

# SCALED TAXATION PROGRAM

## Program Details and Application Form

### Purpose

The City of Mount Pearl is growing to meet the future head on and is committed to supporting new business growth. The objective of the Scaled Taxation Program is to provide new businesses with financial incentives to establish roots in Mount Pearl. The program is tailored to non-competing companies in the *Craft, Retail, and Technology* sectors and is designed to support the creation of new employment opportunities in our City.

### Program Goals

- Diversify the economic landscape of Mount Pearl
- Provide new businesses with financial incentives to establish and grow in Mount Pearl
- Create new employment opportunities for our residents
- Provide a positive impact on our economy
- Contribute to the quality of life of residents, workers and visitors

### Program Guidelines

#### *How it works*

The program is designed to encourage new investment in the *Craft, Retail, and Technology* sectors. Preference will be given to any new non-competing companies looking to establish and grow their business in Mount Pearl. Applications will be reviewed on a case-by-case basis and are approved at City Council's discretion. Other industry sectors may be considered if the business can demonstrate a viable economic impact on the community.

Financial assistance will be in the form of a 4-year scaled tax break based on the assessed business tax value of the proposed company. The City will award up to **\$5,000 per year** to each approved applicant in the form of annual tax incentives. The tax-break will be distributed as follows:

	Business Pays	City Provides
<b>Year 1</b>	20%	80%
<b>Year 2</b>	40%	60%
<b>Year 3</b>	60%	40%
<b>Year 4</b>	80%	20%
<b>Year 5</b>	100%	0%

## ***Eligibility***

The program will be available by application only to businesses who:

- Operate a business in either the *Craft, Retail, or Technology* industry sectors (see Appendix A for sector definitions)
- Other sectors may be approved at City Council's discretion if the business can demonstrate a viable economic impact on the community
- Have submitted a new business application or occupancy permit with the City of Mount Pearl and have no other locations or franchisers
- Have no outstanding debts to the City
- Are within 3 years of business incorporation
- Is a registered business with Service NL (or in application process) and with the Government of Canada

## ***Applications***

Applications must include the following:

- Completed application form
- Proof of registration with Service NL (or proof of application)
- Proof of registration with the Government of Canada
- A business plan or expansion outlook that provides an overview of growth plans
- A job outlook that identifies the number of jobs the organization will create over the next 3-5 years
- An outline of the economic viability of the project and the benefit it will provide to the community

Applications must be submitted in an envelope clearly marked, or as a PDF attachment via email with the subject line, "Scaled Taxation Program Application". Applications can be dropped off in person, by mail, or emailed to:

The City of Mount Pearl  
3 Centennial Street  
Mount Pearl, NL A1N 1G4  
Attention: Jeremy Schwartz, Marketing and Economic Development Officer  
Email: [jschwartz@mountpearl.ca](mailto:jschwartz@mountpearl.ca)

## **Questions? Contact Us**

Jeremy Schwartz  
City of Mount Pearl  
3 Centennial Street, Mount Pearl, NL A1N 1G4  
P: (709) 748-1117  
E: [jschwartz@mountpearl.ca](mailto:jschwartz@mountpearl.ca)

## **Appendix A: Industry Definitions**

This section defines the criteria for industry specific requirements within the Scaled Taxation Program. The proposed business must be classified in the following industries and must fall under one of the preceding North American Industry Classification System (NAICS) categories.

### **Craft Industry**

The craft industry encompasses goods that are handmade by artisans or those skilled in a particular trade. Small businesses engaged in the craft trade include everything from art galleries to handmade textiles to culinary products. Often, craft industry entrepreneurs operate independently and are not franchised. The industry usually relies on locally sourced supplies and community support to maintain a customer base.

#### **Craft Manufacturing**

This sector comprises establishments primarily engaged in the chemical, mechanical or physical transformation of materials or substances into new products. These products may be finished, in the sense that they are ready to be used or consumed, or semi-finished, in the sense of becoming a raw material for an establishment to use in further manufacturing. Related activities, such as the assembly of the component parts of manufactured goods; the blending of materials; and the finishing of manufactured products by dyeing, heat-treating, plating and similar operations are also treated as manufacturing activities.

#### **Eligible NAICS Categories:**

711510 - Independent Artists, Writers, and Performers  
3118 - Bakeries and Tortilla Manufacturing  
3119 - Other Food Manufacturing  
3121 - Beverage Manufacturing  
3152 - Cut and Sew Apparel Manufacturing  
3159 - Apparel Accessories and Other Apparel Manufacturing  
3161 - Leather and Hide Tanning and Finishing  
3169 - Other Leather and Allied Product Manufacturing  
3219 - Other Wood Product Manufacturing  
3271 - Clay Product and Refractory Manufacturing  
3272 - Glass and Glass Product Manufacturing  
3279 - Other Nonmetallic Mineral Product Manufacturing  
339910 - Jewelry and Silverware Manufacturing  
339992 - Musical Instrument Manufacturing

### **Retail Industry**

This sector comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The retailing process is the final step in the distribution of merchandise; retailers are therefore organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers, store and non-store retailers. Their main characteristics are described below.

#### *Store retailers*

Store retailers operate fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers. In general, retail stores have extensive displays of merchandise and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household consumption, but some also serve businesses and institutions. These include establishments such as office supplies stores, computer and software stores, gasoline stations, building material dealers, plumbing supplies stores and electrical supplies stores.

In addition to selling merchandise, some types of store retailers are also engaged in the provision of after-sales services, such as repair and installation. For example, new automobile dealers, electronic and appliance stores and musical instrument and supplies stores often provide repair services, while floor covering stores and window treatment stores often provide installation services. As a general rule, establishments engaged in retailing merchandise and providing after sales services are classified in this sector.

Catalogue sales showrooms, gasoline service stations, and mobile home dealers are treated as store retailers.

#### *Non-store retailers*

Non-store retailers, like store retailers, are organized to serve the general public, but their retailing methods differ. They reach customers and market merchandise with methods such as, the broadcasting of infomercials, the broadcasting and publishing of direct-response advertising, the publishing of traditional and electronic catalogues, door-to-door solicitation, in-home demonstration, temporary displaying of merchandise (stalls) and distribution by vending machines.

The methods of transaction and delivery of merchandise vary by type of non-store retailers. For example, non-store retailers that reach their customers using information technologies can receive payment at the time of purchase or at the time of delivery, and the delivery of the merchandise may be done by the retailer or by a third party, such as the post office or a courier. In contrast, non-store retailers that reach their customers by door-to-door solicitation, in-home demonstration, temporary displaying of merchandise (stalls) and vending machines typically receive payment and deliver the merchandise to the customer at the time of the purchase.

Non-store retailers also include establishments engaged in the home delivery of products such as home heating oil dealers and newspaper delivery companies.

Eligible NAICS Categories:

441 - Motor vehicle and parts dealers

442 - Furniture and home furnishings stores

443 - Electronics and appliance stores

444 - Building material and garden equipment and supplies dealers

445 - Food and beverage stores

- 446 - Health and personal care stores
- 448 - Clothing and clothing accessories stores
- 451 - Sporting goods, hobby, book and music stores
- 452 - General merchandise stores
- 453 - Miscellaneous store retailers
- 454 - Non-store retailers

## **Technology Sector**

There is no standard definition for technology employment in Canada. Industry Canada's definition of technology includes companies from information, communications and technology (ICT) sectors, but excludes firms from life sciences, architecture and engineering. The City of Mount Pearl's definition of the tech sector includes all of the industries in Statistics Canada's custom aggregation of the ICT sector, plus a number of other industries that play a critical role in Canada's tech sector, including aerospace manufacturing, scientific research and development (R&D) and pharmaceutical and chemical manufacturing.

Eligible NAICS Categories:

- 3251 - Basic Chemical Manufacturing
- 3254 - Pharmaceutical and Medicine Manufacturing
- 3342 - Communications Equipment Manufacturing
- 3341 - Computer and Peripheral Equipment Manufacturing
- 3344 - Semiconductor and Other Electronic Component Manufacturing
- 3345 - Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
- 3346 - Manufacturing and Reproducing Magnetic and Optical Media
- 3359 - Other Electrical Equipment and Component Manufacturing
- 3353 - Electrical Equipment Manufacturing
- 3364 - Aerospace Product and Parts Manufacturing
- 4541 - Electronic Shopping and Mail-Order Houses
- 5112 - Software Publishers
- 5122 - Sound Recording Industries
- 5173 - Wired and Wireless Telecommunications Carriers
- 5174 - Satellite Telecommunications
- 5182 - Data Processing, Hosting, and Related Services
- 5415 - Computer Systems Design and Related Services
- 5417 - Scientific Research and Development Services

**Appendix B: Application Form**

# SCALED TAXATION PROGRAM

## Application Form



Date: \_\_\_\_\_

Name of business: \_\_\_\_\_

Mailing address:

Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_

Email Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

Check which sector you will be operating in?      Craft      Technical      Retail      Other

North American Industry Classification System Code: \_\_\_\_\_

Business start date or anticipated start date: \_\_\_\_\_

Are you currently registered with the City of Mount Pearl?      Yes      In progress

Current Address:

Proposed Civic Address:

Description of business operations:

Why should your business be awarded a tax break through the scaled taxation program?

To be considered, please attach the following documents with your application:

- Proof of registration with Service NL (or proof of application)
- Proof of registration with the Government of Canada
- A business plan or expansion outlook that provides an overview of growth plans
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