

**TAX REFORM CONSULTATIONS - MAY 2007**  
**THE IMPORTANCE OF COMMERCIAL TAX COMPETITIVENESS**

**CONSULTATION**

The municipality is having the first of two public consultations on tax reform.

**DATES/LOCATIONS (PLEASE NOTE REGISTRATION IS REQUIRED)**

**Residential Consultations (7-9pm):**

- May 23 – Halifax, St. James Church Hall (at the rotary)
- May 24 – Sheet Harbour Lions Centre
- May 28 – Cole Harbour Place
- May 30 – Hammonds Plains Community Centre/Fire Hall

**Business Consultations (9-11 am):**

- May 31 – Halifax Forum

**DEFINING THE CHALLENGE**

Currently municipal taxes are based on the market value of property. Commercial and residential taxes are calculated based on assessed value times the tax rate. With rapidly rising assessments and no discernable link between assessment and services provided or cost to provide services, there has been increasing debate over the relevance of using property assessment values for municipal taxing purposes. Given this, HRM is undertaking tax reform – i.e. - looking at possible options for our municipal tax system.

**COMMERCIAL TAX KEY POINTS**

- **Competitiveness**
  - Average office sub-market taxes per square foot are 22-50% less in other Atlantic Canadian cities compared to Halifax.
  - Businesses operating in a competitive tax structure are better able to weather cyclical downturns in the economy, create jobs, invest in new technologies and develop and expand capital
- **Relative burden**
  - If commercial sector paid taxes at the residential rate, the average commercial tax bill would be \$7000 lower
  - The 06/07 tax regime in Halifax sees commercial property owners in Halifax paying municipal taxes at between 2.72 and 4.78 times the residential rate
  - No rationale for higher tax burden on commercial sector
  - Many businesses in Halifax compete globally – often with business operating in places with much lower cost environments
- **Services**
  - The municipality has analysed the cost of providing municipal services to commercial and other properties - preliminary results show that on average commercial properties contribute about 38% of all municipal revenues but directly use only 27% of municipal services.

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**WHAT'S NEXT**

HRM is undertaking a tax reform initiative looking at commercial and residential taxes – what we, as a community want to get from our tax system and how best to effect this. The tax reform project is being led by a volunteer committee comprised of residents, business persons and Councillors.

The Chamber has been following this project closely. The Chamber has a representative on HRM's tax reform committee. We have also been communicating with Regional Councillors on the importance of tax competitiveness and will deliver this message to the tax reform committee as it seeks out feedback on tax reform.

The Chamber is committed to advocate on your behalf but we also need you to get out and participate in consultation. We all need to convey the message that commercial tax competitiveness is fundamentally important to the health of our city and that our currently system is very uncompetitive. This is supported by our city's economic strategy that calls for us to ensure that a competitive tax and regulatory regime supports HRM's growth drivers. This is a message that needs to be delivered not only at the business consultation but also at the residential sessions.

**REQUESTED ACTION**

We are asking you to attend one of these sessions – residential or business - and to get the message of the importance of commercial tax competitiveness out there.

**LINKS**

Municipal Tax Reform:

<http://www.halifax.ca/taxreform/>

Chamber municipal affairs committee policy work:

<http://www.halifaxchamber.com/businessissues.asp?cmPageID=242&action=list&sdv=0&c=Municipal%20Affairs>

**TO REGISTER**

Visit:

<http://www.halifax.ca/taxreform/RegisterforaTaxReformWorkshop.html>