

HRM Tax Reform Project-
Rebuilding the Municipal Tax System in HRM



Summary Report -
Tax Reform Spring Consultations

Executive Summary

The HRM Tax Reform Committee (TRC) has been mandated to look at alternatives to the current municipal tax system. In doing such, they developed a public consultation plan that would engage the public in the process of rebuilding the municipal tax system. As a result, the TRC had their first set of public workshops in May, 2007 to gather public input on the principles and foundations of a strong municipal tax system. Individuals were also encouraged to send written in submissions.

A full 85% of those attending the workshops felt that they were a useful exercise. As a result of the feedback provided through workshops and other submissions, it can be concluded that:

- Equity and transparency are key principles that are important to people. Other important principles were stability, adequacy, simplicity, broad-based and economic competitiveness.
- While there was no majority consensus, over 40% felt the foundations of the municipal tax system should be based a combination of both services and ability to pay.

A wide variety of other themes appeared at the workshops.

- Some argued that HRM should provide core services, with everyone sharing in the cost. Any additional services, however, should be paid for by those receiving the service.
- There was little satisfaction with the status quo. Over 95% agreed there was a need for tax reform. Concern was expressed with the market value system.
- Municipal spending was discussed with some stating expenditures should be declining.
- Participants were clearly concerned with the administrative costs of the current and any potential tax system.
- Many at the workshop volunteered their own tax proposals. Ideas included user fees, income tax, flat taxes and poll taxes.

Overall, nearly 150 individuals attended workshops and another 30 sent written submissions. Not all areas of HRM were well represented. Representation was weak from younger individuals, renters and mobile home owners, women, those with low or modest tax bills and individuals with lower incomes.

The following report summarizes the sentiments heard during the Spring. The TRC has yet to consider what a tax system based on these ideas would look like, and will be exploring that issue over the summer. Once the TRC has determined possible options, they will return to Regional Council for direction, and then to the public for further input.

Background

Tax Reform has been discussed by Regional Council and Committee of the Whole (COW) on a number of occasions. A motion was passed by Council on April 16, 2004 to look at alternatives to the current property tax system. Council discussed tax reform on March 8, 2005, September 6, 2005 and again during the COW Focus Areas on January 25, 2006. Tax Reform is described in the Regional Plans recommendations (Chapter 5 “Economy and Finance”) and is listed as one of the CAOs 2006-2007 Goals and Objectives. On September 26, 2006 Council gave direction to staff to continue the Tax Reform project at the “Rebuilding Foundations” level, with substantial public consultations. To lead the project at this level, Council created the Tax Reform Committee (TRC), comprised of Councillors, residents, and representatives of the business community.

Tax reform is designed to address issues with both residential and commercial taxation. The Tax reform project can best be described as encompassing six key issues:

- Rapidly rising, uneven market values, unrelated to municipal services or income levels,
- Resources being shifted to fund mandatory education,
- Issues surrounding urban, suburban and rural taxation and services (eg tax boundaries),
- The need to encourage growth and development,
 - Stronger connection between the tax system and the Regional Plan
- The requirement for a competitive taxation regime
- Unclear philosophy/ long term objectives for the current tax system.
 - Limited sensitivity to ability to pay
 - Weak connection between taxes and services.

There are four critical factors that will determine the success of the tax reform project.

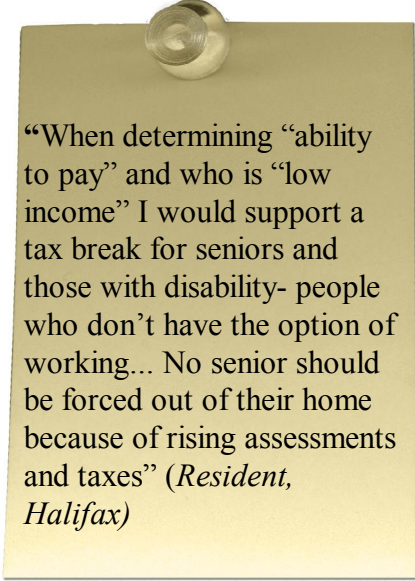
- Agreement on objectives
- Ability to accept change
- Ability to innovate
- Council leadership

Community involvement, understanding and interaction is critical to the success of tax reform. Tax discussions can be both complex and emotional and can be difficult to communicate. Hence, communications and organization is critical to the Tax Reform project.

Objectives of this Report

The objective of this report is to summarise the results of the spring consultations on Tax Reform. The spring consultations sought to identify:

- < “Principles” of a well thought out tax system and other issues of significant importance to HRM residents and businesses;
- < What “Foundations” the municipal tax system in HRM should be based on, i.e. ability to pay, services, a combination of both, or some other foundation;
- < How the views of residential and business persons may differ on these items.



“When determining “ability to pay” and who is “low income” I would support a tax break for seniors and those with disability- people who don’t have the option of working... No senior should be forced out of their home because of rising assessments and taxes” (*Resident, Halifax*)

This report will also be circulated to all workshop participants to allow them to see what was captured through the workshops in their areas, and throughout HRM. This report will help assure participants that their comments were heard, and will be taken into consideration during the next phases of the Tax Reform process. This report will also be circulated to Regional Council to communicate how the public feels the tax system in HRM should be rebuilt.

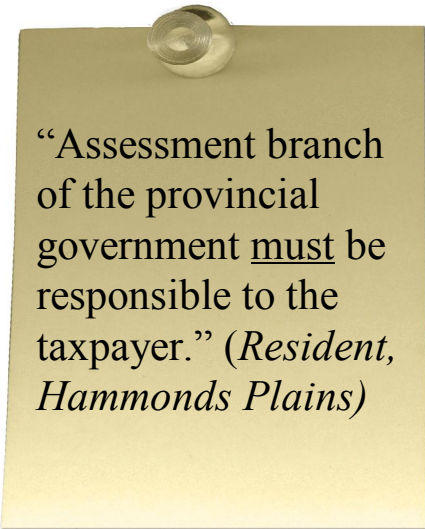
Public Consultation Process

At the “Rebuilding Foundations” level, the Tax Reform project requires significant public consultation. The TRC wanted to improve on the value of public participation through education on the current tax system and Tax Reform, all while encouraging active public participation throughout the Tax Reform process.

Changes to the tax system in HRM may not affect all taxpayers in the same fashion. In an attempt to create a tax system that better reflects basic principles, some tax bills may increase while others may decrease. It is important, then, to incorporate taxpayers in the design phase, and throughout the tax reform process.

Advertising Campaign (Appendix A)

The spring consultation phase was advertised through numerous means including the Chronicle Herald, the Daily News, the Daily News weekly, the Masthead, the Coast, and HRM Today. In addition, radio announcements were made on 97.5 FM and CBC radio. An advertisement on



“Assessment branch of the provincial government must be responsible to the taxpayer.” (*Resident, Hammonds Plains*)

Eastlink TV Guide Channel also ran for the week of May 23rd to May 30th. A general press release, and the updated website (www.halifax.ca/taxreform) were also important tools used in the advertising process.

Information brochures and posters were dispersed throughout HRM at grocery stores, libraries, recreation centres, and HRM customer service centres. Information brochures and posters were also distributed to the post office in Sheet Harbour. Lastly, the sign in front of the Firefighter’s Community Centre in Hammonds Plains was used to advertise the workshop in that area for a week prior to the session.

Staff also contacted rate payer and homeowner associations and individuals that had expressed interest in Tax Reform in the past (including those who had applied to be members of the Tax Reform Committee).

Most individuals found out about the tax workshops through newspaper advertisements and word of mouth.

Workshops

In the interest of gathering meaningful information in a limited amount of time, the TRC proposed a series of five spring workshops (four residential, and one business) across HRM between May 23rd and May 31st, 2007. The purpose of the workshops were to focus conversation around preferred principles and foundations of a municipal tax system. These workshops were designed to accommodate up to 50 participants at each location where participants would work in small groups through scenarios designed to focus conversation around “what the municipal tax system should be based on”.

In all the advertisements, interested individuals were asked to pre- register to ensure the facilities were large enough to accommodate those interested, and also to ensure participants could receive relevant information prior to the sessions. Participants were able to register over the phone with staff, via e-mail, fax, written submission, and through an internet registration form via the Tax Reform website.

A pre-workshop package (Appendix B) was mailed out in advance containing the Tax Reform information brochure, a list of possible principles for municipal taxation (with their definitions) and a series of 10 fact sheets containing background information relevant to municipal taxation. In addition, those attending the business meetings were sent information on HRM’s Municipal Expenditure and Revenue Model.

As an introductory exercise, each group member was given a list of Principles for a municipal tax system with definitions (see Appendix B). Those that pre-registered for the workshop received the information in the mail or via e-mail prior to the session. Group members were asked to indicate four of the ten principles that they felt were most important to them. If people felt the definitions did not represent what was most important to them, then they were encouraged to add their principle to the list for others to consider. Of their top four, participants were asked to indicate which principle was the most important to them. All chosen principles were marked on a group chart, with a star placed next to the principles that people felt were most important.

Following the principles exercise, the group then moved on to discuss two of four provided scenarios designed to discuss the Foundations of the municipal tax system (see Appendix C). These were based on the following topics: the cost of delivering services, the level of services provided, sharing in the cost of providing services, and ability to pay. In the Business Community workshop, the groups were provided with one of the cases covered by the residential groups, and one of two additional cases designed specifically for the business community (Appendix C). At all sessions, facilitators were present at each group to ensure the conversations would be meaningful to the Tax Reform process, and to capture the groups comments on municipal taxation. In addition, the overall meeting was lead by a professional facilitator.

At the end of each session participants were asked to fill out a feedback form providing their opinions on the usefulness of the sessions, their opinions on the needs for tax reform, and their choice for foundations (see Appendix D).

After the first session at the St. James Church in Halifax, it became apparent that participants were frustrated with the structure of the cases, and felt that they were not given the opportunity to communicate all of their concerns. To address this, facilitators began ending each session with an open “brainstorming” exercise that allowed participants to address any additional concerns they may have with the current tax system, and voice their suggestions for change.

Other forms of communication

In addition, those that could not, or chose not to attend the workshop were encouraged to send in their ideas on Tax Reform to the Tax Reform Committee either through e-mail, regular mail, or fax. Numerous submission were received this way, and continue to come in. An on-line comment form has been added to the Tax Reform website, and the TRC will continue to receive submissions over the summer months and into the next phase of the Tax Reform project.

“Address inequalities within residential sector and within commercial sector” (Member of the Business Community)

Level of Participation

In total, 145 residents and business owners participated in the workshops across HRM. The workshops in Halifax, Cole Harbour, and Hammonds Plains all had comparable levels of participation with approximately 40 people attending each. The Sheet Harbour workshop had a turnout of 13 people with another 5 people in attendance to observe. The turnout in Sheet Harbour was expected to be larger; however, an unforeseen event in the community, and difficulties in advertising in rural areas may have led to a lower turnout. The Business Community workshop attracted 21 business persons from across HRM.

In addition to the participants, observers included Councillors from across HRM, members of the TRC, representatives from the media, HRM staff, and staff from the provincial government.

Of those who attended, 119 (or 82%) filled out the provided feedback forms to help the TRC gauge how the process worked, and to determine demographic information on those who attended. Of those that filled out the forms, roughly 95% wanted to continue to be involved in the Tax Reform process.

Staff also received over 30 submissions through mail, e-mails, and phone. It should be noted, however, that some of the written submissions came from people that attended the workshops, and in some cases people attended more than one workshop.

Representation

In all, the workshops demonstrate just how difficult it is to consult with all areas and segments of the municipality. For instance, most participants were males (69.2%) and owners of single family homes/duplexes or condos (96.5%). Only 3% were apartment dwellers, even though nearly 40% of individuals in HRM live in apartments. Over 70% had family income over \$70,000.

In my own case, I see that I am paying 6 to 7 times as much as a neighbour perhaps 500 metres away. Of course he is happy paying the low end of the scale just as I am unhappy paying at the high end. It is in no way an equitable sharing of the cost of services. As far as I am concerned the person that I gave in this example and I should be paying the same amount. We get the same services.” *(Written submission, resident, East Chezzetcook)*

Demographically, those who attended workshops tended to be older. Nearly two-thirds were over 55 years of age. This compares to the general population (over the age of 20 years) where only 25% are 55 years of age.

Age Range of Workshop Participants

	Number and % Responding		% for HRM in 2001 Census
Age 20-24	0	0.0%	9.8%
Age 25-44	17	16.0%	43.9%
Age 45-54	19	17.9%	19.8%
Age 55-64	42	39.6%	11.8%
Age 65 years and older	28	26.4%	14.6%
Total	106	100.0%	100.0%
no answer	13		

Those attending workshops were more likely to have high tax bills. Approximately 40% of participants had bills over \$3,000 compared to the general home ownership of about 10%. Those with low tax bills were under represented.

Recent Property Tax Bills for Workshop Participants

	Number and % Responding		% Single Family Homes in HRM (2007)
Under \$1,000	3	3.0%	15.7%
Between \$1,000 and \$1,500	15	14.9%	21.9%
Between \$1,500 and \$2,000	25	24.8%	27.0%
Between \$2,000 and \$3,000	19	18.8%	24.1%
Between \$3,000 and \$4,000	18	17.8%	6.4%
Over \$4,000	21	20.8%	4.9%
Total	101	100.0%	100.0%

no answer	18		
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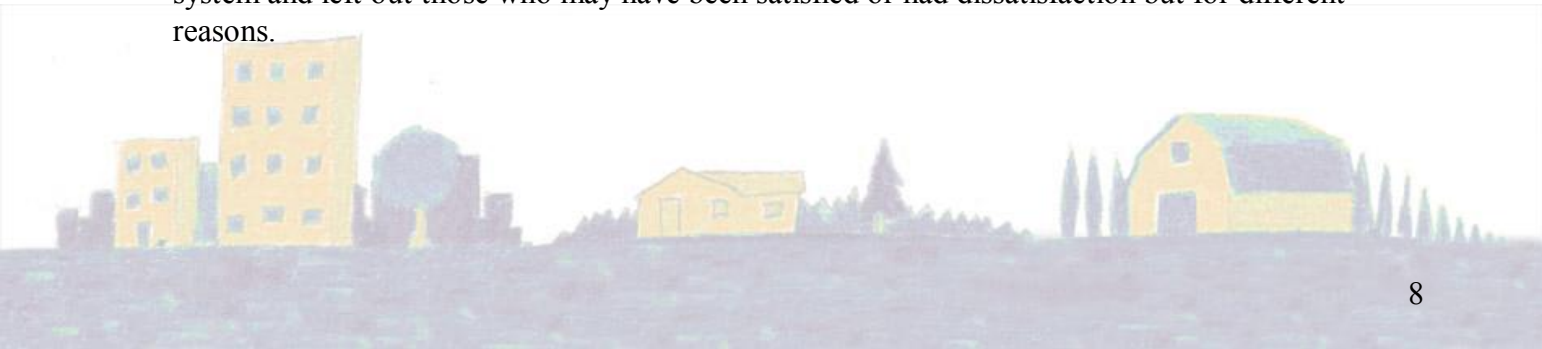
While all areas of HRM were represented, nearly 55% of all participants were from the Former Halifax County. Some parts of the former County may have been more heavily represented than other areas of the County. For instance, suburban tax areas were generally well-represented. Roughly 18% of participants were from the suburban tax zone even though only 7% of single family homes are located there. Rural areas in HRM (both in western and eastern HRM) were well represented. As rural HRM is a very diverse area, there may, however, be points of view that were not captured. The more urbanized parts of the former County were somewhat under-represented.

Where the Workshop Participants Lived

	Number and % Responding		% Single Family Homes in HRM (2007)	% Dwellings in HRM (2007)
by Former Municipal Unit				
City of Halifax	23	23.2%	23.1%	38.5%
City of Dartmouth	20	20.2%	15.1%	18.3%
Town of Bedford	3	3.0%	4.9%	4.1%
County of Halifax	53	53.5%	56.9%	39.1%
Total	99	100.0%	100.0%	100.0%
by Taxation Area				
Urban	59	59.6%	68.4%	78.9%
Suburban	18	18.2%	6.8%	4.6%
Rural				
- Western HRM	10	10.1%	11.0%	7.4%
- Eastern HRM	12	12.1%	13.7%	9.1%
Total	99	100.0%	100.0%	100.0%
no answer	20			

Bedford, Halifax and Dartmouth had prudent levels of participation compared to the number of single family homes. When compared to figures that include apartment dwellers, however, the former City of Halifax was under-represented at the workshops.

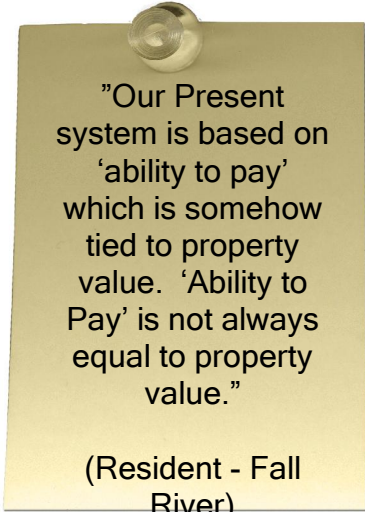
To a certain extent the consultations may have attracted those who had specific issues with the tax system and left out those who may have been satisfied or had dissatisfaction but for different reasons.



Principles of the Tax System

Principles

During the small group discussions, participants were asked to select the most important principles for a good municipal tax system. There was concern expressed by some participants that the definitions were not clear, or that they did not cover what they felt would be a key principle for a municipal tax system. As such, facilitators encouraged people to add their own definitions to the list to ensure that they were comfortable with their selection of their top principles. As a result, 11 additional principles were added by individuals through various workshops.



"Our Present system is based on 'ability to pay' which is somehow tied to property value. 'Ability to Pay' is not always equal to property value."

(Resident - Fall River)

When indicating their top four preferences, several principles were clearly coming through as being very important; specifically "equity" was by far the most frequently chosen with 102 people saying that it was in their top 4. In addition, "transparency" (67) and "stability" (52) were also chosen more frequently than others. "Adequacy" (48) rounded out the top 4 with "simplicity" (46), "broad based" (45), and "economic competitiveness" (36) close behind as favorites.

When asked to narrow their choice down to the principle that was most important to them, equity and transparency remained the top choices with 49 and 16 people respectively.

Not everyone felt comfortable choosing their top principles, and so the resulting numbers are not representative of everyone that took part in the workshops; approximately 87% of participants took part in the exercise.

It is clear that while different people have a variety of ideas surrounding what constitutes suitable principles for a municipal tax system, there is some consensus around the importance of equity and transparency. It was also clear, however, that "equity" might mean different things to different people and that there was no consensus on a definition.

Equity- As mentioned above, equity was a key recurring concern with attendants at all the workshops in HRM, both residential and commercial. The general comments from the residential workshops indicated there was little equity with the current system, and that increasing assessments are the driving factor behind those inequities. While the residential workshops focussed mainly on the inequity within the residential sector, those attending the commercial workshop discussed the inequity between the residential and commercial tax payers in addition to inequities within the commercial sector.

While it was clear that people thought that the current system lacked equity, there was no clear consensus on what an equitable system would look like, or what an equitable tax system should be based on.

Stability- While equity was clearly a key topic for people, there was also a concern with stability. Some suggested that there was a need to freeze the system to also ensure stability. While some felt that stability was the key factor for them (ie. didn't care that they were paying more than their neighbours for the same services, as long as there was stability), many indicated that starting from the beginning, fixing the system, and then freezing the system to add stability would be the most effective way of reforming the system.

Transparency- Transparency was another reoccurring topic that emerged throughout the sessions, especially in connection with accountability. People commented that there was a lack of transparency and accountability that stemmed from the provincial government handling the assessment side of property taxation, and the municipal government setting the tax rates.

Another note on transparency was the lack of understanding how the municipality spends its money. People suggested that there was not enough clarity on how municipal tax dollars are being spent. This point was especially made at the business community meetings.

Lastly, people felt that there was no clear link between what they were paying, and the services they were receiving. People stated that they would be more comfortable paying their municipal taxes if they knew where the money was going.



Foundations of the Tax System

The cases used to capture people’s ideas on the foundations of the municipal tax system revealed a variety of comments. During the workshops, no real clear consensus was reached as to whether the tax system should be based on ability to pay, the cost of providing municipal services, or the level of services provided. Feedback forms suggested that individuals preferred a combination of ability to pay and service based taxation. While there was strong support from some for an ability to pay system, the feedback results suggest most do not see this as the backbone of the system.

Several reoccurring themes did develop during the workshops that will help the TRC to move forward in looking at a series of Tax Reform options to bring back to the public in the next phase to confirm that reform is heading in the right direction.

Service Based system- Many people at the sessions found value having a system based in some part on the level of services received. While there was some favour toward charging people based on the cost of providing services, it was not as strong of a theme as basing taxes on the level of

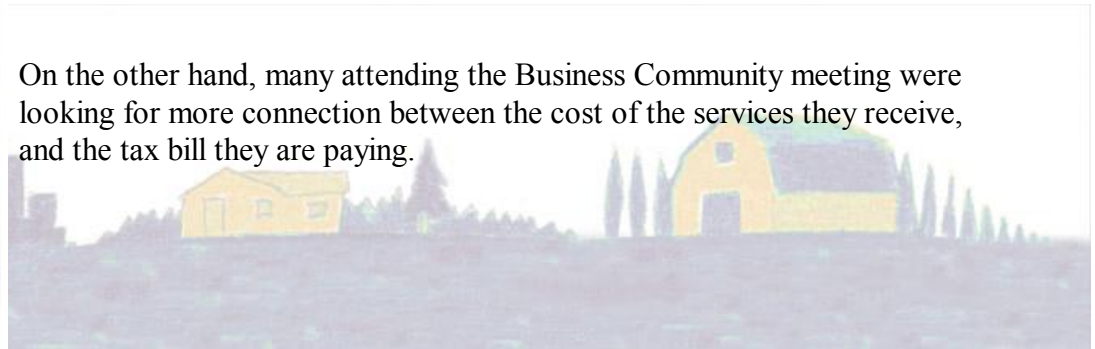
I think the tax system should be based on

	Number	%
Municipal Services	29	26.6%
Ability to Pay	12	11.0%
Both Service and Ability to Pay	47	43.1%
Other (Various)	21	19.3%
Total	109	100.0%
no answer	10	

services provided. Many agreed that if it costs relatively the same to service two properties, they should be paying comparable taxes. Also, some felt that people should be rewarded for living in cost efficient housing, such as condos. Yet people thought that their specific circumstances should be taken into consideration (ie. if they are forced to have a large lot size because of the need to have a septic and well system, they should not be penalized by the tax system). So while the idea of charging people based on the cost of services was often favoured in theory, when the issues was further explored many felt that this was secondary to the level of services received, and people’s ability to pay.

“... assessed values ... constitutes a tax at a rate that can increase annually on ‘presumed’ capital gain that may never actually be realized for tens of years ...” (*Written submission, Resident, HRM*)

On the other hand, many attending the Business Community meeting were looking for more connection between the cost of the services they receive, and the tax bill they are paying.



“While no system will be perfect residents should reasonably pay for the services they receive... Certain services should be the same for all...with the same rate paid by all and the same services provided to all.” (Written submission, Resident, Dartmouth)

Sharing in Services- One of the main reoccurring themes that emerged was the need for HRM to establish a set of core services that are provided to everyone in HRM, and that everyone should share in paying for these services. For additional services that were not deemed to be core services, many felt that those should be funded through other means, such as user pay. Distinguishing between “core” services, and “luxury” services was important to people in determining how revenue for funding these services should be collect.

Some also noted that when taxing these “core” services, it may not be on an HRM wide basis. Each community could be looked at individually with their level of services and community’s ability to pay taken into consideration.

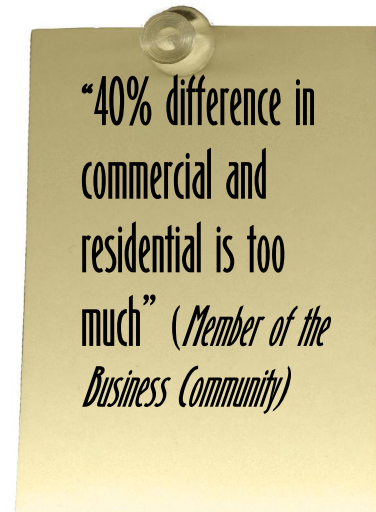
Ability to pay- While participants often saw logic in basing the system on the level of municipal services received, others believed that there was a larger need to consider one’s ability to pay. In several instances there was a strong debate between those who supported ability to pay and saw it as critical and others who were equally opposed, seeing it as stepping into the social area and away from a service based or other type of system. The debate occasionally focused on individual situations. For instance, while many felt that ability to pay and individual circumstances should be taken into consideration, it was also thought that people should be held accountable for their own decisions. If people chose to live above their means, they should not get a break on their property taxes. However, if people had purchased a home that was within their means, and rising assessment values or other circumstance beyond their control were behind their inability to pay, participants believed that there should be programs in place to help those individuals. These fears were summed up by one participant who stated that he was “afraid” that the time had come to adopt an income tax system at the municipal level.

In most cases, people saw value in having programs in place that would not force people out of their homes. Specific preference was given to seniors who may have a more restricted ability to pay than younger people. It was also suggested that young families can have an equally difficult time with their ability to pay.

Some participants favoured a tax system that was based solely on ability to pay, and some focussed on instituting an income tax. However, on the whole, the feedback forms seem to confirm that most were more comfortable having a system that was based both on service, and one’s ability to pay.

No consensus was reached as to what constitutes one’s ability to pay, or what should be taken into consideration when taxing someone on their ability to pay.

Commercial multiplier- Those attending the Business Community meeting had similar issues with the current tax system as those attending the residential meetings. There was a lot of concern with equity within the commercial sector, and many felt that this inequity was a key issue to address through Tax Reform. In addition to the inequity within the commercial sector, many believed that there was also a need to address the inequity between the commercial and residential sectors. Many indicated that they were paying much more than the residential sector, but were not receiving equal services. Some suggested that the commercial multiplier should be reexamined to determine if it was a fair basis for calculating commercial taxation. Others thought that the multiplier should be capped so that there would be no future increases.



Reconfirming Past Findings

In November, 2005 staff worked with the Corporate Research Associates Inc. to administer a municipal wide survey on the principles and foundations of the municipal tax system; results were roughly similar to those found at the spring workshops. When exploring the principles, the survey showed that equity followed by transparency were most important to residents. When probed on the foundations of the tax system, 77% indicated they would either mostly or completely support a system that was based on the level of municipal services received. In addition, 59% indicated that they would either mostly or completely support a municipal tax system based on ability to pay. Due to the complexity of the question, individuals were not asked if they preferred a combination of services and ability to pay.

The workshops were used to further test people's preference for one system or another, and to probe further in a manner that is difficult to do in a telephone survey. The preliminary results are indicating that people would be most comfortable with a combination of both service based and ability to pay.



Other Reoccurring Themes

The Need for Tax Reform - Little satisfaction was expressed with the status quo for a wide variety of reasons. Overall, 74% completely agreed that there was a need for tax reform while another 22% somewhat agreed.

Municipal expenditures- A considerable amount of time was spent discussing municipal expenditures. Many indicated that taxes should not be increasing, but rather they believed that the municipality's spending should be decreasing. Others stated that HRM was living beyond its means, or that it is delivering services in areas (ie social areas) where it should not. Some suggested services levels were constantly increasing, and stressed that there needed to be a standard service levels for the core services, and that other services should be considered luxuries that are only provided if there is money left over. Various comments were made that increasing assessments, and the resulting increase in taxes, are a cash grab for the city and that the city needs to get its spending under control.

One theme that came out at the business workshop was a concern that business tax payers have no real voice when it comes to municipal taxation and expenditures, as they do not get a vote.

Market Value Assessment- Assessment issues were another common theme that was prominent throughout the workshops. Some participants believed that increasing assessments were the main factor behind many of the tax system's problems. Some thought that there was little or no connection between the actual value of their home and the assessed market value derived by the province; this, they believed, is mainly because assessors are not looking at individual properties before assigning an assessed value.

One issue that came up was a belief that the strong economy was allowing people to purchase more expensive homes, and that this in turn is driving up the assessed value of more modest homes. There was also an expressed concern with the people moving to Nova Scotia, and building larger, more expensive homes, and presumably driving up the assessed value of their neighbour's property. In addition, waterfront property, and its increasing assessment values was also a concern. Many stated that these issues needed to be addressed, and that their homes should be assessed at the sale value, and then frozen at that level until sold again.

Another concern was with the appeal system for assessments. Some described the process as confusing, and felt that the time-lines associated with the process were arbitrary, and that it should be revised to be more user friendly, and customer oriented.

While it was argued that increased assessments could be a good thing, as it means the value of one's asset has increased, others felt that they would not benefit from the increased value of their

“No system is perfect, but I believe a system that assesses municipal taxes based on income, rather than property assessments is a far more equitable system. Such a system would avoid the current issues where property assessments increase significantly without a corresponding increase in ability to pay” (*written submission, resident, Dartmouth*)

property because either they have no plan to sell, or they do not feel they would actually be able to sell their property for the assessed amount.

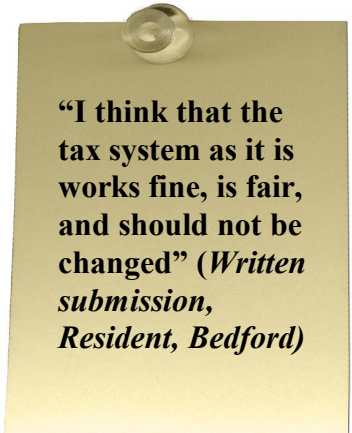
Despite the concerns with increasing assessments, there was still those that felt that market value assessments were still the way to go. It was felt that assessments, were they more reflective of actual market value, still has value as the basis of the tax system. At the Business Community meeting, some stated that an accurate market value assessment-based system would be the best possible system for municipal taxation (ie the “best of the worst”).

Administrative Costs- Concerns were raised around the level of administrative costs the municipality currently incurs with the assessment system. In addition, people were weary of the municipality moving towards taxation tools that would be more costly to administer. Some felt that the municipality could cut down on administrative costs by administering an income tax, and piggy-backing on the provincial and federal system already in place. However, others felt that moving to an income tax should be avoided, as it would be too costly for the municipality to administer.

Tools/Taxation ideas- Many people came to the sessions with ideas for specific improvements to the municipal tax system. Many of the tools mentioned included : user fees, an income tax, a flat tax per dwelling, poll taxes, levy limits, capping programs, and deferral programs. While the discussion of these tools was not the main focus of these workshops, comments will be useful for moving into the next phase of the tax reform process.

It was clearly communicated by some at the business meeting (May 31st) that the municipal government should not get any new taxing powers. It was feared that any new tax would be used to increase the revenue collected by the municipality, and not used to replace existing tools. Specific concern was expressed over the possibility of a liquor tax or a parking tax.

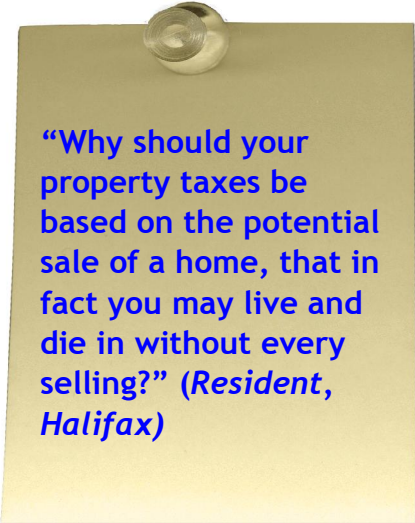
It was also suggested that the municipality should receive more of the revenue collected by the provincial and federal governments. This would make better use of the taxes already collected, as at the end of the day there is only one tax payer, and all levels of government should work together to ensure all taxation revenue is being spent efficiently. That being said, participants also felt that the municipality should not be paying for services that are not their responsibility (eg. education).



“I think that the tax system as it is works fine, is fair, and should not be changed” (Written submission, Resident, Bedford)

Evaluation of the Process

Initially, there was a level of distrust and cynicism on behalf of the participants. Comments were made that the Tax Reform exercise would be a waste of time, that nothing would be changed, or that HRM was really looking for a way to increase their revenues, and in the end, all would end up paying more. Some disliked the process of the workshops, and felt that they were too rigidly structured. However, at the end of the process, 85.2% of respondents either somewhat or completely agreed that the workshops were a useful exercise.



“Why should your property taxes be based on the potential sale of a home, that in fact you may live and die in without every selling?” (Resident, Halifax)

As previously mentioned, after the first workshop it was clear that people felt that the process involving the case studies was too rigid, not allowing people to have their say. The process was then modified to allow for a “brainstorming” session, and the probing questions associated with each case study were cut back to allow the group to have a more free flowing discussion, with the facilitator’s role to probe deeper on the issues when necessary. The result was a much more relaxed discussion on municipal taxation, and participants at the remaining sessions seemed more at ease with the process. The basic objectives of the workshops remained the same.

In addition, staff received some calls from people questioning the choice of location, and the number of workshops to be held. It is expected that in the next round of workshops, the TRC will hold more meetings that will cover more geographic locations across HRM. The TRC was prepared to add additional meetings during this phase of public consultation if necessary; however, none of the meetings attracted more than the sessions were able to accommodate, so additional meetings were not necessary. This lower turn out was likely due to the broad topic discussed, and it is anticipated that there will be a much larger turn out when the topic is more focussed on tangible taxation options. It is worth noting that individuals at workshops travelled from other areas of the municipality. For instance, nearly half the participants in the Halifax workshop came from outside the former City boundaries. There was no workshop in Dartmouth, however roughly 20% of all participants came from Dartmouth. Conversely, few from the Cole Harbour area attended a workshop, even though a workshop was available in the area. These results suggest that the workshops may have attracted less from a specific area than they did a specific type of homeowner.

A more aggressive advertising campaign may be needed for the next round of workshops. In doing so, the advertising campaign will have to be more inclusive to the rural areas. During this phase there was not enough lead time to get advertisements in all the community newspapers. Next time it will be important to advertise in local papers, as many people in the rural areas of HRM do not have access to cable, Halifax newspapers, or other forms used for advertising in this phase. The best way to reach the rural audience may be with a mass mail-out that reaches all households in HRM.

Steps should also be taken to ensure that there is a greater representation of all demographic components of HRM at the next round of consultations. As any change will have differing effects on people across HRM, it is important to also reach those who were not present in this phase of the project, ie. people under the age of 35, low tax homes, lower income households, renters, etc. Again, a mass mail-out would help ensure that people who fit these demographics are aware of the workshops, but more may have to be done to make the meetings more appealing and accessible to all (eg. Child care options, etc.).

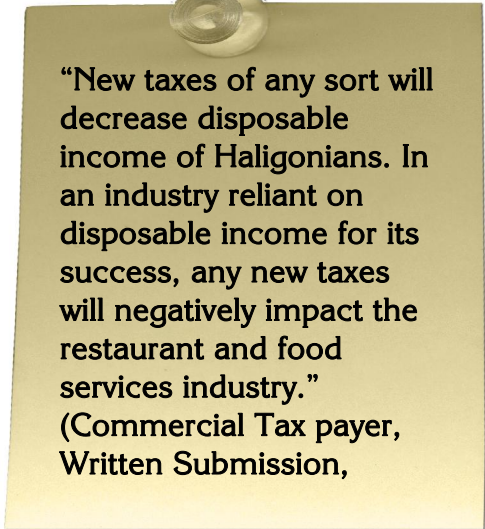
Next Steps

This report will be used as an update to Council, and will be sent out to all those who participated in the spring phase of public consultations, and posted on the web. The TRC will continue to collect feedback from the public on the principles and the foundations of the municipal tax system over the summer as they move forward on developing options for change.

It has been noted through the spring consultations that there are misconceptions that exist with the municipal tax system. These include assessment system practices, the services people currently pay taxes for through their tax bills, and the division of responsibility between municipal and provincial governments. These may represent problems with transparency under the current tax system. The TRC will review the current tax system and any proposed tax options to determine how they can be made more transparent. Further educational efforts between HRM and the community may be required.

Where there was no clear consensus on what the municipal tax system should be based on, the TRC may need to build time into the Tax Reform project to go back to the public to confirm that they are heading in the right direction when forming options for change; this will likely take part over the summer and into the fall.

The public could be invited to help further clarify important issues such as what is equity, what constitutes one's ability to pay, and what is defined as a core service. Those who participated in the spring workshops, as well as those groups that were missed, could be asked to comment further or invited to a series of focus groups that will allow the TRC to probe deeper on these issues. This could help ensure they are moving forward in the right direction when forming options.



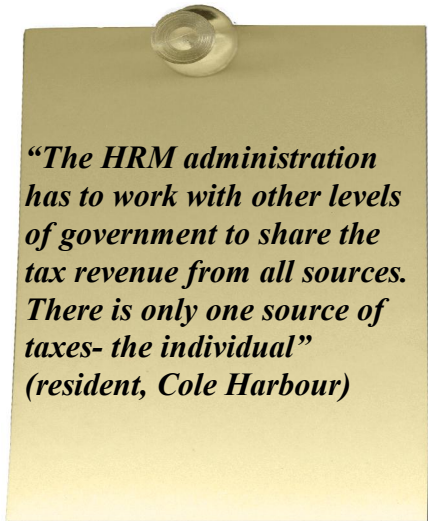
“New taxes of any sort will decrease disposable income of Haligonians. In an industry reliant on disposable income for its success, any new taxes will negatively impact the restaurant and food services industry.”
(Commercial Tax payer,
Written Submission,

Conclusions

While there was no strong consensus for what the municipal tax system should be based on, there were enough reoccurring themes that emerged that will allow the TRC to move forward with the Tax Reform process. People feel strongly that the current system is not fair. Many participants felt there should be a group of “core” municipal services that are provided to everyone in HRM, and for those services, everyone should share in the funding. Other argued that when applying municipal taxes, people’s ability to pay should be taken into consideration.

Keeping the public involved throughout the development of the options for Tax Reform will help reconfirm these themes, and ensure any options for change are based on the foundations developed by HRM as a community. Implementing any change has its difficulties; however, ensuring that taxpayers have a place in developing options will help ensure that potential changes are based on strong foundations that are supported by HRM.

The TRC will continue to engage the public throughout the Tax Reform process, and ensure that their needs and ideas are reflected in Tax reform options for an improved Tax System.



Appendix

Appendix A..... Advertisement Campaign for Spring Workshops

Appendix B..... Tax Reform Information sent to pre-registrants

- Information Brochure
- Principles
- Fact Sheets
- MERA Model

Appendix C..... Tax Reform Workshop Scenarios

Appendix D..... Principles - 1st Choice

Appendix E..... Feedback Forms

Appendix F..... Feedback Form Results

