

HALIFAX REGIONAL MUNICIPALITY

TAX REFORM COMMITTEE MINUTES December 13, 2007

- PRESENT: Mr. David Grace, Chair
Councillor David Hendsbee
Councillor Linda Mosher
Councillor Reg Rankin
Mr. Patrick Flinn
Mr. Robert Grace
Ms. Giselle Kakamousias
Ms. Janice Malay
Mr. Andrew Murphy
- ABSENT: Dr. Mark Gilbert, Vice-Chair, with regrets
Councillor Brad Johns
Councillor Sue Uteck
Councillor Andrew Younger
- 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
Peter Duncan, Manager, Infrastructure and Asset Management
Holly Power-Garrett, Financial Consultant, Finance Services
Darren Steves, Nova Scotia Business Inc.
Ms. Carolyn Wiper, Administrative Assistant, Finance Services

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1. CALL TO ORDER

The meeting was called to order at 10:15 a.m. at St.Mary's Boat Club.

The Chair had Peter Duncan, Holly Power-Garrett and Darren Steves introduce themselves.

Peter Duncan, Manager of Infrastructure and Asset Management asked to make a presentation to the Committee on Capital Costs Contribution (CCC) at the next meeting.

2. APPROVAL OF THE MINUTES - November 22, 2007

MOVED by Patrick Flinn, seconded by Robert Grace, that the Minutes of November 22, 2007 be approved.

MOTION PUT AND PASSED.

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

The Chair asked that the Committee deal with items 7.1 and 7.2 first in the order of business before moving onto items 5.1 and 5.2.

MOVED by Janice Malay, seconded by Giselle Kakamousias, that the Order of Business and Approval of Additions and Deletions be accepted, as amended.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES - none

7. REPORTS

7.1 Commercial Strategy

Bruce Fisher, Manager of Fiscal and Tax Policy gave a presentation to the Committee on Commercial Strategy. His presentation included Tax Reform's alignment with the Economic Strategy, Commercial and other tax rates established according to benefit, measuring competitiveness and establish a long term competitiveness target if required.

He continued to explain HRM's Economic Development Strategy including five goals with actions: supercharge the labour force, leverage creative community, create a gung-ho business climate, capitalize on reputation and convert rivalries into partnerships. HRM's "growth drivers" being financial services, insurance, real estate, Halifax Gateway, National Defence and Universities.

Councillor Mosher informed the Committee that the Greater Halifax Partnership brought

in Rebecca Ryan who talked about a book she wrote on retaining the youth in Halifax. Councillor Mosher will distribute the executive summary to the Committee.

Robert Grace suggested that HRM provide tax incentives to businesses who would provide internships for youth, as a way to capitalize on one of HRM's best resources - an educated young population.

Bruce Fisher commented that youth are an important factor in the economic strategy. The committee agreed that retaining and attracting youth to HRM is something that Tax Reform initiatives should support and encourage.

Moving on from the Economic Strategy, Bruce continued by commenting on the tax reform principles and how the principles link to the business climate in HRM.

The committee then moved on to discuss commercial disincentives. Giselle Kakamousias pointed out that the BOT is a huge disincentive to the financial and insurance industries.

Motion moved by Patrick Flinn, seconded by Giselle Kakamousias that the TRC ask Council to approach the Nova Scotia government concerning accelerating the scheduled phase out of the Business Occupancy Tax for financial and insurance services and have all businesses phase out at the same time.

MOTION PUT AND PASSED.

Bruce Fisher went on to discuss how the service based concept used in residential tax reform relates to the business sector. The committee's proposed direction includes leaving commercial taxes based on assessment.

Giselle Kakamousias pointed out that the TRC had a disappointing turnout for the commercial tax reform workshop held last Spring, and therefore the TRC should be cautious in making recommendations based solely on the information gathered at those sessions, as it may not have been representative.

The committee discussed having an additional meeting with members of the business community to get more information as to how to proceed with recommendations. It was agreed that any additional meeting would have to have focussed questions, and allow participants time to put thought into tax reform.

Bruce Fisher continued his presentation by explaining that the current way of calculating commercial taxes through the commercial multiplier has little connection to the services that commercial tax payers receive, or the benefit that they receive. With the new system, multipliers could be based on benefit drivers which help allocated the benefit for services between residential and commercial properties. Then the commercial burden would have to be assessed and benchmarked to ensure competitiveness was not being effected. If competitiveness gaps are identified, then solutions/programs can be developed to help eliminate the gaps.

The Committee went on to discuss the benefits and drawbacks of basing commercial taxes on square footage.

MOTION moved by Janice Malay, seconded by Patrick Flinn that the TRC accept the direction of the Economic Development Strategy and ensure that TRC Principles/Objectives align with it.

MOTION PUT AND PASSED.

Staff was directed to come back with more details and information before the TRC consider the other recommendations provided in the presentation.

7.2 Benchmarks- DRAFT

Due to time constraints, the presentation was deferred until next meeting

5. CONSIDERATION OF DEFERRED BUSINESS

5.1 Deed Transfer Tax Presentation

Due to time constraints, the presentation was deferred until next meeting

5.2 Timeline

Bruce Fisher delivered an oral presentation on where the Committee is on their timeline. There are four main decisions that the Committee has left to make: 1) Ability to Pay 2) Commercial Taxation 3) Communications and 4) Reality Check. These issues must be resolved before the Committee goes to Council and the public with a recommendation.

It was suggested that the TRC go to Committee of the Whole in late February, early March with the principles and the outcomes of the principles.

6. CORRESPONDENCE, PETITIONS AND DELEGATIONS

8. ADDED ITEMS

9. NEXT MEETING DATE

The next meeting date was set for December 20, 2007 at Halifax Hall from 11:00 a.m. - 1:00 p.m.

10. ADJOURNMENT

MOVED by David Hendsbee, that the meeting adjourn at 1:00pm

Carolyn Wiper
Administrative Support Assistant