



## APPLICATION GUIDE

# Industrial Carbon Capture Facility Tax Incentive

### OVERVIEW

The City of Edmonton is making it even more attractive to grow your industrial business here. This new incentive isn't just about environmental responsibility; it's about smart business. It is a key part of the City of Edmonton's commitment to advancing industrial development, strengthening our local economy and attracting major industrial investment. It can aid in accelerating industrial growth, support groundbreaking innovation and help collectively capture carbon emissions.

Qualifying industrial facilities that are connected to or contain on-site CCUS technology can benefit from up to \$2.4-million annually for up to 10 years in municipal property tax exemptions, commencing the year your facility becomes operational.

It's important to note that this exemption applies to non-residential municipal taxes only; it does not include provincial education taxes or other levies. For full details on the tax incentive structure and criteria, please refer to [Bylaw 21241 - Industrial Carbon Capture Facility Tax Incentive Bylaw](#).

### ELIGIBILITY

To ensure this incentive supports high-value industrial projects, your project must meet the following criteria:

- **Location:** Situated in the City of Edmonton
- **Project Type:** Be a new or an expansion of a [major](#) or [minor](#) industrial facility that is connected to or contains on-site carbon capture utilization and storage technology
- **Capital Costs:** Incur new capital construction costs of at least \$75 million (for more information, see "What can be included" on page 3)
- **Carbon Capture:** Demonstrate capture of:
  - At least 300,000 tonnes of carbon dioxide annually for new facilities
  - An additional 300,000 tonnes of carbon dioxide (over the previous year's amount) annually for expansions of existing facilities

### INELIGIBILITY

A project does not qualify for the tax exemption if:

- The taxpayer is in tax arrears on the property
  - *Tax arrears means any portion of Property Taxes that remain unpaid in the calendar year after the date on which the taxes are due*
- The taxpayer owns another property in the city that is in tax arrears
- The taxpayer is in bankruptcy or receivership
  - *Bankruptcy refers to a legal process through which people or other entities who cannot repay debts to creditors may seek relief from some or all of their debts.*
  - *Receivership refers to a legal process available to secured creditors that protects their security if a debtor defaults on payments.*
- The property is going through foreclosure
  - *Foreclosure refers to the action of taking possession of a mortgaged property when the mortgagor fails to keep up with their mortgage payments.*
- There are development compliance issues or safety code issues with the property
  - *Development compliance issues and safety code issues refer to contraventions of the development permit and building permit processes, such as missing permit approvals, warning letters or stop work orders.*
- The taxpayer has received a grant or other financial assistance from the City about which there is a dispute
  - *Dispute means that there are doubts or questions about whether the applicant is fulfilling the conditions or obligations outlined in their other City agreements.*
- The property is the subject of litigation
- The taxpayer is in litigation with the City
  - *Litigation refers to the act, process, or practice of settling a dispute in a court of law.*

## INCENTIVE PROGRAM STEPS



### 1. APPLICATION SUBMISSION

- A. Review the tax exemption bylaw and this application guide, and determine if your project meets the eligibility criteria. If you have questions about the incentive or your project’s eligibility, please contact the Industrial Growth Hub at [invest@edmonton.ca](mailto:invest@edmonton.ca) or 780-446-0718
- B. Apply by emailing the [application form](#) and supporting documentation to [invest@edmonton.ca](mailto:invest@edmonton.ca). All applications are required to submit supporting documentation to prove their eligibility. These documents include:

- A complete [application form](#).
- A copy of a **final investment decision** to undertake the project in the City of Edmonton. This can include a copy of a public media release or a formal letter. If a formal letter is produced, please include the address of the future business or expansion project, the letter should be on company letterhead and signed by the chief executive officer, board chair or equivalent
- An **estimate of eligible capital costs**
  - o **What can be included:** new expenditures on land, cost of labour, engineering, materials, machinery and equipment, or other costs associated with the construction of the facility

New Capital Costs	Examples (non-exhaustive)
New Expenditures on Land	<ul style="list-style-type: none"> <li>• Purchase of new parcels</li> <li>• Linear infrastructure</li> </ul>
Cost of Labour	<ul style="list-style-type: none"> <li>• Construction labour</li> </ul>
Engineering	<ul style="list-style-type: none"> <li>• Plans and design documents</li> <li>• Technical studies and assessments</li> <li>• Inspection fees</li> </ul>
Materials	<ul style="list-style-type: none"> <li>• Construction materials (labour, steel, piping, etc)</li> </ul>
Machinery and Equipment	<ul style="list-style-type: none"> <li>• Purchased machinery or equipment</li> <li>• Rental of machinery or equipment</li> </ul>
Other associated costs	<ul style="list-style-type: none"> <li>• Please contact the Industrial</li> </ul>

	<p>Growth Hub  (<a href="mailto:invest@edmonton.ca">invest@edmonton.ca</a>) to discuss any other capital costs prior to inclusion in the application.</p>
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- o **Shall not include:** the costs of any improvements as defined in the MGA (such as buildings, structures, or other enhancements to the land) or machinery and equipment that existed on the land at the time that this application is submitted

Previous Capital Costs	Examples (non-exhaustive)
Improvements	<ul style="list-style-type: none"> <li>● Previous buildings, structures or enhancements to the land</li> <li>● Renovations of an existing facility or property</li> </ul>
Machinery and Equipment	<ul style="list-style-type: none"> <li>● Previously purchased or installed machinery and equipment on site</li> <li>● Previous rental fees associated with machinery and equipment</li> </ul>

- Estimated total of annual net new **carbon diverted, captured and stored**. This estimate should include detailed plans for connection to, construction of and/or extension of the Carbon Capture, Utilization, and Storage (CCUS) network or detailed plans for the construction of new technology that captures, diverts, or stores carbon

## 2. APPLICATION REVIEW

- A. The Industrial Growth Hub will receive your application and ensure that all required documents have been provided. If any information is missing, you will be contacted and allowed to provide the missing information
- B. Once the application has been deemed complete, you will be notified that the application has moved on to the next stage and is under consideration for decision
- C. The application will be reviewed to ensure it meets the eligibility criteria as outlined in the Bylaw. Once all the criteria have been reviewed, the application is advanced for decision. The time frame from when you apply to when a decision is rendered will depend on several factors, including:
  - Completeness of the application
  - The amount of time required to review and verify documents
- D. If an application is submitted after June 30, a decision may be rendered the following year
- E. Once the decision has been made, Applicants will be informed of the decision in writing
- F. Unsuccessful applicants can follow the appeal process outlined below

## 3. CONSTRUCTION

- A. Construction of the facility can commence at any time.

- a. However, construction costs incurred before the application is made cannot be counted as Eligible Capital Costs, and may increase the Baseline Assessment as defined in the Bylaw (effectively reducing the eventual exemption).
  - b. To maximize potential value of the exemption, applicants are encouraged to wait for a decision on the application before proceeding with construction.
- B. Successful applicants will **only receive the incentive** if the facility is operating to divert or capture carbon within seven years of the decision date.

#### 4. ACTIVATING THE TAX INCENTIVE

- A. As the facility is nearing construction completion, please inform the Industrial Growth Hub ([invest@edmonton.ca](mailto:invest@edmonton.ca) or 780-446-0718) a minimum of three (3) months in advance of operations start. This notification will begin the process to activate the incentive. The tax exemption begins in the first year your facility is operational.
- B. Once the incentive has been activated, the company will be required to submit evidence that the facility is capturing and storing at least 300,000 tonnes of carbon by June 30 of each year. Companies must also submit the Government of Alberta's TIER reporting (if any), as evidence of capture and storage eligibility requirement fulfillment.
- a. Facilities are monitored on an annual basis to ensure they are continuing to meet the eligibility requirements of the incentive program
  - b. The Industrial Growth Hub team will receive and review the company's submission to determine if the project continues to qualify for the grant for that given year

If a company does not meet the carbon capture and storage eligibility requirements for a given year, it will not be eligible to receive the tax exemption in the subsequent year. Years in which an exemption is not applied for this reason continue to count towards the 10 year maximum exemption period.

NOTE: A two-year grace period is provided to meet carbon capture or diversion targets. Failure to comply with carbon capture/diversion targets, in any other year, will result in disqualification for the exemption (Per Section 11 (2) and Section 12 (6) of Bylaw 21241).

#### APPEAL PROCESS

- A. If a taxpayer disagrees with any part of a decision made regarding their incentive application, the taxpayer may request that City Council, or a Committee of Council, reconsider that decision. Reasons for appeal may include:
- a. the denial of an exemption,
  - b. the removal of an exemption, or
  - c. any conditions placed on an awarded exemption.
- B. A request for reconsideration shall be made by submitting the following information to the City via [invest@edmonton.ca](mailto:invest@edmonton.ca).
- a. A copy of the decision; and

- b. An explanation as to why the taxpayer feels the decision is in error.
- C. A request for an appeal must be made within 30 days of the date that a decision is sent to the taxpayer, and any request that is made late shall not be heard by City Council or a Committee of Council.
- D. Council or a Committee of Council may reconsider the application at:
  - a. A meeting of Council; or
  - b. A Committee of Council

## **ONGOING SUPPORT**

Applicants with questions or who require assistance at any time during the application process can reach out to [invest@edmonton.ca](mailto:invest@edmonton.ca) or call 780-446-0718 for support.