



**MEETING DATE: MARCH 11, 2025**

# **REQUEST FOR DECISION - TO COUNCIL**

## **SUBJECT**

**VERSORIUM ENERGY TAX INCENTIVE – MOTION REQUIRED**

## **RECOMMENDATION**

THAT the County of Vermilion River approve a tax refund for 2025 and 2026 to Versorium Energy for 50 per cent of the municipal taxes for a two (2) year period for the development on SE-1-51-4W4M, now that the developed facility has reached commercial operation, as follows:

- Assessment year 2024 (municipal taxation year 2025) – 50 per cent of Municipal Taxes for 2025
- Assessment year 2025 (municipal taxation year 2026) – 50 per cent of Municipal Taxes for 2026

with the refunds to take place within thirty (30) days after September 30, or the next business day should September 30 fall on a weekend.

## **DETAILS**

**Background:** Versorium Energy applied to develop the Kenilworth 1 Distributed Energy Resource (DER) Project, approximately eight kilometers west of Kitscoty on agricultural land on parcel 1-1-51-4W4M with an estimated cost of \$1.4M in August 2021, anticipated to begin in Fall 2021.

A tax incentive for 2022 was requested in the Fall of 2021 to assist Versorium as an encouragement for the continuation to develop within the County of Vermilion River (the “County”) and assist with offsetting expenses of having to upgrade road infrastructure to County road standards. As was presented, the estimated tax for 2022 (if the build was completed) was approximately \$32,575.00. At the September 28, 2021 Regular Meeting of Council, the following motion was made:



Motion Number: 2021-09-29

THAT the County of Vermilion River approve a tax break for 2022 and 2023 to Versorium Energy for 50 per cent of the taxes per year over the two-year period for the development on SE-1-51-4W4M.

With the Provincial Annual Designated Industrial Property Assessment now provided to the County indicating the total assessment for the non-residential land and improvements of \$447,060.00, the taxation for this type of development, at the aforementioned land location, would have an approximate value of \$9,958.00 (*pending final budget and mill rate approval by the County*).

**Discussion:** Versorium Energy submitted a request to the County of Vermilion River for the amendment of Motion Number: 2021-09-29, allowing Versorium to take advantage of the County's generosity of relaxing the tax by 50 per cent over two years now that the Kennilworth 1 DER project has reached commercial operation in 2024, allowing Versorium to advance and look at other similar type of developments within the County.

**Relevant Policy/Legislation Practices:**

**Desired Outcome (s):**

THAT the County of Vermilion River approve a tax refund for 2025 and 2026 to Versorium Energy for 50 per cent of the municipal taxes for a two-year period for the development on SE-1-51-4W4M, now that the developed facility has reached commercial operation, as follows:

- Assessment year 2024 (municipal taxation year 2025) – 50 per cent of Municipal Taxes for 2025
- Assessment year 2025 (municipal taxation year 2026) – 50 per cent of Municipal Taxes for 2026

with the refunds to take place within thirty (30) days after September 30, or the next business day should September 30 fall on a weekend.

**Response Options:**

THAT the County of Vermilion River approve a tax refund for 2025 and 2026 to Versorium Energy for 50 per cent of the municipal taxes for a two-year period for the development on SE-1-51-4W4M, now that the developed facility has reached commercial operation, as follows:



- Assessment year 2024 (municipal taxation year 2025) – 50 per cent of Municipal Taxes for 2025
- Assessment year 2025 (municipal taxation year 2026) – 50 per cent of Municipal Taxes for 2026

with the refunds to take place within thirty (30) days after September 30, or the next business day should September 30 fall on a weekend.

## IMPLICATIONS OF RECOMMENDATION

**Organizational:** Notification to Tax Department and Versorium Energy of refund for 2025 & 2026

**Financial:** 50 per cent refund of Municipal Taxes

**Communication Required:** Council, Versorium, Administration

**Implementation:** Upon Council Approval

## ATTACHMENTS

1. Versorium Letter – February 2025
2. Map

**PREPARED BY:** Director of Planning & Community Services

**DATE:** February 25, 2025