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**Council Report
October 10, 2006**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Geri Kaiser, Deputy Chief Administrative Officer - Corporate Services
& Strategy

DATE: October 10, 2006

SUBJECT: Tax Reform Committee (TRC) Terms of Reference

ORIGIN

This report originates with a motion of Regional Council (October 3, 2006) approving an approach to tax reform at level D- "Rebuilding the Foundations" of HRM's tax system and creating a project specific (ad-hoc) Steering Committee comprised of Councillors and HRM residents to lead tax reform.

RECOMMENDATION

It is recommended that Regional Council:

1. Approve the attached Terms of Reference for the Tax Reform Committee (TRC).

BACKGROUND

Tax Reform has been discussed by Regional Council on a number of occasions, including the Committee of the Whole Focus Areas and most recently during the October 3rd Regional Council meeting. At that meeting Council approved an approach to tax reform which focuses on re-building the foundations of the tax system. An approach such as this involves early public consultations. Council approved the creation of a project specific steering committee to oversee the project and help plan those consultations.

DISCUSSION

Based on Regional Council's approval of a Council led steering committee on tax reform, staff has prepared the Terms of Reference that outline the purpose and responsibilities of the committee. The steering committee will lead the development of tax reform, including the critical public participation component of this initiative. Public consultations are an opportunity to develop new relationships between taxpayers and HRM. To do this, the public consultation must be informative, engaging and well-structured. The Steering Committee comprising both Councillors and HRM residents should be well-positioned to assess how well the public participation aspects, as well as the overall project process, supports the Tax Reform initiative.

The purpose of the Steering Committee is to:

1. provide direction and oversee the tax reform project,
2. approve a communications plans
3. schedule public consultations, and
4. develop and assess any proposed options for reform.

It is hoped that the Steering Committee will be appointed very shortly and will start an immediate review of the existing project plan. Meetings are expected on a bi-weekly basis with some weekly meetings at key points. While time frames are tight, public consultations could start early in 2007.

The Committee will be composed of six councillors and six residents. It is intended that at least two Councillors will be appointed from each of the urban, suburban and rural areas. Any Councillor may attend meetings of the TRC. The Chair will be one of the six resident representatives.

Staff intend to advertise for residents willing to serve on the Tax Reform Committee through the newspaper and other media.

BUDGET IMPLICATIONS

There are no immediate budget impacts. Funds for any public consultations are expected to be provided for through Financial Services and through Fiscal Services.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

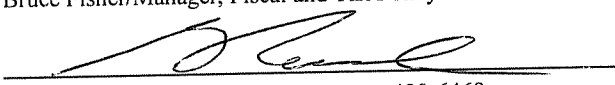
ALTERNATIVES


- 1) Council may choose to vary the size of the Tax Reform Committee
- 2) Council may choose to specify criteria for residential members

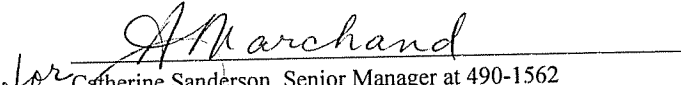
ATTACHMENTS

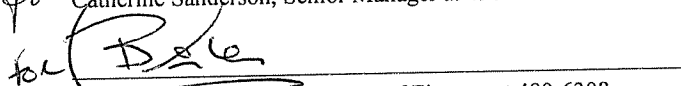
Attachment A - Halifax Regional Municipality Tax Reform Committee (TRC) Terms of Reference

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Bruce Fisher/Manager, Fiscal and Tax Policy at 490-4493


Financial Review: Gordon Roussel/Financial Consultant at 490-6468


Report Approved by: *for*  Catherine Sanderson, Senior Manager at 490-1562

Report Approved by: *for*  Cathy O'Toole, Acting Director of Finance at 490-6308

Attachment A

Halifax Regional Municipality Tax Reform Committee (TRC) Terms of Reference

Background

Taxation Reform has been discussed by Regional Council or Committee of the Whole (COW) on a number of occasions. A motion was passed by Council on April 16, 2004 to look at alternatives to the current property tax system. Council discussed tax reform on March 8, 2005, September 6, 2005 and again during the COW Focus Areas on January 25, 2006. Tax Reform is described in the Regional Plans recommendations (Chapter 5 "Economy and Finance") and is listed as one of the CAOs 2006-2007 Goals and Objectives. On September 26, 2006 Council created the Tax Reform Committee (TRC).

Tax reform can be described as encompassing five key issues:

- Rapidly rising, uneven market values, unrelated to municipal services or income levels
- Resources being shifted to fund mandatory education
- Issues surrounding urban, suburban and rural taxation and services (eg tax boundaries)
- The need to encourage growth and development
 - Stronger connection between the tax system and the Regional Plan
- Unclear philosophy/ long term objectives exist for the current tax system
 - Limited sensitivity to ability to pay
 - Weak connection between taxes and services
 - Requirement for a competitive taxation regime

There are four critical factors that will determine the success of the tax reform project.

- Agreement on Objectives
- Ability to Accept Change
- Ability to Innovate
- Council Leadership

Community involvement, understanding and interaction is critical to the success of tax reform. Tax discussions can be both complex and emotional and can be difficult to communicate. Hence communications and organization is critical to the Tax Reform project.

Committee Purpose

The Tax Reform Committee (TRC) will be established to advise Halifax Regional Council and staff on the development of Tax Reform for the Halifax Regional Municipality. It will provide an important communication and public participation link between HRM and the broader

The Tax Reform Committee (TRC) will be established to advise Halifax Regional Council and staff on the development of Tax Reform for the Halifax Regional Municipality. It will provide an important communication and public participation link between HRM and the broader community and stakeholders. This steering committee will be the “eyes and ears” of HRM residents and business people throughout the tax reform process and provide leadership to the project. This will help ensure that different community issues and values are identified and appropriately considered. The Committee will advise staff on the review and analysis of public information and help form recommendations for Council. Again, this helps ensure that all stakeholders have a place in tax reform throughout the entire process, thereby strengthening the community’s contribution to any recommendations.

Committee Role and Responsibility

- To represent taxation concerns and ideas of the public and business community
- To improve sharing and disseminating information, to community stakeholders and interested parties, and to communicate milestone progress
- To oversee the development of the tax reform project
 - The project plan and timeline
 - The development of public materials
 - The development of the public participation and communication plan
- To oversee and participate in the analysis and interpret results from public participation
- To oversee and participate in the development of recommendations for COW and Regional Council concerning tax reform
- To assist and advise on the implementation of the tax reform recommendations
- To meet with staff at a frequency that is sufficient to achieve project goals and meet the timeline that has been established for completion of the project.

Membership:

- 6 Councillors including at least two councillors from the urban, suburban and rural areas.
- 7 HRM Residents including at least 1 member of the business community.

Observers, Other:

- Official(s) from the provincial government may be invited as non-voting members or in specific circumstances.
- Any Councillor may participate in the TRC as an observer.

Criteria for evaluating potential committee members will include:

- The background and experience required to meet one of the member categories listed in this terms of reference,
- Willingness and ability to commit to the 12-month term of the project and to attend and participate in project meetings,
- Skills and experience related to the role and responsibilities outlined above

The selection committee reserves the right to seek an appropriate and diverse balance of committee members including a mix of people with a diversity of perspectives on taxation issues.

Appointment:

- The term of appointment will be for a period of approximately 12 months
- Appointments will be made by the selection committee

Chair and Vice-Chair:

- The committee elect a chair and vice-chair position. The Chair shall be a resident.
- The role of the chair, in whole or part, can be shared with or delegated to the vice-chair in order to carry-out the role and responsibilities of the committee
- The chair or vice chair will be expected to:
 - Guide the discussion and facilitate meetings
 - Encourage participation by committee members
 - Work with staff in preparing meeting agendas and supporting materials
 - Act as a spokesperson for the committee

Quorum:

- The quorum for regular meetings shall be a majority of voting members
- Decisions will be made by majority vote

Meetings:

- Meetings will be held at a frequency that is necessary to conduct the business of the committee. A schedule will be determined at the start-up meeting for the committee. In addition to regular meetings, additional means of communication will be necessary to conduct the business of the group.

Resources

- HRM shall provide staff resources to the committee and will provide assistance with the following
 - Coordination and arrangement of the meeting time and venue
 - Circulation of the meeting agenda
 - Minute-taking
 - Preparation and distribution of material
 - Reporting ongoing project information and status updates
 - Presentation of planning materials as needed