

**BYLAW 1562/21
CLEAN ENERGY IMPROVEMENT TAX BYLAW
STURGEON COUNTY, MORINVILLE, ALBERTA**

A BYLAW OF STURGEON COUNTY, IN THE PROVINCE OF ALBERTA, TO ESTABLISH A CLEAN ENERGY IMPROVEMENT PROGRAM.

WHEREAS, Council, pursuant to section 390.3 of the *Municipal Government Act*, RSA 2000 c M-26 (the Act), wishes to pass a Clean Energy Improvement Tax Bylaw to establish a Clean Energy Improvement Program;

AND WHEREAS, Council, pursuant to sections 230, 390.3(5), and 606 of the Act, shall give notice of and hold a public hearing prior to giving second reading to the Clean Energy Improvement Tax Bylaw;

AND WHEREAS, a Clean Energy Improvement Program is a tax financing tool designed to fund Clean Energy Improvements that will increase energy efficiency or renewable energy on eligible private properties;

AND WHEREAS, the Clean Energy Improvement Program uses municipal financing to facilitate the implementation of qualified Clean Energy Improvements to eligible properties, through the use of a local taxation mechanism, to provide security for repayment of the financing;

AND WHEREAS, it will be necessary for Sturgeon County to borrow up to a maximum of ~~\$6,800,000~~ \$7,300,000 to fund the Program, which will be repaid by way of a Clean Energy Improvement Tax imposed against the benefitting properties to the maximum amounts established in the Clean Energy Improvement Agreements;

AND WHEREAS, Alberta Municipal Services Corporation ("AMSC") has developed a Clean Energy Improvement Program ("CEIP") to support municipalities in Alberta to finance Clean Energy Improvements and act as Program Administrator in accordance with the *Clean Energy Improvements Regulation*, Alta Reg 212/2018;

NOW THEREFORE, the Council of Sturgeon County duly assembled, enacts as follows:

1. Title

1.1. This bylaw may be referred to as the "Clean Energy Improvement Tax Bylaw".

2. Purpose

2.1. The purpose of this bylaw is to establish a Clean Energy Improvement Program in accordance with Part 10, Division 6.1 of the Act, authorizing Council to:

- a. make borrowings for the purpose of financing Clean Energy Improvements, and to enable Clean Energy Improvements to be made to eligible properties; and

- b. impose a Clean Energy Improvement Tax in respect to a Clean Energy Improvement made to a Property to raise revenue to pay the amount required to recover the costs of that Clean Energy Improvement.

3. Definitions

3.1. In this bylaw:

- 3.1.1. "Act" means the *Municipal Government Act*, RSA 2000, c M-26 and amendments thereto.
- 3.1.2. "Administration Fee" means an administration fee as defined in section 1(a) of the Regulation.
- 3.1.3. "CEIP" or "Clean Energy Improvement Program" or "Program" means a Clean Energy Improvement Program as described in Part 10, Division 6.1 of the Act and in the Regulation.
- 3.1.4. "County" means Sturgeon County.
- 3.1.5. "Chief Administrative Officer" or "CAO" means the Chief Administrative Officer as appointed by Council, including the CAO's designate.
- 3.1.6. "Clean Energy Improvement" or "Improvement" means a renewable energy or energy efficiency improvement that is fixed to the property and deemed an eligible upgrade by the Program Administrator, and as defined in section 390.1 of the Act.
- 3.1.7. "Clean Energy Improvement Agreement" or "Agreement" means an agreement entered into between the County and an Owner in accordance with section 390.4 of the Act, whereby the Owner agrees to pay an amount required to cover the costs of financing each Eligible Clean Energy Improvement approved by the Program Administrator, as drafted in accordance with the Act.
- 3.1.8. "Clean Energy Improvement Program" or "CEIP" or "Program" means a Clean Energy Improvement Program as described in Part 10, Division 6.1 of the Act and in the Regulation.
- 3.1.9. "Clean Energy Improvement Tax" means a tax levied against Property pursuant to an Agreement in accordance with Part 10, Division 6.1 of the Act.
- 3.1.10. "Council" means the Council of Sturgeon County.
- 3.1.11. "Designated Industrial Property" means designated industrial property as defined in section 284(1)(f.01) of the Act.
- 3.1.12. "Property" means the property, located in Sturgeon County, on which an Owner is applying to affix a Clean Energy Improvement.
- 3.1.13. "Owner" means collectively the registered owner(s) of a Property.
- 3.1.14. "Program Administrator" means the Alberta Municipal Services Corporation ("AMSC"), or its successors as designated by order in accordance with the Regulation.

3.1.15. "Regulation" means the *Clean Energy Improvements Regulation*, Alta Reg 212/2018, and amendments thereto.

3.1.16. "Tax Arrears" means taxes that remain unpaid after December 31 of the year in which they are imposed pursuant to section 326(1)(c) of the Act.

4. Implementation of the Program

4.1. Sturgeon County, through the CAO, shall implement a Clean Energy Improvement Program on the terms and conditions outlined in this bylaw.

4.2. The CAO shall have the authority to approve and enter into a Clean Energy Improvement Agreement with an Owner on behalf of the County.

4.3. The CAO may delegate any authority under this bylaw to any employee of the County.

5. Program Administration

5.1. The County shall enter into an agreement, pursuant to section 6 of the Regulation, to have the Program Administrator act as the program administrator of the Program for the County.

5.2. The CAO shall have the authority to approve and enter into the agreement with the Program Administrator on behalf of the County.

5.3. When exercising duties under the Program, the Program Administrator shall not act as an agent of the County.

6. Eligibility Requirements

6.1. Eligible Property

6.1.1. To be eligible for the Program, the Property must be located within Sturgeon County, and pursuant to section 297 and section 390.2(b) of the Act, be classified as:

- a. Residential
- b. Non-Residential
- c. Farmland

6.1.2. Notwithstanding section 6.1.1 of this bylaw, Designated Industrial Property is not eligible for the Program.

6.2. Eligible Clean Energy Improvements

6.2.1. Clean Energy Improvements eligible to be financed through a Clean Energy Improvement Tax shall be as indicated on the list established by the Program Administrator in accordance with the section 3(1) of the Regulation.

7. Program Application

7.1. Pursuant to the Program, an Owner of a Property may apply to the Program Administrator for a Clean Energy Improvement.

- 7.2. The Program Administrator may charge an application fee, pursuant to section 8 of the Regulation, as may be set in the County's Fees and Charges Bylaw.
- 7.3. The Program Administrator will review the Owner's application and may approve it subject to the requirements of the Act, Regulation, and this bylaw.
- 7.4. An Owner may submit one Program application per year, per eligible Property.
- 7.5. A Property's tax-exempt status shall have no effect on its eligibility for the Program, or on the Owner's liability to pay the Clean Energy Improvement Tax pursuant to an Agreement.

8. Clean Energy Improvement Agreement

8.1. Agreement Process

- 8.1.1. Following the Program Administrator's approval of the Owner's application, the Owner may request that Sturgeon County enter into a Clean Energy Improvement Agreement for the Property.
- 8.1.2. Before the Agreement is signed, the Owner(s) must review the terms and conditions of the Agreement with the Program Administrator and provide a signed acknowledgement that they understand the terms and conditions of the Agreement.
- 8.1.3. Where the County has entered into an Agreement with an Owner, a Clean Energy Improvement Tax will be charged based on that Agreement.
- 8.1.4. For greater certainty, the approval of an Owner's application by the Program Administrator does not require Sturgeon County to enter into an Agreement with that Owner. Sturgeon County may, in its sole discretion, in accordance with section 10(3) of the Regulation, refuse to enter into an Agreement for any reason.

8.2. Agreement Capital Cost Restrictions

- 8.2.1. Pursuant to section 10(1)(b) of the Regulation, Sturgeon County shall not enter into a Clean Energy Improvement Agreement when the value of the capital costs of undertaking all Clean Energy Improvements to the Property is:
 - a. less than \$3,000;
 - b. greater than \$50,000 for properties classified as residential;
 - c. greater than \$1,000,000 for properties classified as non-residential; or
 - d. greater than \$300,000 for properties classified as farmland.

8.3. Prohibited Agreements

- 8.3.1. Sturgeon County shall not enter into a Clean Energy Improvement Agreement when:
 - a. Tax Arrears have been owing on the Property, or on any other property within Sturgeon County owned wholly or jointly by the Owner, at any time within the last five (5) years;
 - b. the Owner is in bankruptcy or in receivership;

- c. the Property is going through foreclosure;
- d. it is prohibited from doing so pursuant to sections 10(1)(c) and 10(2) of the Regulation;
- e. there appears to be limited equity in the Property;
- f. the Property has unresolved development compliance or safety code issues;
- g. the costs under a proposed Clean Energy Improvement Agreement shall cause the County to exceed the amount of borrowing authorized under this bylaw;
- h. the Owner does not intend to permanently affix the Clean Energy Improvement to the Property;
- i. the Program Administrator has not approved the Owner's application for a Clean Energy Improvement; or
- j. the Owner, or the Property, does not otherwise meet the eligibility requirements of the Act, the Regulation, or this bylaw.

8.4. Agreement Contents

8.4.1. Pursuant to section 390.4 of the Act and sections 10(4), (5), (6), and (7) of the Regulation, a Clean Energy Improvement Agreement shall be signed by all Property Owners and shall include but not be limited to:

- a. a description of the Improvement;
- b. the estimated date of completion of the Improvement;
- c. the estimated cost of the Improvement;
- d. the Administration Fee;
- e. a description of the Property in respect of which the Clean Energy Improvement Tax will be imposed;
- f. a statement that the Owner of the Property will be liable to pay the Clean Energy Improvement Tax;
- g. the amount required to recover the costs of the Improvement and the method of calculation used to determine that amount;
- h. the period over which the amount in section 8.4.1(g) will be repaid, which shall be based on the expected useful lifetime of the Improvement as determined by the Program Administrator under section 3(2)(a) of the Regulation, to a maximum term of 25 years;
- i. the portions of the amount in section 8.4.1(g) that will be paid by the municipality, from the revenue raised from the Clean Energy Improvement Tax, and from other sources of revenue;

- j. a description of how the Clean Energy Improvement Tax will be revised in the event of a subdivision of the Property or a consolidation of the Property with any other property;
- k. the manner in which a cost overrun or underrun is to be dealt with if the actual cost of the Improvement differs from the estimated cost;
- l. a statement that the costs of the Improvement may be revised if Council refinances the debt created to pay for the Improvement at an interest rate other than the rate estimated when the Agreement was made, together with a description of the manner by which the costs would be revised;
- m. a statement that the Clean Energy Improvement Tax may be imposed at any time following the signing of the Clean Energy Improvement Agreement;
- n. a statement that the amount that may be expended on incidental costs must not exceed 15% of the total capital cost of undertaking the Clean Energy Improvement;
- o. a statement that the Agreement may be rescinded during the period of ten (10) days following the date when the Agreement is signed; and
- p. a requirement that the Owner must:
 - i. allow the Program Administrator, at a reasonable time and after giving reasonable notice, access to the Property in order to monitor the progress of the Improvement or to verify that the Improvement has been completed;
 - ii. if the Property is offered for sale, disclose the existence and contents of the Agreement to prospective buyers of the Property and to any realtor engaged by the Owner;
 - iii. if the Property is sold, append the Agreement to any contract of sale for the Property; and
 - iv. if the Property is transferred other than by sale, ensure that the Agreement is provided to the person to whom the Property is transferred.

8.4.2. A Clean Energy Improvement must be completed within the time limit set out in the Agreement.

9. Clean Energy Improvement Tax

- 9.1. A Clean Energy Improvement Tax shall be imposed in respect of a Clean Energy Improvement made to a Property, in order to raise revenue to pay the amount required to recover the cost of the Clean Energy Improvement, as outlined in the Clean Energy Improvement Agreement.
- 9.2. A Clean Energy Improvement Tax shall be paid in accordance with the Clean Energy Improvement Agreement and be inclusive of:

- a. the capital cost of undertaking the Clean Energy Improvement;
- b. the cost of professional services needed for the Clean Energy Improvement;
- c. the Administration Fee;
- d. the cost of financing the Clean Energy Improvement; and
- e. any other expenses incidental to the undertaking of the Clean Energy Improvement and the raising of revenue to pay for it.

9.3. The Clean Energy Improvement Tax shall be shown as a separate line item on the Property's tax roll and on any tax notices.

9.4. The County may impose the Clean Energy Improvement Tax on the Property at any time following the signing of the Agreement, but in no case later than the next annual tax notice following payment being authorized by the County to a contractor for the Improvement.

9.5. If an Owner wishes to make early, full repayment of an amount financed by a Clean Energy Improvement Tax, the amount owing will be calculated at the time of the request, based on the terms of the Clean Energy Improvement Agreement.

10. Authorized Borrowing

10.1. For the purposes of the Program, Sturgeon County may borrow funds totaling up to ~~\$6,800,000.00~~ 7,300,000 from a financial institution or other lending organization in order to finance Clean Energy Improvements meeting the eligibility requirements of the Act, Regulation, and this bylaw.

10.2. The borrowed funds, in the form of a line of credit or other loan, shall have an interest rate not exceeding nine percent (9%) per annum, a maximum term of 25 years, and repayment terms including principal and interest, plus other fees or charges applicable to the borrowing.

10.3. The principal and interest owing under the borrowing will be paid using the Clean Energy Improvement Taxes collected from Owners, and other payments that may be made by the Owners with respect to the terms of their individual Agreements.

10.4. The funds borrowed under this bylaw shall be applied only for the purposes specified in this bylaw and for no other purpose.

11. Severability

11.1. Should any provision of this bylaw be invalid, then the invalid provision shall be severed, and the remainder of this bylaw shall remain in effect.

12. Effective Date

12.1. This bylaw shall come into force and take effect upon being passed.

Read a first time this 8th day of March, 2022.

Read a second time this ____ day of ____, 20__.

Read a third time ____ day of ____, 20__.

Alanna Hnatiw
MAYOR

Reegan McCullough
County Commissioner (CAO)

DATE SIGNED