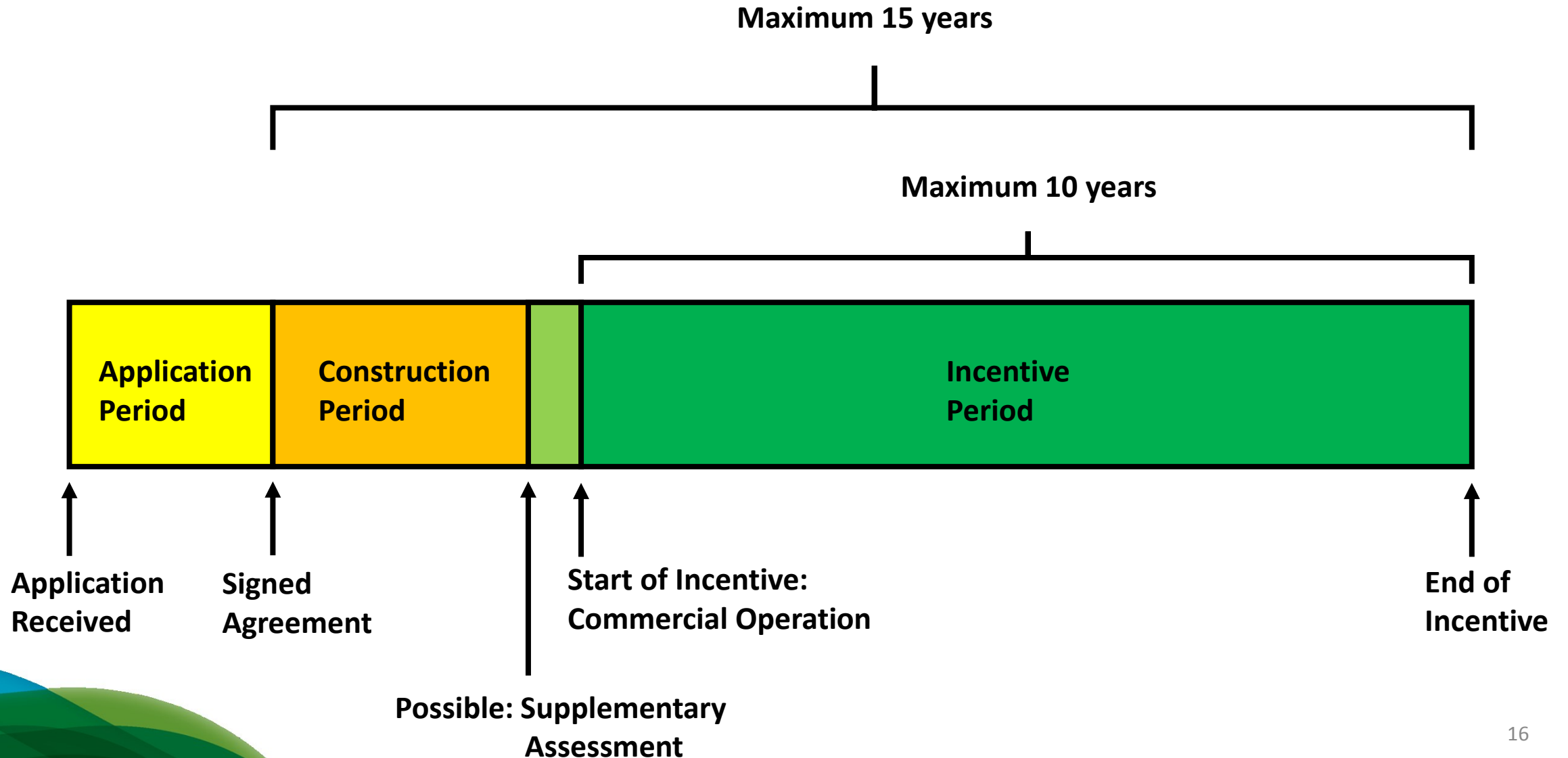
## Strathcona Industrial Area Incentive Tax Exemption – Period of Exemption

Tax exemption is applied:

- Generally, for a maximum period of 10 years
- In the case of a Supplementary Assessment, 10 years plus the additional period of the Supplementary Assessment



# Tax Exemption Period & Process



## Strathcona Industrial Area Incentive Tax Exemption – Cancellation and Re-Instatement

The tax exemption will be cancelled:

- If one or more of the criteria for exemption are no longer met, or a condition for exemption is breached

The tax exemption would be re-instated:

- Once the criteria or condition is again met, within the exemption term

# Next Steps

If three readings of the draft bylaw are received, next steps would include:

- Development of documentation and processes
  - Application template
  - Application agreement
  - Application processes
  - Formalization of an application review panel
- Communication campaign with stakeholders and industry