

HALIFAX REGIONAL MUNICIPALITY

TAX REFORM COMMITTEE MINUTES January 3, 2008

- PRESENT: Mr. David Grace, Chair
Dr. Mark Gilbert, Vice-Chair
Councillor David Hendsbee
Councillor Reg Rankin
Councillor Sue Uteck
Councillor Andrew Younger
Mr. Patrick Flinn
Mr. Robert Grace
Ms. Giselle Kakamousias
Ms. Janice Malay
Mr. Andrew Murphy
- ABSENT: Councillor Brad Johns, with regrets
Councillor Linda Mosher, with regrets
- STAFF: Mr. Bruce Fisher, Manager, Fiscal & Tax Policy, Finance Services
Mr. Jim Donovan, Manager of Economic Development
Mr. Andre MacNeil, Financial Consultant, Finance Services
Ms. Shannon Bennett, Tax Reform Analyst, Finance Services
Ms. Carolyn Wiper, Administrative Assistant, Finance Services

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1. CALL TO ORDER

The meeting was called to order at 11:10 a.m. in Halifax Hall, City Hall.

2. APPROVAL OF THE MINUTES

No minutes were available for approval at this time.

3. APPROVAL OF ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

The Committee discussed the Committee's attendance at Tax Reform meetings and passed the following motion:

MOVED by David Hendsbee, seconded by Andrew Murphy, that the Chair David Grace contact the committee members with poor attendance and remind them of their obligation to this Committee.

MOTION PUT AND PASSED.

The Chair asked that the Committee deal with item 7.1, Presentation by Jim Donovan Manager of Economic Development, at this time.

MOVED by Patrick Flinn, seconded by Mark Gilbert, that the Order of Business and Approval of Additions and Deletions be approved, as amended.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES - none

7. REPORTS

7.1 Economic Strategy - Presentation by Jim Donovan

Jim Donovan, Manager of Economic Development gave a presentation to the Committee on HRM's Economic Development Strategy 2005-2010. Jim began by explaining the starting point which was the need to adopt a Regional Economic Policy as part of the Regional Plan. He noted that the Regional Economic Policy was adopted by Halifax Regional Council in 2005. Jim also pointed out the five strategic focus areas which include; supercharging our labour force, leveraging our creative community to encourage growth, building awareness of our assets and capitalize on our reputation, turning rivalries into partnerships, and creating a gung-ho business climate.

He continued by noting priority actions within the five strategic focus areas:

- Labour Force - Priority Actions
 - immigration - target and attract new immigrants

- develop, promote business case to retain, expand & attract DND facilities & other Federal offices
- Leverage Our Creative Community - Priority Actions
 - establish new & enhances maintenance initiatives & standards with a focus on year-round, 24/7 accessibility
 - build support for, & work to fast track social investment projects that are already well advanced
- Awareness/Capitalizing on our Reputation - Priority Actions
 - develop a "quality of place Council" to review existing brand equity in HRM & develop a multi-partner Approach to marketing HRM
- Turning Rivalries into Partnerships - Priority Actions
 - support rural economic development
 - create alignment of strategic intent
 - develop the Halifax Gateway
- Create a Gung-Ho Business Climate - Priority Actions
 - benchmark tax, regulation, permit approvals against competing cities
 - bring infrastructure spending up to appropriate comparable levels
 - inform and educate HRM business about exporting

Jim Donovan continued by listing five implementation principles: no new bureaucracy, make use of existing structures, eliminate duplication, develop networks and partnerships, and build on public private approach. He also noted the progress of implementation, 2nd Year Progress Report, implementation gaps, and new challenges.

It was noted that the Chamber of Commerce Tracks Success Against Strategy - 2nd Annual Scorecard is due in February. Staff will get a copy of this and forward to the Committee when it is available.

Finally, Jim Donovan explained how the Economic Strategy ties in with Tax Reform. He noted that it maintains competitive advantage and ensures fair & reasonable taxes; advances efforts to benchmark tax levels, incentives & approvals so HRM is widely viewed as an attractive place for business; ensures tax policies and regulations support economic drivers; sets investment priorities including community infrastructure investment; maximizes leveraging opportunities of operating and capital budgets; develops a business toolkit that includes info on tax rates; works to review innovative options for office space development in central business district; and develops incentives to attract, retain business, immigrants, and young professionals.

Councillor Younger asked Jim about the comment regarding lack of office space downtown. Councillor Younger asked why ground has not been broken yet for at least six approved projects for office space in the downtown area. He asked what was being done about it.

Jim Donovan commented that these large projects require a great deal of strategic planning.

Councillor Hendsbee would like to see Council adopt a formalized way of bench marking HRM with other cities on a three different scales: Atlantic Canada, capital cities across Canada and comparable sized cities. He also commented that if HRM goes away from Assessment based taxes, we should make sure we are not losing out on any other taxation opportunities.

It was noted that the Greater Toronto Area (GTA) has just announced that they will be freezing all taxes on new businesses for a period of five years. This is to promote new business in the downtown area.

Bruce Fisher commented that this Committee needs to pick a strategy and build tools around that strategy.

Jim Donovan feels that HRM needs to focus on promoting a competitiveness business community and that incentives need to be made available.

It was noted that HRM has approximately 30,000 students every year. It was felt that universities should be funded more by the province to bring tuition down and that HRM needs to find ways to keep these graduates here.

5. CONSIDERATION OF DEFERRED BUSINESS

5.1 Competitiveness Benchmarks Presentation by Andre MacNeil

Andre MacNeil made a presentation to the Committee on Competitiveness Benchmarks. He provided a number of benchmarking examples including: Non-Residential Property Tax (per employee), Commercial Tax & GIL's over City GDP, McTax Index - average tax per McDonald restaurant, Refineries - taxes per barrel, Commercial Tax Burden of Warehouse/Shipping, Commercial Tax Burden of Mainstreet Retail, Commercial Tax Burden for Hotels, Commercial Tax Burden for Office/Financial, and Office Building Costs (Downtown & Suburban).

Committee Member Patrick Flinn suggested that the Committee have a discussion, at some point, about what kind of impact Tax Reform is going to have on the Economic Strategy.

The committee asked for three clarifications: 1. whether or not the slide on Commercial Tax per Employee includes Business Occupancy Tax; 2. to clarify the price per barrel on the slide on Taxes Paid by Oil Refineries; and 3. to clarify whether rent was included in the per sq. foot price of operating costs on the Office Building Costs (downtown & Suburban) slide.

6. CORRESPONDENCE, PETITIONS AND DELEGATIONS

6.1 On-line Submission

The Committee received correspondence as per Committee Policy.

8. ADDED ITEMS - none

9. NEXT MEETING DATE

The next meeting date was set for January 10, 2008 from 11:00 a.m. - 1:00 p.m. in Halifax Hall, City Hall

10. ADJOURNMENT

MOVED by Patrick Flinn, that the meeting adjourn at 1:30 p.m.

Carolyn Wiper
Administrative Support Assistant