

April 27<sup>th</sup>, 2011

Premier Darrell Dexter  
Office of the Premier  
PO Box 726  
7<sup>th</sup> Floor, One Government Place  
1700 Granville Street  
Halifax, NS B3J 2T3

Honorable Graham Steele  
Department of Finance  
1723 Hollis Street, 17<sup>th</sup> floor  
PO Box 187  
Halifax, NS B3J 2V3

Dear Premier Dexter and Minister Steele:

The Halifax Chamber of Commerce would like to take this opportunity to comment on the proposed amendments to the memorandum of understanding (MOU) signed by the province and the Union of Nova Scotia Municipalities in 2007.

We understand that the terms of this MOU were subject to affordability in the provincial budget to allow for the agreement. We also understand that your government's goal is to get back to balance by 2013-14, and we support that goal. The MOU also stated that the province must provide twelve months notice to the municipalities before implementing any amendments, and you have honoured that part of the agreement as well.

We do not wish to take any one side on this issue – municipally or provincially. Rather, the Chamber would like to highlight some concerns on the MOU amendments to ensure they do not negatively impact businesses or residents to an unexpectedly greater extent than was initially envisioned when this announcement was made.

Municipalities have indicated they will now have to review tax rates and it is reported that city property tax rates could rise. Furthermore, Halifax city staff have suggested that commercial tax rates could increase by as much as \$400 annually by the end of the fourth year (2015) - a fairly substantial figure, as the commercial sector pays about four times as much as the residential. While there is only one taxpayer, shifting this tax collection for provincial services to municipal collection does impact the commercial sector disproportionately.

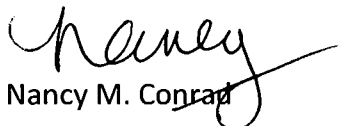
Beyond the issue of additional costs to the commercial sector is the issue of tax equity. The manner in which the two levels of government generate tax revenue differs greatly. Since most municipal revenue comes from property taxes, and since property taxes are tied to the value of a property and not the individual's ability to pay, this could be particularly burdensome for those living on fixed incomes like seniors or low-income citizens.

Finally, there is the issue of government accountability. Transparency in governance and the electoral process provides the means through which taxpayers can hold government accountable for decisions that are made. When a municipal government collects taxes, but has no control over the decisions on where these dollars are spent, accountability is lost. Comments that indicate that the province is now not "assuming \$100 million in municipal costs" are confusing to the taxpayer. From a fairness perspective, it should be made clear that while the municipality is collecting the taxes, they are being collected on behalf of the province with no ability to direct service provision or cost management.

As stated above, the Chamber simply wishes to ensure that the province is aware of these factors and that the voice of the business community is heard and considered in moving forward with these MOU amendments.

I stand by willing to discuss these concerns with you further.

Sincerely,



Nancy M. Conrad

Senior Vice President, Policy