

HALIFAX REGIONAL MUNICIPALITY

TAX REFORM COMMITTEE MINUTES August 2, 2007

- PRESENT: Councillor David Hendsbee
Councillor Brad Johns
Councillor Linda Mosher
Councillor Reg Rankin
Dr. Mark Gilbert
Mr. David John Grace
Mr. Robert Grace
Ms. Giselle Kakamousias
Ms. Janice Malay
Mr. Andrew Murphy
- ABSENT: Deputy Mayor Sue Uteck
Councillor Andrew Younger, with regrets
Mr. Randy Anstey, with resignation
- 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 Services
Ms. Carolyn Wiper, Administrative Assistant, Finance Services

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1. CALL TO ORDER

The meeting was called to order at 1:14 p.m. at St. Mary's Boat Club.

2. APPROVAL OF THE MINUTES - June 18, 2007

MOVED by Janice Malay, seconded by Mark Gilbert, that the Minutes of June 18, 2007 be approved. **MOTION PUT AND PASSED.**

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

Staff requested three items be added to the agenda under added items:

- 8.1 Resignation - Committee Memeber Randy Anstey
- 8.2 Survey Update
- 8.3 Schedule Update

MOVED by Councillor Johns, seconded by Janice Malay, that the Order of Business be approved, as amended. **MOTION PUT AND PASSED.**

4. BUSINESS ARISING OUT OF THE MINUTES - None

5. CONSIDERATION OF DEFERRED BUSINESS - None

6. CORRESPONDENCE, PETITIONS AND DELEGATIONS

6.1 Written Submissions on Tax Reform - *distributed in the July 12th package.*

6.1.1 Additional Written Submissions

Additional written submissions on Tax Reform were received.

Councillor Rankin asked that the Committee move to added item 8.1.

8.1 Resignation - Committee Member Randy Anstey

Moved by Councillor Rankin, seconded by Councillor Johns, that the Tax Reform Committee ask the Council Selection Committee to fill the vacancy at their next meeting, and that the Selection Committee look at the existing Tax Reform Committee volunteer list to chose the replacement volunteer. **MOTION PUT AND PASSED.**

7. REPORTS

7.1 Principles and Foundations of the Municipal Tax System Report - *distributed in the July 12th package.*

7.1.1 Principles and Foundations of the Municipal Tax System - Presentation

Shannon Bennett, Tax Reform Analyst, made a presentation on the Principles and Foundations of the Municipal Tax System. With respect to foundations, the public had expressed concern with the lack of connection between municipal taxes and the services they receive or their ability to pay. They felt strongly that as tax reform moves forward there should be a definite link between the taxes they pay and the services they receive, with some consideration for ability to pay. The principles that the public felt most strongly about were equity, transparency, stability, adequacy, simplicity, broad based and economic competitiveness.

Shannon Bennett suggested the Committee confirm the definitions and the level of priority for each principle, as some tradeoffs between principles may occur when tax options are developed. The Committee will also have to distinguish between core and "luxury" services, keeping in mind that they could be funded differently through a service based system. When developing a service based tax system, the Committee should consider such things as: do we charge people who benefit from the service, have access to the service, directly receive the service, or cause the need for the service. In addition, should consideration be given to the level of service people receive, and the cost of delivering the service? Based on this, the committee must determine who pays for the services ie. all of HRM, the community, individuals.

Shannon Bennett continued to explained that the Committee should also be looking at the ability to pay side. The Committee will need to determine what is taken into consideration when calculating one's ability to pay i.e. income, family size, assets.

Committee needs to decided on the appropriate emphasis between a system based on services and one based on ability to pay, ie. which foundation gets preference.

Moved by Councillor Rankin, Seconded by Mark Gilbert, that the Tax Reform Committee move forward to develop tax reform packages with the foundations based upon a combination of ability to pay and charges based on services provided. MOTION PUT AND PASSED

The Committee had a lengthy discussion on foundations, specifically on the balance between a services based system and an ability to pay based system, but in the end decided to stay with the passed motion without amendments.

7.2 Evaluation Criteria Presentation - distributed in the July 12th package.

Bruce Fisher, Manager of Fiscal and Tax Policy made a presentation to the Committee on Evaluation Criteria including Foundations and Values, Principles and Action Statements. He explained the difference between qualitative and quantitative evaluation frameworks, and illustrated how the Committee would use these frameworks for evaluating tax reform options. He also went over definitions for the principles that

should be considered when developing the packages such as: economic competitiveness, economic efficiency, equity, respect for other governments, stability, simplicity and transparency.

Staff thought that a qualitative approach would be better as it is more informative and easier to understand.

The Committee agreed that they should start with a qualitative approach.

7.3 Verbal Report on Core Services

Core Services were briefly discussed, but the discussion was cut short due to the time. The topic will be further explored at a later meeting.

7.3.1 Tax Structure Model

Due to time constraints, this item was deferred to the following meeting.

The Committee asked if they were going to meet with the Province on Assessment. Bruce informed them that he is still trying to set up a time.

The Committee asked that a couple of focus groups be held, targeting a younger generation. Bruce Fisher will contact Young Professionals Group, who was suggested by Greater Halifax Partnerships. He will also contact CMHC. It was suggested that the these focus groups may consist of young professionals and that early morning may work best.

8. ADDED ITEMS

8.1 Resignation - Committee Member Randy Anstey

This item was dealt with following 6.1.1.

8.2 Survey Update

Bruce Fisher gave an oral update on the survey. Staff received three quotes before choosing CRA, the lowest bidder, to administer the survey. Questions will be on awareness for the project, the need for tax reform, and questions on services.

8.3 Schedule Update

Andre MacNeil gave an oral update on the TRC's fall schedule.

9. NEXT MEETING DATE

The next meeting has been set for Thursday, September 6, 2007.

10. ADJOURNMENT

MOVED by Andrew Murphy, that the meeting adjourn at 3:00 p.m.

Carolyn Wiper
Administrative Support Assistant