

## COUNCIL POLICY

<b>SUBJECT: APPLICATION OF AN ANNUAL EXEMPTION CAP TO THE CLIMATE ACTION REVITALIZATION TAX EXEMPTION</b>		
<b>DATE OF ISSUE:</b>	November 20, 2023	<b>COUNCIL REFERENCE:</b> 23/CNCL

### 1.0 PURPOSE STATEMENT

The Revitalization Tax Exemption Program for Climate Action (enacted through Climate Action Revitalization Tax Exemption Bylaw, 2023, No.9932) is intended to incentivize electrification retrofits in commercial and multi-family buildings in order to reduce greenhouse gas emissions and improve resilience to extreme heat events, while building industry capacity to undertake electrification upgrades.

The intent of this policy is to guide the implementation of the annual Exemption Cap for this program.

### 2.0 EXEMPTION CAP

To constrain the financial impact of the tax exemption and support financial planning, a maximum annual Exemption Cap of \$750,000 will be imposed, whereby the total annual value of new exemptions approved in any given year may not exceed that amount.

### 3.0 EXEMPTION CAP GUIDELINES AND IMPLEMENTATION

The following outlines the steps taken to administer the annual revitalization tax Exemption Cap:

1. At the time of application, an estimated project cost and project completion date will be received, which will be used to:
  - a) Estimate the Maximum Annual Exemption Value (i.e., the contribution towards the Exemption Cap) by using the following formula:
$$\text{Maximum Annual Exemption Value} = \frac{\text{Exemption Amount}}{\text{Exemption Term}}$$

*Where Exemption Term will be calculated using the most recent municipal tax rate and assessed value for the property, since the "Base Year," as defined in the Bylaw will not yet be established.*
  - b) Assign the year to which the first exemption will be applied. Projects that are expected to be completed on or before August 31 of a given year will be assumed to come into effect the following tax year.
2. Applications will be approved on a first-come, first-served basis and the contribution to the year's Exemption Cap will be reserved for a participant when a fully executed Exemption Agreement is in place.
3. If an application is received that would cause the District of Saanich to exceed the Exemption Cap for a given year, the applicant will be notified and they will be given

the option to have their exemption come into effect the next available year that there is sufficient capacity within the annual Exemption Cap to accommodate the Maximum Annual Exemption Value for that project, and the intended year in which the Exemption Certificate will be issued will be reflected in the Exemption Agreement.

4. Changes to the project timelines and/or project expenses will be accommodated insofar as it fulfills the Exemption Agreement, and their accommodation does not cause the District of Saanich to exceed the Exemption Cap.

The actual exemption value received by participants over time may be higher or lower than the Exemption Amount as calculated, due to variable municipal tax rates.

Staff will closely monitor the actual exemption values received by participants in comparison to the intended Exemption Amount and recommend any modifications to this Policy or the Climate Action Revitalization Tax Exemption Bylaw, 2023, No.9932 as appropriate.