

Costs of Municipal Services to Homes and Businesses

How Much do my Municipal Services Cost?

- When you go to a store, you typically pay each time you buy something. For public services, like roads or garbage pick-up you don't pay each time the service is used.
 - Partially for that reason, most people don't know how much public services actually cost
- Even public services with user fees, like swimming passes or bus tickets, don't usually charge the full price when you use it.
- HRM has done several studies that look at the cost of services, including:
 - ***Settlement Pattern and Form, with Service Cost Analysis*** (2005) which looked at the effect of density on the cost of providing services to HRM households
 - It indicates that some homes may cost three times as much to service as others
 - That study, however, did not look at the “other side of the equation” – how much tax revenue was received from various dwelling types
 - ***The Municipal Expenditure and Revenue Allocation Model or MERA*** (2007) looks at the demands of commercial properties and residential properties (and the users of these properties) on municipal services, as well as the direct and indirect benefits received
 - MERA suggests that commercial properties pay more for the services they receive, and residential properties pay less for the services they receive
 - Other information suggests that over 80% of homes (both urban and rural) pay less than the cost of services
 - What does this say about the current tax system? How might this impact the competitiveness in HRM?
 - ***How your Municipal Tax Dollars are Spent*** (2006) which highlighted how much of your tax dollars go to different HRM services, as well as some provincial services
 - For example, did you know that a typical household pays about \$26/month for the police service, and less than \$5/month for library services?

Should People Pay what it Costs?

- Often times the costs of these services are not well known – to residents and businesses.
- Would a tax system based on people paying for the costs of services (to them), lead to:
 - A positive environment for residential and commercial growth?
 - More efficient delivery of municipal services?
 - Could tax dollars be managed better if everyone paid what it cost?
- Sometimes, a fee for service system is simply impractical. For example, how could the police send a bill to a person arrested for a crime... could they invoice the victim?
 - Many municipal services are “common goods” that benefit the community as a whole
 - The tax system plays a role in allowing the costs of these services to be appropriately shared by community members
- Not everyone can afford to pay fees or taxes. How should a household's (or business') ability to pay be considered in a new tax system?

For More Information

- See HRM's Tax Reform website at: <http://www.halifax.ca/taxreform/index.html> , or
- Call HRM's Tax Reform phone line at: (902) 490-4886, or
- E-mail us at: taxreform@halifax.ca