Representation to Law Amendments Committee on Bill 191: Municipal Law Amendment Act
Re.: Business Occupancy Tax

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HALIFAX CHAMBER OF COMMERCE

The Halifax Chamber of Commerce is a best-practice business advocacy organization whose mission is to improve the business environment in HRM. The Chamber is the voice of business, representing over 1700 member businesses. Our member businesses are diverse representing all facets of the business community. 85% of Chamber members are small to medium sized businesses.

When we ask our members what challenges they face to doing business in HRM, the business occupancy tax is repeatedly voiced as a major barrier to business. Anecdotally, we know this is something repeatedly voiced as a concern by businesses engaged in the Greater Halifax Partnership's Smart Business Program.

While I, and I'm sure you, have never encountered a popular tax, the business occupancy tax is seen as outdated, unfair and a double taxation. It is these perceptions that are as harmful to the business environment as the other, perhaps more tangible, aspects, such as the difficulty in administering and collecting business occupancy tax and that the federal government does not pay.

Elimination of the business occupancy tax and the roll over of taxes into the commercial property rate will have different effects on our members depending upon which category they fall into. We have members in all three categories of business.

As we have seen, businesses in the 25% category will see a short-term benefit to the elimination followed by a slow realignment of their taxes to the level of the rest of the business community. Businesses in the 50% category will see a small decline over the next five years. Business in the 75% category, will continue to pay business occupancy at the 75% rate, and, in fact, will pay at an increasing rate as the commercial tax rate increases, until they see relief in the eighth year. In each of these cases, we are talking about the relative burden of taxes on a business. For even if the overall tax rate for a business goes down, with rising assessments, the tax bill may still increase.

Businesses that rent and landlords will potentially see a different impact than will businesses that own their own space. Because the business occupancy tax was levied on the occupying business, whereas the realigned tax will be collected as property tax, more tax will be collected via landlords. This has been accounted for in the proposed legislation which allows landlords who are not already able to do so, to collect increased rent to recover increases in commercial property tax.

An independent study, commissioned by the government, has shown what the financial effects on businesses will be, and shows these effects, both positive and negative to be relatively small. Most importantly what the elimination and realignment of the business occupancy tax creates is a business environment that is fair across all types of business.

Many stakeholders have been involved in consultation on this legislation. We would like to recognize the government's acknowledgment of the problem of the business occupancy tax and its labours to work with stakeholders to find a solution that is acceptable to them.

While there is no perfect solution, this is a solution that will bring us to fairer, better system. To a system of taxation that will allow us to see the true burden of taxes on the commercial sector that provides administrative savings and increased collections and that removes the perception of a double taxation.