<u>Development Charges Proposal Poses Major Investment/ Job Trouble in Niagara</u>

The South Niagara Chambers of Commerce are deeply concerned by a Niagara Region Industrial Development Charges (IDC) measure to eliminate the current waiver, which is critical for local companies seeking to expand their business and secure, or add jobs.

Despite objections from affected stakeholders, the IDC addition still stands, with an amendment only adding a Charges deferral for up-to three years plus interest, as of the date of the building permit.

“This does nothing to allay serious financial issues for these companies,” says Dolores Fabiano, Executive Director of the South Niagara Chambers of Commerce.

“We also maintain there’s been no meaningful engagement with Niagara’s industrial and manufacturing sectors over the impacts caused by eliminating the current industrial waiver on Development Charges.”

This waiver issue will be voted on at a Niagara Region Council meeting on Aug. 25 — *we urge exempting the Industrial Development Charges section from the Bill 2022-71 to Establish Development Charges Bylaw*, and maintaining the status quo of no-dollars collected.

As it stands, IDC’s are waived from the outset for our member businesses wishing to expand their operations and capacity. Most often, required utilities are already in place for these enterprises that are increasingly investing in our community in expansions, which in turn maximize land use and secure or add jobs.

The proposed changes would end the current system and replace it with a graded system, in which a full waiver of Charges is implemented, when a minimum of 20 jobs are created. This is not practical for most companies, since they fall within a less-than 50 employee category.

Such a tiered-waiver system will only be awarded after the expansion is established, with a local government body inspecting employment levels related to any exemption. In essence, the industrial companies are expected to pay Charges up front (or arrange a deferral) with a possibility of future reimbursements.

We are concerned this setup only serves to restrict investment cash flow into securing existing and potential manufacturers who want to create valuable, employment-creating businesses expansions in Niagara.

Many companies in our membership currently need, or will need, expanded space to add new machinery or to create warehousing to support larger contracts. While these additions may require additional workers, of equal importance is the security of a company’s future in a fiercely-competitive environment. These expansions, which need to be cost effective, protect jobs already created.

Another issue for our members is many prospective new builds will create more warehousing and transportation space that are not exempt under any circumstances. These builds are needed because of supply-chain challenges that continue, post- pandemic.

In the end, this scaled-up capacity through builds will secure well-paying and higher salary jobs, but may not generate a sufficient number of employees to get the IDC rebate.

The changes also put us at a competitive disadvantage, compared to similar communities in Ontario and in the United States. As cited in the Underlying Background Study details, IDC waivers are already in the municipalities of Niagara Falls, Port Colborne, Welland and Fort Erie. They are also allowed in nearby competitor municipalities such as Hamilton, Waterloo, Windsor, Oxford County, Woodstock and Oshawa.

Ultimately, the projected additional income that these new IDCs will provide to Regional coffers is relatively small, given the Region's large total budget.

Industrial Charge revenue estimates are not being disclosed by Niagara Region, but past values were calculated to be in the range of as little as $1 million within a 2022 Regional budget of $1.448 billion. The economic impact of lost jobs and limiting manufacturing investments, far outweigh the concern of IDC revenue collections.

It's not evident to our members — as was implied, in background staff consultation through this process — that maintaining no IDCs will significantly add to Regional tax burdens levies on others.

Says Fabiano: "If implemented, the impacts from these new charges will be harmful to Niagara's future industrial economy and jobs, resulting in foregone investment benefits and local tax assessments, due to cancelled future projects.

"We respectfully ask that there remain no new Industrial Development Charges in Niagara."

For further questions or follow-up please contact Chambers Executive Director Dolores Fabiano at 905-374-3666.

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About the South Niagara Chambers of Commerce:

The SNCC is comprised of four Chambers; Niagara Falls, Fort Erie, Welland/Pelham, and Port Colborne Wainfleet. Collectively, our Chambers work to provide quality service, resources, and events to members in their given markets. It includes more than 1,500 businesses employing about 20,000 people.