

April 18, 2013

Councillor Bill Karsten
Chair
Audit and Finance Committee
Halifax Regional Municipality
1841 Argyle Street
Halifax Ns, B3J 3A5

Dear Councillor Karsten:

The Halifax Chamber of Commerce Municipal Affairs Committee applauds you for your bold step in assessing our municipal commercial tax model. During the election campaign, Mayor Savage, and many councillors informed the business community that they were in favour of assessing our municipality's commercial tax model. You have taken this bold step, and for this you deserve to be commended.

In regards to the upcoming budget, the Chamber is advocating for a zero based budget. As stated in our Pre-Budget Submission earlier in the year, the Chamber encourages the government to continue to live within its means, pay down our debt, and focus on a long-term financial plan to replace and renew infrastructure. The Chamber encourages the City to put benchmarks in place to ensure that we are using our assets efficiently, and also utilizing processes and programs to improve efficiency, such as, Six Sigma process, or departmental restructuring.

Although the City has made a positive step in assessing our commercial tax model, work remains to be done, and we have serious questions regarding the proposed plan to link commercial taxes to GDP. The Chamber is seeking answers to the following questions and concerns:

- **Transparency** - ultimately, the Chamber is looking for a transparent and accountable commercial tax model, one which the average business owner can understand. The proposed plan does not provide such clarity. For instance, how often will commercial tax rates change, and by how much? Will fair notice be provided?

Additionally, while the plan provides some clarity as to how the commercial sector's contribution will be determined in the future, it effectively freezes in place the existing cross-subsidization of the residential side. The relative contributions of residential and commercial taxes to the overall base are an issue of real concern to the Chamber. One that we hope will garner attention in the future as the review of our commercial taxation regime unfolds.

- **Predictability** - related to transparency is predictability. There are significant swings in commercial assessments which results in instability for business owners. Moving forward, any revisions to commercial taxes must address the unpredictability businesses are facing. This may involve legislative changes, collaboration with the provincial government and/or the Property Value Corporation, or both.
- **Value for money** - the Chamber serves and advocates loudly on behalf of the business community in regards to the correlation between services received and value for money. As referenced above, the proposed plan does not address that there is a significant discrepancy between commercial taxes and residential taxes and services received. There is no justifiable reason for businesses to pay more taxes than residents for the *same*, or sometimes even *fewer* services. Business cannot continue to subsidize residents; it has negative effect on our overall competitiveness.

While the Chamber acknowledges the efforts of our Mayor, Council and staff, it is our view that this is a first step to a very long term plan. As you know, assessing tax fairness is a brutal, but necessary step in ensuring we reach our City's true prosperity and business competitiveness. This process will not be fixed over night, but we are moving in the right direction.

Kind regards,



Nancy Conrad
Senior Vice President, Policy

cc:
Mayor Savage
CAO Richard Butts
CFO Greg Keefe
Bruce Fisher
Audit & Finance Committee Members
Councillors