

HALIFAX REGIONAL MUNICIPALITY

TAX REFORM COMMITTEE MINUTES November 22, 2007

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

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Councillor Sue Uteck served as Chair for this meeting as both the Chair and Vice-Chair were unable to attend.

The Committee did not meet quorum and began with added item 8.1 until quorum was met.

8.1 New Small Business Tax Holiday

Andre MacNeil, Financial Consultant, Finance Services made a presentation to the Committee Members present on New Small Business Tax Holiday, a Provincial Tax Credit Program & Review for new businesses. He commented that the main benefit for those in the tax credit programs was increased cash flow, and they had a better survival rate over those not in the program; however, he noted that the Provincial Tax Credit did not appear to attract new business to NS.

Bruce Fisher, Manager of Fiscal and Tax Policy commented that if HRM offered the New Small Business Tax Credit, it could follow the same criteria as the province and ask for proof of participation from the provincial program. He also commented that it would be for owner occupied businesses, and may not apply to anyone leasing. He continued to explain that when this program was being implemented by the Province, they spent quite a bit of time trying to figure out if the business was actually new or if people shut down a business and reopened to qualify for the credit.

Councillor Uteck commented that she liked the idea of a Permanent Small Business Tax Rate as it would be much more clear and concise, and would differentiate the municipal program from the provincial program.

Andre MacNeil suggested that there could be various tax rates for various levels of commercial assessment ie. very small to very large. He explained that a study conducted a few years ago showed that 50% of commercial properties in HRM were assessed at \$250,000 or below; on the other hand, the municipality gets approximately 81% of their taxes from companies assessed at one million or higher. This shows that the municipality gets the majority of its money from the larger properties. The majority of companies in HRM are either very large, or small; there are fewer companies in the middle ground.

The Committee was asked to give some direction to staff as to whether they want to follow the New Tax Holiday Program or create one of their own which may be a Permanent Small Business Tax Rate.

Bruce Fisher suggested that the Committee bring this item back to the next meeting on December 13th when they are discussing the objectives of commercial tax reform.

1. CALL TO ORDER

The meeting was called to order at 11:45 a.m. at St.Mary's Boat Club.

2. **APPROVAL OF THE MINUTES** - November 1, 2007

MOVED by Andrew Murphy, seconded by Janice Malay, that the Minutes of November 1, 2007 be approved.

MOTION PUT AND PASSED.

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

Added items:

- 8.1 New Small Business Tax Holiday
- 8.2 Deed Transfer Tax
- 8.3 Timelines

The Order of Business and Approval of Additions and Deletions was not formally approved by a motion.

4. **BUSINESS ARISING OUT OF THE MINUTES** - none

5. **CONSIDERATION OF DEFERRED BUSINESS** - none

6. **CORRESPONDENCE, PETITIONS AND DELEGATIONS**

6.1 **Online Submission - Graham Read**

Correspondence from Graham Read was received by the Committee.

7. **REPORTS**

7.1 **Reviewing Tax Reform Options**

7.1.1 **Tax Reform - Evaluating Options - Draft**

Shannon Bennett, Tax Reform Analyst made a presentation to the Committee on Tax Reform - Evaluating Options. She explained the Summary Tax Reform Package which the Committee passed a previous motion.

Shannon Bennett continued to explain that the Tax Reform Package, as previously approved by the Committee will be equitable, provide economic competitiveness, provide economic efficiency, have respect for other governments, have stability, have simplicity, be transparent and accountable.

She also commented on several areas where the proposed system was still weak on meeting certain objectives as stated under the evaluation criteria.

She also noted that decisions still need to be made on commercial, ability to pay and vacant land. As those decisions are made, the evaluation of the option may change.

The Committee discussed ability to pay and vacant land and decided they require more clarity. The Committee also discussed dwelling units, and how secondary units will be taxed under the new system.

The committee also discussed the importance of linking the cost of providing the services to those that benefit.

Councillor Younger stated there are two types of local recreation centres in HRM : ones that are owned and operated by HRM, and ones that are not. He felt that residents that lived near the non HRM operated facilities should not have to pay the same as residents that live near HRM operated facilities.

In addition, Andrew Murphy felt that local recreation centres should not be taxed through a common rate, as he felt that each individual community should be charged the individual cost of their local recreation centres.

Bruce Fisher reminded the Committee that a motion has been passed to tax local Recreation Centres through a common tax rate, and that if the committee wanted to make changes to the final package, they would need to make a motion to have it changed.

Councillor Uteck asked that we bring the minutes back that contain the motion on Recreation Centres to help the Committee and Staff have the same understanding on taxation of Recreation Centres.

Councillor Hendsbee asked that Staff provide a list of all the recreation facilities, and all municipality assets whether they are volunteer run, or community managed, or municipally managed across the board, so that the committee knows where they are. This should include ball and sports fields because there are a maintenance operational issue. This was seconded by Patrick Flinn.

MOTION moved by Andrew Younger, seconded by Andrew Murphy, that staff look at the next level of detail in terms of what the options are for dealing with the difference between community centres (HRM owned and operated vs. ones that are just HRM owned but not operated) because there is a big difference between the cost.

MOTION PUT AND PASSED.

7.1.2 Rates and Incidences - Draft - to be circulated

Bruce Fisher, Manager of Fiscal and Tax Policy made a presentation to the Committee on Rates and Incidences. He went over the four zones in HRM for Regional Transportation. He explained the average taxes for a single family home in each of the four zones, broken out by each service. Bruce explained that at this time, the numbers

are still draft.

Councillor Hendsbee asked staff to provide the numbers for transit.

8. ADDED ITEMS

8.1 New Small Business Tax Holiday

This item was dealt with earlier in the meeting.

8.2 Deed Transfer Tax

Deferred to next meeting date.

8.3 Timelines

Deferred to next meeting date.

9. NEXT MEETING DATE

The next meeting date was set for December 13, 2007 at St. Mary's Boat Club from 10:00 a.m. - 1:00 p.m.

10. ADJOURNMENT

MOVED by Sue Uteck, that the meeting adjourn at 12:55 p.m.

Carolyn Wiper
Administrative Support Assistant