

DATE OF MEETING June 17, 2024

AUTHORED BY AMRIT MANHAS, ECONOMIC DEVELOPMENT OFFICER

SUBJECT HOTEL AND MOTEL REVITALIZATION TAX EXEMPTION PROGRAM

OVERVIEW

Purpose of Report

To present Council with a new Revitalization Tax Exemption Bylaw for Hotels and Motels.

Recommendation

1. That “Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385” (a bylaw to establish a revitalization tax exemption program for the hotels and motels for a five-year period) pass first reading;
2. That “Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385” pass second reading; and
3. That “Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385” pass third reading.

BACKGROUND

On June 3, 2024 Staff presented Council with a report on the Downtown and Hotel and Motel revitalization tax exemption programs (Attachment A). Of the three options presented, Council selected Option 2 which directed Staff to return to the June 17th, 2024 meeting with a Revitalization Tax Exemption Bylaw for hotels and motels that reflect a five-year exemption period. Staff have made the necessary amendments to reflect the above changes and the bylaw is now before Council for consideration of first three readings.

Once adopted, the existing Bylaw 7143 would be repealed. Under section 227 (2) of the *Community Charter*, notice would need to be given prior to adoption, and to advise that the existing bylaw 7143 would be repealed. Previously approved exemptions granted under the current bylaw would be protected.

Staff would prepare an annual update for Council on the tax exemption programs identifying which projects have been captured by the program and the net benefit to the community.

Should Council wish to proceed, the bylaw would receive the first three readings at tonight’s Council meeting. Notice of the Revitalization Tax Exemption program’s establishment and cessation of the existing program would then be provided prior to adoption of the bylaw as required under Section 94 and 227 of the *Community Charter*.

OPTIONS

Option 1:

1. That “Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385” (a bylaw to establish a revitalization tax exemption program for the hotels and motels for a five-year period) pass first reading;
2. That “Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385” pass second reading; and
3. That “Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385” pass third reading.

Option 2

That Council provide alternate direction.

- Should Council wish to make further amendments to the Revitalization Tax Exemption Bylaw for hotels and motels, Staff would be seeking direction on the requested changes. Staff would then incorporate the feedback received at the meeting and come back to a future Council meeting with the bylaws for consideration.

SUMMARY POINTS

- Under Section 226 of the BC *Community Charter*, municipalities have the authority to create Revitalization Tax Exemption Programs.
- The City of Nanaimo has two existing programs.
- In 2011, the City established the Hotel Motel Tax Exemption Program.
- In 2018, the City established the Downtown Revitalization Tax Exemption Program.
- At the 2023-NOV-27 Governance and Priorities Committee (GPC) meeting the two programs were reviewed and the Committee identified amendments to the programs.
- The feedback from the Committee has been incorporated into the Bylaws associated with this Staff report.
- The key changes to the Hotel Motel Tax Exemption Program include the lowering of the building permit value threshold to \$250K for renovations and increasing the new build threshold to \$3M (previously \$2M).
- The key change to the Downtown Revitalization Tax Exemption Program is the increase of multi-family residential developments to 10+ units (previously 4+) and increasing the building permit value to \$2M (previously \$500K).
- Both programs are open for a five-year period, expiring Dec 2029-DEC-31
- The Tax Exemption term would be for five years.
- Staff will prepare an annual update for Council on the two tax exemption programs identifying which projects have been captured by the program and the net benefit to the community.

ATTACHMENTS

ATTACHMENT A: 2024-JUN-03 Staff Report

ATTACHMENT B: Revitalization Tax Exemption Bylaw (Hotel and Motel) 2024 No. 7385

Submitted by:

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