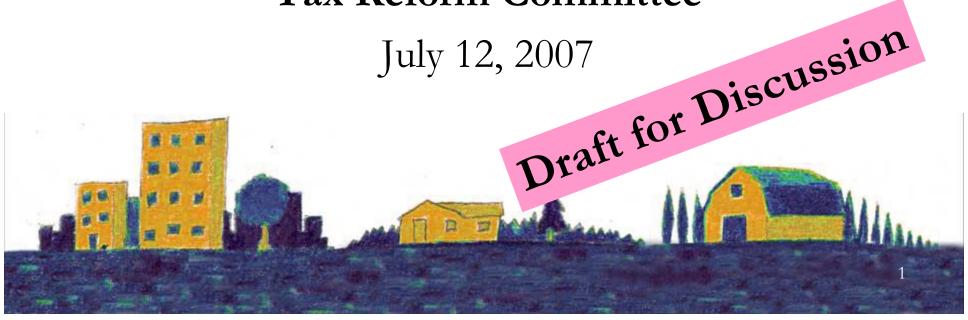
Evaluation Criteria and Foundations, Principles

Tax Reform Committee





Overview

- Timeline
- Integrating Foundations, Principles and Evaluation Criteria
 - Foundations and Values
 - Principles
 - Action Statements



Timeline

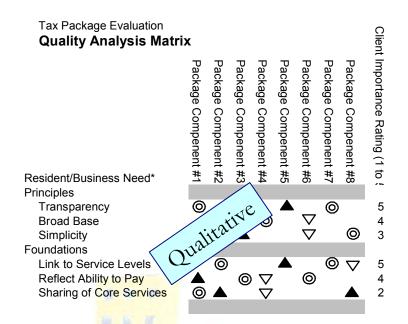
TRC Decision Milestones

1	Decision on Foundations	26-Jul-07	
2	Decision on Evaluation Criteria and Weighting	13-Aug-07	
3	Development of Tax Packages a Identify Options (Level 1) Review "Core Services" b Narrow Options Down (Level 2)		
	c Full Evaluation (Level 3)	October 2007	
4	Update Council Council&TRC Workshop	October 2007	
5	Revised Tax Packages to EMT, COW	November 2007	
6	Public Consultations	February 2008	
7	HRM Budget and Tax Rates for 2008-2009	April 2008	



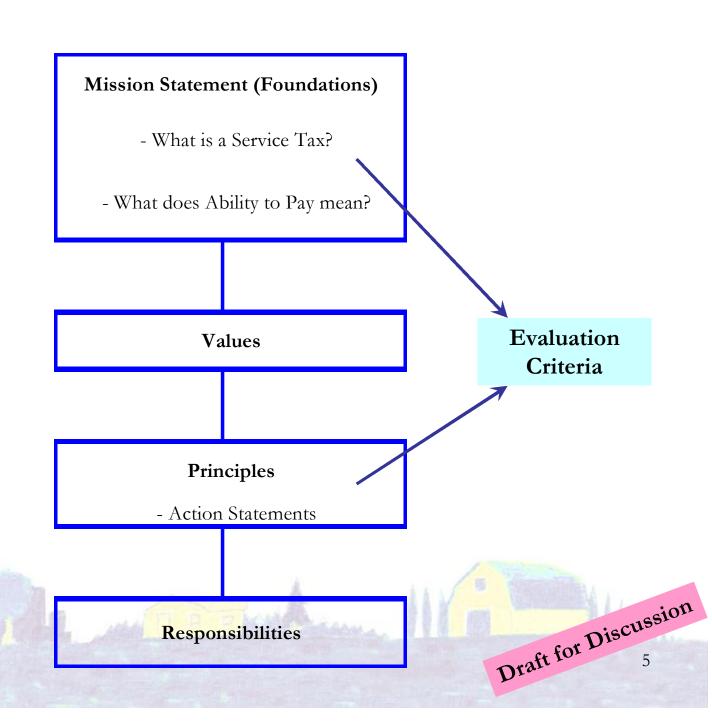
Evaluation Criteria Options

for Illustration Only



Objective Weighting Chart								
Project Objective	Objective	How well does Option meet Ol	Weighted					
	Weighting	Description	Score	Score				
Principles								
Transparency	15	Narrativejldkfjdlf kjsdlfk sadlfk ldjfsd fsdf sdflkj sdfl sldfnsd fposdfn lfknsd slsdf sdnfsld.	1	1.5				
Broad Base	10	Narrative kjsdifk sadifk sldfnsd dnfsld. Wall State of Saff sdflk sadifk sadifk sadifk sldfnsd slsdf sdflsd sldfnsd fbosdfn lfknsd slsdf sdnfsld.	5	5.0				
Simplicity	Quar	"jidkfjdlf kjsdlfk sadlfk fsdf sdflkj sdfl sldfnsd fposdfn lfknsd slsdf sdnfsld.	2	2.0				
Foundations								
Link to Service Levels	15	Narrativejldkfjdlf kjsdlfk sadlfk ldjfsd fsdf sdflkj sdfl sldfnsd fposdfn lfknsd slsdf sdnfsld.	7	10.5				







M ission S tatement

"Foundations of the T ax S ystem"

HRM endeavours to provide an equitable, transparent and sustainable municipal tax and fee systemfor all taxpayers and citizens by

L evying taxes and fees based on the services provided to individuals, companies and others, and

A djusting that tax and fee levy to reflect ability to pay.





V alues

A s a central and key element of municipal government, H RM strives to ensure that the tax and fee system

E ncourages the <u>economic well-being</u> of all its taxpayers and citizens,

Recognizes that the funds raised through taxes and fees belong to the citizens of H RM and are held in <u>trust</u>,

E ncourages <u>fiscal prudence</u> and an acceptable level of tax and fee burden and services.

Recognizes that municipal services may <u>benefit</u> everyone and that to the extent all benefit, all should <u>share in the cost of the service.</u>



Principles

To achieve and sustain the Mission Statement and Values, HRM will apply the following principles to the Municipal TaxSystem



E conomic C ompetitiveness

The Municipal TaxS ystemshall be designed to maximize the economic potential of the Region and Province.

A ctions:

T o encourage <u>investment and consumption</u> within H alifax Regional M unicipality and within N ova S cotia.

T o encourage responsible home ownership.

T o allow for <u>environmental</u> sustainability.

To support the Region's long-termeconomic strategy and vision including international competitiveness.

To ensure that residential, commercial and other taxpayers pay an appropriate share of the tax burden, relative to the services they consume.



E conomic E fficiency ("N eutrality")

The Municipal TaxSystemshall be designed to encourage healthy decisions by citizens and taxpayers.

A ctions:

T o discourage irresponsible or uneconomic behaviour

T o encourage responsible or economic behaviour

T o focus on a broad tax base and a neutral tax rate as possible.

To encourage efficient growth patterns and to support the Regional Plan.



E quity

S imilarly situated taxpayers should be taxed similarly.

A ctions:

The tax and fee systemshould apply consistently to all taxpayers and citizens.

T axes and fees owed should be <u>objective and factual</u> and not subject to opinion or estimation.

The Tax Bill for individuals should be calculated in a manner that is reliable and verifiable.

The design and administration of the Tax and Fee systemshould not disadvantage any group of individuals, firms or local communities.



Respect for other G overnments

Recognize the <u>links</u> to the F ederal and Provincial G overnments and other M unicipalities

A ctions:

N ot introduce taxes that interfere with the <u>fiscal capacity</u> of other governments.

The HRM TaxS ystemshould function well along-side the tax systems of other NovaS cotian municipalities.



S tability

The Tax and Fee Systemshould emphasize stability and predictability for individual taxpayers and for the municipal government.

A ctions:

T axes and fees should reflect changes in services and changes in an individual's ability to pay.

Individuals should be able to reasonably predict future taxes, based upon their understanding of their circumstances and the services available.

The Tax and Fee system should be designed to discourage unintended sudden and dramatic changes in municipal revenues.



S implicity

The Tax and Fee systemshould be as simple as possible to minimize compliance, enforcement and collection costs.

A ctions:

A dditional tax rates, boundaries, incentives and other systemfeatures shall not be used unless they make a clear and dramatic improvement in equity or transparency for a large number of citizens.

C hanges to the tax and fee system that limit the transparency of the systemshall be discouraged.

The number of methods of taxation or fees to pay for any service shall be minimized.

M inimize the administrative costs of the municipal tax system



T ransparency

It should be clear what taxes and fees exist and how and when they are imposed and what they are for.

A ctions:

M unicipal expenditures should be set to reflect <u>changes</u> <u>in households, inflation and services</u> and balanced against the tax burden.

The <u>tax burden needs to be intuitive</u> and should be clearly and easily understood.

The tax burden needs to be reviewed and set on an annual basis.



T axes and S ervices

H RM recognizes there are four types of taxes and fees that it may impose

U ser Fees

U ser F ees may be fully or partly used when an individual has a choice whether to consumer more or less of a service and the service can be denied that individual without affecting other citizens.

- the use of the service can be directly attributed to a specific individual.
- the benefit accrues chiefly to the user of the service
- there are no unintended or negative social or fiscal
- -a user fee provides for better management of the Region's resources



T axes

T axes are levied for a service when a broad range of taxpayers may be able to access, benefit from or cause the municipality to introduce a service. There are three types of taxes.

Individual T ax: Where a group of individuals in like circumstances benefit from or contribute to the need for a municipal service that is not a "C ore S ervice", that group shall pay a tax in some equivalent manner even though they may not all benefit equally.

Local T ax: Where a local community benefits from or contributes to the need for a municipal service that is not a "C ore S ervice", that community shall pay a community tax for the service.

Regional T ax: Where a "C ore S ervice" exists, all shall pay a tax for the service.



Types of Taxes and Fees: Example for Road Network

- A.	Fee	Fee Tax		
**	Individual	Individual	Local	Regional
Road Network	Toll road fees.	by frontage, by registered vehicle, by registered driver, Sales tax on tire or vehicle, fuel tax.	Tax on local area using a broad measure unrelated to use (eg, dwelling units, accounts, acres, land, buildings, property value).	Tax on region using a broad measure unrelated to use (eg, dwelling units, accounts, acres, land, buildings, property value).
How to Calculate				
Tax	Road Costs/Trips on road	Road Costs/Frontage	Road Costs/Property Value	Road Costs/Property Value
	Transponders	Road Costs/Dwellings on road Road Costs/Dwellings on	Road Costs/Dwelling Units	Road Costs/Dwelling Units
		HRM road	Road Costs/Adjusted Dwellin	ngRoad Costs/Adjusted Dwelling
		Road Costs/HRM Vehicles Road Costs/HRM Vehicles	Road Costs/Acres	Road Costs/Acres
		by Type of Vehicle	Road Costs/Land	Road Costs/Land
		Road Costs/Sales Value of Vehicles Road Costs/Sales Value of Tires Road Costs/Sales Value of Fuel Road Costs/Litres of Fuel	Road Costs/Buildings	Road Costs/Buildings
			Road Costs/Accounts	Road Costs/Accounts
		Road Costs/HRM drivers Road Costs/Type of HRM	Requires Boundary.Options:	
		Driver	Distance from Road	
			Type of Road	The state of the s
			Natural Boundary	
			Community	niscuss
				ct for Dr
				Draft for Discuss
				1

18



T axes and A bility to Pay

HRM recognizes that individuals may face circumstances beyond their control and that the tax levy for individuals should be capped according to their ability to pay. T herefore:

T axes should cause no individual to lose their home due to circumstances beyond their control.

The tax burden for individuals with lower or modest income should reflect their ability to share in the cost of municipal services.

A II Individuals should pay some taxes towards the cost of services.



Responsibilities of C itizens and G overnment

Responsibilities of the C itizen and T axpayer

T o report all circumstances that could affect taxes.

T o respect that lower taxes for themselves means higher taxes for others.

T o respect that requests for additional services may mean higher taxes fro some.

Responsibilities of H RM

T o ensure that all taxpayers understand their rights and the circumstances of their tax liability.

taxpayers according to
Provincial and M unicipal
law.

T o review all potential changes in the municipal tax system against this mission statement, principles and values.