

Chamber Urges Reconsideration of Equalization Proposal

March 29, 2001

Following meetings with representatives from HRM and the Department of Service Nova Scotia and Municipal Relations and carefully reviewing the issue and the facts, the Chamber today sent a letter to the Honourable Angus MacIsaac urging him to reconsider the Province's current municipal equalization proposal. In the Chamber's view, it is wrong, unfair and ignores fundamental principles of fairness and accountability.

The issue central to this discussion is the Province's proposed method of redistribution of property tax revenue within Nova Scotia. Equalization is not the issue here, nor is the discussion (and disagreement) around the numbers.

Nowhere in North America are property taxes used as the channel to fund equalization. Property taxes are, by their very nature, regressive, and, as such, bear no relation to the taxpayer's ability to pay. The Chamber says it is wrong and unfair to assume that the people of HRM can readily afford the increased burden of funding equalization payments in this manner.

Chamber members cannot support an initiative that would see tax dollars being distributed and spent with no accountability. Transparency in governance and the electoral process provides the means through which taxpayers can hold government accountable for decisions that are made.

Municipalities levy, collect and spend

property taxes and are held accountable by the residents of the same municipality. Should a municipal government collect tax dollars, but then have no control over the decisions on where those dollars are spent, the accountability is lost. This is inconsistent with the very clear principle that municipalities are, and ought to be, treated as a responsible order of government.

The Province's current proposal does not consider the need for accountability in governance. If the provincial government feels it is a priority to equalize the revenues of its municipalities, it should be done through provincial income taxes within the current spending envelope. This would ensure direct accountability by provincially-elected officials for provincial tax dollars transferred to the municipalities.

The Metropolitan Halifax Chamber of Commerce supports the principles espoused by Halifax Regional Council in their letter dated March 27, 2001. We believe that these principles can provide the basis for a fair and principled approach to ensuring that all Nova Scotian municipalities are able to provide the services that their residents expect, and, to grow and prosper.

The Chamber is urging the Minister of Municipal Relations to withdraw the Province's equalization proposal and seek a more appropriate method to achieve the municipal equality the government is seeking. The Chamber has offered to further discuss this matter with the Minister. Any developments will be reported to members in a Policy Update.

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P.O. Box 8990, Halifax,
Nova Scotia B3K 5M6
Telephone (902) 468-7111
Fax (902) 468-7333
www.halifaxchamber.com

POLICY UPDATE

