




P.O. Box 1749
Halifax, Nova Scotia
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Item No. 04

**Committee of the Whole
November 10, 2015**

TO: Mayor Savage and Members of Halifax Regional Council
Original signed by 

SUBMITTED BY: _____
Richard Butts, Chief Administrative Officer

Original Signed by _____
Mike Labrecque, Deputy Chief Administrative Officer

DATE: October 15, 2015

SUBJECT: Commercial Tax Options for Small Business

ORIGIN

Regional Council, April 28, 2015:

MOVED by Councillor Mason, seconded by Councillor Outhit that Halifax Regional Council request a staff report and recommendations for changes to the commercial tax structure and for implementation approaches that shall:

- Address concerns regarding small and independent businesses in the central business district and main street and commercial corridors
- Outline options to address these issues
- Contain pros and cons of various courses of action
- Be returned for Council consideration no later than October 2015 so consideration can be given by Council prior to the 2016/2017 budget.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, excerpts below.

Section 93 (Estimates of Required Sums)

(1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year.

(8) The tax rates must be those that the Council deems sufficient to raise the amount required to defray the estimated requirements of the Municipality.

Section 94 (Tax Rates)

The Council shall set separate commercial and residential tax rates for the area of the Municipality determined by the Council to be:

RECOMMENDATION ON PAGE 2

- (a) a rural area receiving a rural level of services;
- (b) a suburban area receiving a suburban level of services; and
- (c) an urban area receiving an urban level of services.

Section 97 (Reduction of Tax Increase)

The Council may, by policy, to the extent and under the conditions set out in the policy, provide for the reduction of the taxes payable in respect of a residential property in a fiscal year set out in the policy, including being retroactive to the beginning of the fiscal year if the percentage increase in the assessed value of the property averaged over the fiscal year and such number of immediately previous fiscal years as prescribed by the policy is greater than the percentage prescribed by the policy for the fiscal year.

RECOMMENDATION

It is recommended that Halifax Regional Council direct the Mayor to write the Minister of Municipal Affairs to request that the Provincial Government, in order to increase predictability for taxpayers, consider making changes to the legislation governing the assessment process so that:

- a) The annual valuation is averaged over a three year period or,
- b) The full assessment roll is updated every three to four years, as is the current policy in Saskatchewan and Ontario.

EXECUTIVE SUMMARY

Regional Council asked staff to provide commercial tax options to address the concerns of small and independent businesses in Halifax. Staff met with representatives of 11 business associations and conducted a survey of 275 business owners to identify the issues most concerning businesses in the region. The property tax issues of greatest concern were two-fold: the unpredictable increases in assessment/taxation and the high taxes in areas of high value.

As well, staff asked business people how they would identify “small and independent” businesses. Industry Canada defines “small business” as those with 50 employees or fewer. Many local business associations thought that 50 employees was not “small” but 5 or 10 would be. There was no consensus on how best to measure “small” and caution was expressed that city programs not deter small businesses, even indirectly, from wanting to grow and become medium or large.

Fifteen options to address taxation concerns were reviewed, and grouped into four “approaches”:

- Changes to the timing of the assessment process
- Alternatives to an assessment based tax
- Changes to the current assessment-based tax structure
- General tax rate reductions

Each of the options was evaluated with respect to predictability, competitiveness, economic efficiency and simplicity (administrative ease). Pros and cons of each option and a summary are provided in Attachment 3.

Specific changes to the timing of the assessment cycle have the potential to improve the current system. A three to four-year assessment cycle or three-year assessment averaging would improve predictability and should be investigated further. Other possible approaches include a shift to a frontage or square-footage based building tax or even a maximum tax per square footage of building. Almost all options have legislative and administrative issues and none can be introduced for 2016-17.

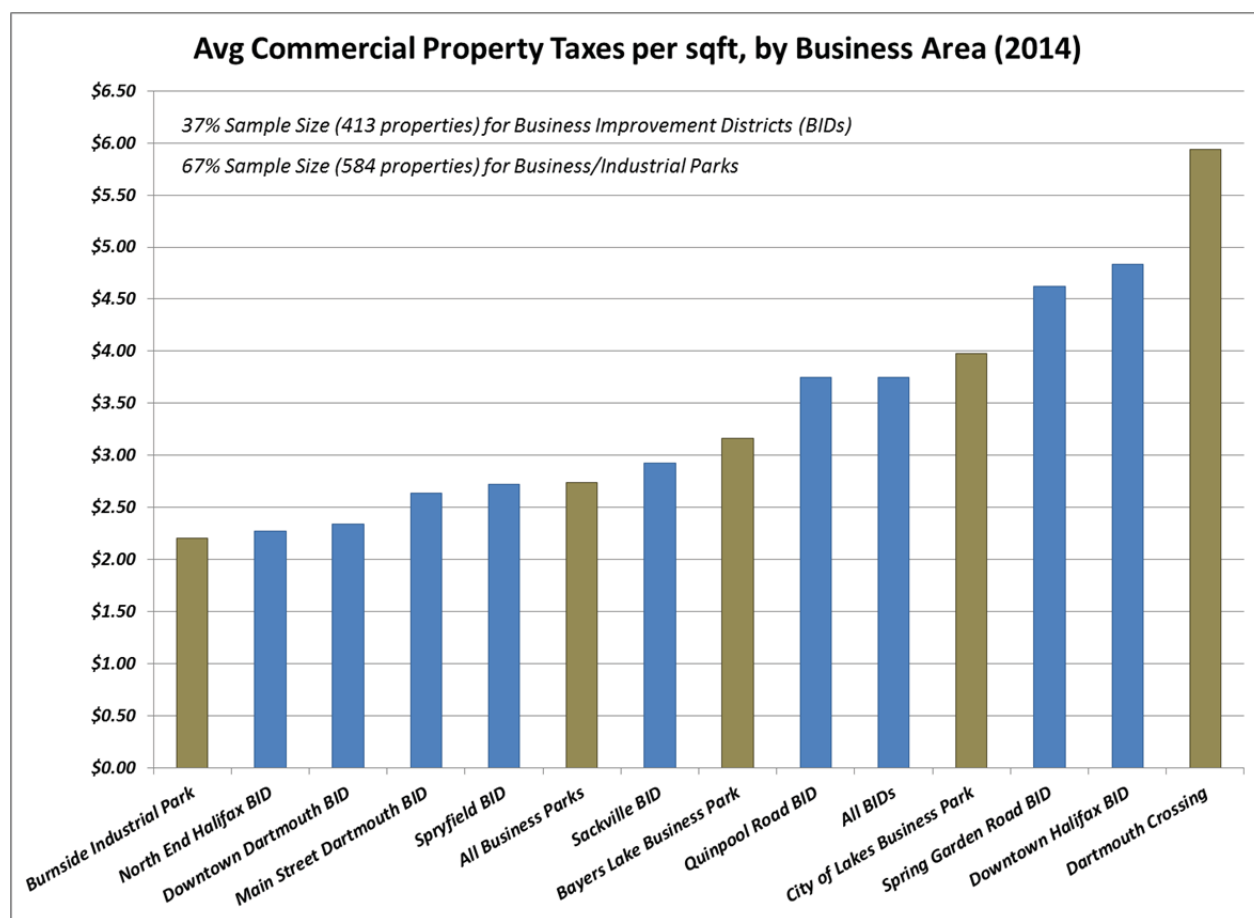
BACKGROUND

In Halifax, the municipal property tax rate is levied on the market value of commercial properties, hence leading to an annual property tax bill for Halifax’s 5,000 commercial properties. Municipal Council sets the tax rate for urban, suburban and rural properties each year based on its fiscal requirements and

alignment with changes in the local economy. The commercial tax rate is substantially higher than the residential tax rate and applies equally to all types of commercial properties, large and small. The assessed market value, however, is not set by the Municipality but by the Property Valuation Services Corporation (PVSC), an arms-length organization that administers the *Provincial Assessment Act*.

Halifax's business sector is quite diverse given the size of the Municipality with a wide variety of different types of properties and businesses. Many businesses lease or rent their premises and hence pay commercial tax through their monthly payments. Other businesses own their own properties or, in many cases, own multiple properties. The many types of properties range from large office towers to small rural businesses, shopping malls, big box stores, funeral homes, gas stations and vacant commercial land.

Taxes vary substantially across individual properties and it is difficult to compare or summarize the property taxes paid by different businesses. Variations in tax bills are heavily influenced by the assessed value of the property, which in turn is influenced by many factors including the land values, age of the building, the quality of the building structure (eg, high-end finishes versus prefabrication), and location (area of the city, arterial vs local road frontage).

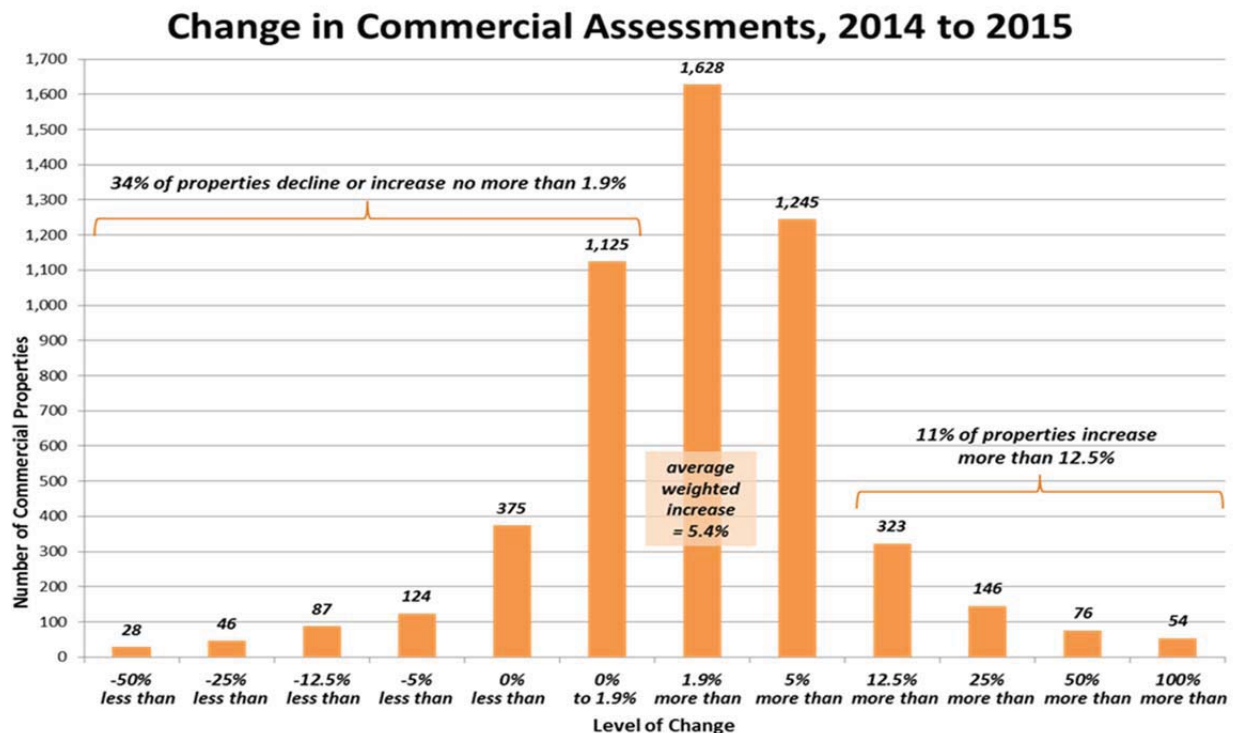


Geographic differences in the average tax bills are a combination of many factors, including the different mix of types of properties. Appendix 12 shows commercial property tax bills mapped out by colour code. Within an area of the Municipality, or within property types, the average bill can vary quite widely. Examples of property tax bill by property type (2014 tax bills), are shown below.

Commercial Classification	Avg Total Tax	Tax per SqFt (weighted)
Offices, Class 'A'	\$1,318,000	\$6.27
Offices, Other	\$115,000	\$3.64
Shopping Centres	\$199,000	\$3.15
Retail/Office	\$20,000	\$2.92
Restaurants, Fast Food	\$28,000	\$7.85
Restaurants, Other	\$23,000	\$4.11
Gas Stations	\$31,000	\$10.18
Service Stations	\$18,000	\$6.23
Auto Sales	\$64,000	\$4.05
Services	\$16,000	\$2.57
Home-based Business	\$8,000	\$2.47
Warehouses	\$48,000	\$2.17
Industrial	\$52,000	\$1.49

Property tax is not a service-based tax but is designed to be a wealth-based tax. The implicit assumption is that businesses that own more expensive property can afford to pay higher taxes. Past research suggests that, because of their much higher tax rates, commercial properties tend to subsidize residential and other classes of properties. Despite suggestions to the contrary, there is almost no evidence to determine whether some types or groups of businesses subsidize other businesses. It would seem likely that dense properties, such as multiple story office towers, contribute relatively far more to municipal revenues than smaller commercial properties. However, it is still possible that smaller properties may pay more in tax than the cost to service their locations. Municipal staff has not undertaken any detailed research in this area.

Over the last five years Council has debated and discussed the impact of changes in the assessment roll on the tax bills of smaller commercial properties. Under the annual appraisal system there are instances where individual properties assessments have risen or fallen dramatically. Such instances are a minority of cases but can still have significant impacts upon individual businesses and entrepreneurs.



To better inform Council, staff undertook the following actions to prepare this report:

- Staff met with representatives of six business improvement districts and other business organizations (Attachment 9) and in many cases received written submissions (See Attachment 10).
- A web survey was undertaken
- The Halifax Partnership and PVSC were both consulted
- Tax programs and systems across the country were reviewed (Attachment 13)
- A professional survey of business with follow-up focus groups was commissioned (See Attachment 1)
- Fifteen various tax options were examined (Attachment 3)

DISCUSSION

In order to evaluate the current tax system and possible changes to it, staff established four key principles that it used for evaluation. These outcomes came out of its various discussions with business groups as well as its understanding of key tax principles.

- (1) **Predictability** – A common complaint from business is the current tax system's lack of predictability. Assessments are provided to owners early in the calendar year and become the basis for that year's taxes. Until they receive an assessment notice, business owners are unable to know for certain how their assessment might change. This provides business with more limited room to react. If taxes rise substantially they have limited options in their current business cycle. For instance, some business costs (eg long term leases) may be fixed in the short-run. Greater predictability can provide businesses with longer term planning assumptions to manage changes to their overall cost base. Predictability does not mean that tax bills will be lower or higher, just that they are more certain.
- (2) **Efficiency (or Bias)** – Business is frequently concerned that the taxes it pays should be comparable to those of its competitors, so that each competes for customers from the same

starting point. In the case of property tax, this might mean that taxes are comparable across different areas or between businesses that own their own commercial space and those that rent. To a certain extent, this can become a subjective debate. Council is also free to accept that it wishes some part of the tax system to be inequitable, in order to promote a public benefit.

The property tax does not affect every business in the same manner and to the same extent. To the extent there is a built in bias for or against any type of business, it can be said to be “inefficient”, hence encouraging businesses to take actions that otherwise they might not do. All tax systems have bias of some sort, intentional or otherwise. Concerns with the current system include:

- Property tax implicitly assumes that every business needs the same type of property footprint. However, businesses vary a great deal in their need and use of commercial space. Some require office space, others production/manufacturing space, circulation space for customers to shop or tables for patrons to dine. Highly profitable tech firms may need very little space. The quality of finish of a restaurant will be completely different from a bulk warehouse. In short, space requirements have little to do with profitability or competitiveness.
- The market value of land varies throughout the Municipality. For example, it is over \$225 per square foot in Downtown Halifax and Spring Garden Road, \$100+ per square foot on Quinpool Road and \$16 per square foot in Woodside. The land value may reflect a higher road or foot traffic location that could translate into a larger clientele and greater sales. In other cases, it may reflect greater services availability in the area, e.g. restaurants, recreation, etc. that could be attractive to potential employees or the owner. For many smaller properties, the land value can be a greater share of total assessed value. Hence they can face greater volatility in their tax bills due to land values.
- Location Bias has been a common complaint amongst downtown businesses. They have argued that downtown taxes are higher than elsewhere in the Region, hence forcing businesses into suburban areas. There are significantly high taxes amongst many businesses on the peninsula but there are also numerous incidents of lower commercial taxes. Moreover, suburban area taxes are often not low either. A study undertaken for Halifax in 2012-2013 by Altus concluded that “property taxes are not one of the most significant considerations for office or retail tenants when determining where to locate within [the Halifax region].” See the Executive Summary of the 77-page report (Attachment 11).

Location of Properties with Land Values over 75% of Total Value

District	# of Commercial Properties
8 Halifax Peninsula North	87
7 Halifax South - Downtown	31
6 Harbourview - Burnside - Dartmouth East	27
16 Bedford - Wentworth	26
15 Lower Sackville	21
5 Dartmouth Centre	17
3 Dartmouth South - Eastern Passage	14
9 Halifax West - Armdale	12
11 Spryfield - Sambro Loop - Prospect Road	11
1 Waverley - Fall River - Musquodoboit Valley	9
4 Cole Harbour - Westphal	8
10 Halifax - Bedford Basin West	7
13 Hammonds Plains - St. Margarets	7
2 Preston - Chezzetcook - Eastern Shore	6
12 Timberlea - Beechville - Clayton Park West	5
14 Middle/Upper Sackville - Beaver Bank - Lucasville	3

- The property tax charged to a business does not normally reflect their revenue or net income. The revenue of a business is not directly related to the space it occupies or the value of that space (or the land under it). There is evidence that revenues (per square foot) vary significantly between sectors and within sectors. Based on a sample of 100 restaurants and 100 consulting firms, revenues per square foot of space differed substantially:

Revenue range	Restaurant	Consulting	Ratio
Median revenue (per square foot)	\$44	\$115	2.6
Low revenue (10 percentile)	\$27	\$74	2.7
High revenue (90 percentile)	\$88	\$228	2.6
Ratio (within sector)	3.2	3.1	

If the average property tax for Dining was compared to that for Consulting located in a Class A Office Tower, the tax for dining would be nearly twice that of consulting.

Illustrative Example of Property Taxes relative to Revenues

	Revenues per Square Foot	Taxes per Square Foot	Taxes as a percent of Revenues
Dining	44	4.11	9.3%
Consulting	115	6.27	5.5%

Assumes median revenues and average property taxes

- (3) **Economic Competitiveness** – Competitiveness looks at the ability of the region to compete and to provide greater wealth for all citizens and business, not just shifts in income from one taxpayer(s) to another. It is a difficult concept to measure and evaluate. Ultimately wealth comes from many sources including advantages that enable business to be more successful, attracting outside investment and promoting exports. Smaller businesses are typically significant employers but their expansion and prosperity hinges more on broad economic opportunities than simply on tax.

As part of a survey of business, participants in a focus group were quizzed as to how property tax savings would be utilized:

*Among those who believed a reduction in property taxes would impact their business, interviewees reported that such savings would **positively add to their bottom line** (i.e., provide additional profit for owners), allow them to **lower consumer prices**, offer **salary raises** to staff, provide funding for **advertising**, and/or **help pay for needed renovations**.*

*Interestingly, despite many businesses reporting that a decrease in property taxes would have limited to no impact on their organization, **participants uniformly agreed that any increase to property taxes would be highly detrimental to their operations**. Indeed, when asked how much of an increase their organization would be able to take, all indicated their organization had little to no room to absorb any added expense.*

- (4) **Administration** – Several key issues surround the ability of the municipality to bring about any changes to the taxation system. The first is the existing legislative framework. Provincial legislation (the Assessment Act) determines how PVSC assesses properties, while the Halifax Charter sets out how the Municipality may tax them. Many of the options described in this paper will require amendments to such provincial legislation. Such changes require provincial consent and are unlikely to occur before the 2016-17 municipal tax rates are established. Secondly, even with legislative changes, municipal tax systems would need to be altered and advance notices would need to be given to businesses, providing them time to adapt. In several instances (taxes based on square footage, building valuation, or a max tax) there is insufficient data at this time to implement such a system. If Council views these options as providing “solutions”, it should work towards complete and quality data and legislative changes to allow them to occur in the medium term future.

Consultations with Business

At the direction of Council, staff undertook consultations with business as to the issues and solutions for the municipal tax system, especially as it pertains to small and independent business. The various

comments and recommendations from BIDCs, Business Associations and others are attached as Attachment 10. Also undertaken was a professional survey of business, with an attempt to gauge attitudes towards taxation and how businesses responds to increases and decreases in taxation.

BIDCs and Business Associations reflected a broad agreement that commercial tax structure was inadequate and inequitable. A frequent theme was the perception that small business was paying more taxes than larger and/or suburban businesses, that it was subsidizing other areas such as business parks, and that taxes in general were too high.

The CRA survey provided some interesting context for property and other taxes. The top five issues identified in the survey were (1) Attracting business customers; (2) Employees/finding qualified staff, (3) Economy/Lack of economic growth, (4) the Cost of doing business, and (5) Competition. Property tax was most likely to be mentioned by new businesses or those with small revenues, generally under \$100,000. When asked to rank municipal specific factors they responded:

Table 4a-g
Importance to Success of Business

Good traffic and road conditions	64%
Safety on the street?	61%
Low property taxes?	58%
Ease of parking?	57%
Cleanliness and attractiveness of the street?	56%
Ease of dealing with municipal administration?	47%
Access to public transit	38%

In addition,

- One third of businesses rated low property taxes as extremely important (10 on a scale of 1 to 10) to the success of their business. Responses to this question were generally consistent across the region and regardless of size. Responses were somewhat higher for owned vs leased business and for those with five to nine employees.
- However, most business, including small and independent business, indicated that payroll taxes were the type of tax that had the biggest impact on their business. This was followed by income taxes. Less than 20% indicated property taxes were the tax of biggest concern to them.
- When asked what reduction in property tax was required to make a significant positive impact on their business, over half were unable to provide advice or felt a reduction was not necessary. One in six suggested a reduction of ten percent or less would make a significant positive impact on their business. Twelve percent indicated a reduction to ten to twenty percent with the remaining 22% wanting higher reductions in property tax.
- Almost two-thirds of business said they would be unwilling to support reductions in property taxes if it also meant reductions in public transit, road works or safety or cleanliness of streets.

Definition of Small Business

Small businesses generally consider themselves to be small on the basis of the number of employees, and in some cases, revenue. Industry Canada defines small businesses as those firms with fewer than 50 employees, which is the average number of full-time employees. For companies which defined themselves as small, independent businesses in the CRA survey – the average number of employees was 11.3. More details on how small was defined by business owners (and associations) is provided in Attachment 2.

The property tax system does not have data on employment. With extensive administrative work and extra costs, it is not possible to base property tax relief on the number of employees. There is some limited capability to distinguish between small and large properties (based on value or size) but such definitions do not adequately capture “small” or “independent” business.

Options for Consideration

Staff evaluated fifteen different options for change to the commercial property tax system. Some of these options were suggested by Councillors or during the Council debate while others came from the business community or arose during staff’s research. Options generally fell into four categories:

- Changes to the timing of the assessment process
- Alternatives to an assessment based tax
- Changes to the current assessment based tax structure
- General tax rate reductions

The full suite of options is included as Attachment 3. Staff’s conclusions are that there are several options that hold some potential for positive impact although there are downsides or serious limitations to several of these.

Assessment-Based Changes

Changing the timing of the assessment “base date” may improve predictability for business, although it will not have any significant impact on equity or their competitiveness.

Currently the assessment roll is updated every year to reflect market conditions for the base date, currently two years previous. The changes in that roll are based on available data for the year including commercial sales data. Often the amount of available sales data is limited, due to the small commercial market in Halifax and the wide variety of business types and locations. Once that roll is updated and provided to Municipalities and taxpayers in January, it is used in the upcoming budget debate, with the new tax rates effective as of April 1st and fully due by October. This provides the Municipality with a limited window to alter its budget planning and with businesses a short period in which to adjust their business plans, revenues and expenditures. For those businesses with significant increases, the adjustment can be difficult.

The annual roll does not need to be prepared in this fashion and other provinces have alternative methods. Saskatchewan updates its roll every three years. The Ontario model provides some advance warning to both business and municipalities. Under that approach the roll is fully updated every four years. However, the new value that is established (increases and decreases) is phased in over the following four year period, at 25% per year. New properties and improvements are added on fully when undertaken. The end result is that both business and municipality are aware of what changes are coming several years in advance.

Shift taxes away from Assessment to a different type of tax

Many of the issues surrounding predictability and competitiveness occur because of the biases that are built into the market value tax system. In order to deal with these issues staff looked at switching from an assessment system to one based on other features. Not only might such as approach deal with the bias that exist, but this group of options would not necessarily discriminate between small businesses where the property is leased vs owned. Staff felt there were two alternatives that had some merit, although neither can be implemented for 2016-17.

The first option was a frontage based system. Frontage is one of the key drivers of municipal costs and can be applied equally to different types of property structures such as big boxes, small storefronts and shopping malls. The data is generally available for frontage although some administrative procedures will

likely require revisions and computers will require additional programming. In addition, frontage is allowed under the *Halifax Charter* under limited conditions such as for specific services. The downside to frontage is that a frontage tax will generally benefit not small properties but rather large properties that have density (eg office towers) or those with high value relative to their road frontage including grocery stores and some shopping/big box facilities. If Council wished to offset this impact, it might try a variant whereby it levied a frontage tax with a deduction for the first 50 feet of frontage. This might provide an alternative to assessment while still supporting small, independent firms.

The second option is to shift tax away from assessment towards a tax on square footage of floor space. Many businesses rent or own retail space based on their ability to generate revenues and profits relative to floor space. In fact, many rental properties, charge property taxes out to lessees based on the square footage they occupy. There are two major obstacles to this approach. First, square footage data is only available for about half the businesses in the region, and even then the quality cannot be independently confirmed. Secondly, many businesses are not retail in nature and square footage is not a significant metric to them (eg gas stations). Small buildings on large pieces of land or vacant land would not attract this tax. If Council wishes to pursue this type of tax, tax on square footage could be better developed over the next several years although there may be a cost. Another variant on this tax might be to tax the size of the building, as with new technology this type of data might be easier to acquire.

Changes to the current assessment-based tax structure

There are several approaches that might be tried that change the current assessment based tax structure.

The first is to implement a small property tax rate. Under this approach every property would pay a two-tiered rate. The first tax rate would be lower than the second. For example, there might be one tax rate on the first \$750,000 and the second on all amounts over \$750,000. On the surface this approach appears to treat every business the same since all are subject to the same two rates. However, it does introduce a new, additional type of bias into the system. Small properties are not the same as small businesses. Those businesses that own or lease a small space that is self-contained would see their taxes decline. This includes businesses that have multiple small spaces. Those who lease in a larger building, or who own a larger building but only occupy a portion of the space, will see their taxes increase. So while this system does provide tax relief to some small businesses it will also increase taxes on other small businesses. Some of the later will have limited opportunities to move into small properties.

If Council wishes to extend this type of program to those that lease or rent, it would have to revert to an application based program not dissimilar to the Business Occupancy Tax, which has been eliminated.

The other option is for Council to introduce a maximum tax for business based on their tax per square feet of occupancy. The advantage here is that Council could limit the extent to which tax becomes excessive for some spaces. It would shift taxes from highly taxed properties to others, hence evening out the tax levy. It does face some of the administrative and data issues that surround a tax on square footage of floor space and would require additional administrative procedures and costs. It could not be implemented for 2016-17.

General Tax Rate reductions

Reducing the tax rate across the board for all businesses would make the economic environment more competitive. It would not provide greater predictability for those with quickly increasing assessments nor would it resolve the bias that many perceive to be in the tax system.

Conclusions

Different approaches produce different policy results. None of the options, with the exception of lowering the overall commercial property tax rate, appear to make Halifax business more competitive. Several of them, the small property tax rate in particular, introduce additional bias into the system and while they will lower taxes for many small businesses will raise up taxes for other small business community. One of the important factors to remember is that the business community is generally interdependent. Many businesses buy their inputs and products or sell to other businesses. The economy cannot easily be made stronger by shifting taxes from one part of the business community to another. None of these changes could be ready for the 2016-17 budget.

There are several options that could improve predictability. A commercial frontage tax holds that potential as does a square footage tax or even a maximum tax.

Because they have the strong potential to provide greater predictability to the business sector, it is recommended that adjustments to the base date for assessment should be investigated further and that the Province of Nova Scotia should be engaged to consider amending the relevant provincial legislation.

FINANCIAL IMPLICATIONS

There are no overall financial impacts to the municipality, assuming that the municipality adjusts its commercial tax rate to adjust for the deferred assessment base. However, the recommendations could cause a 2+/-% shift in taxes between some commercial properties, from the status quo, due to assessment lags. Nonetheless, there could be a modest economic benefit as a result of a more predictable taxation system and an improved businesses climate.

COMMUNITY ENGAGEMENT

Extensive engagement, including face-to-face meetings, has been carried out with a variety of Business Associations, Chambers of Commerce and organizations working with businesses in the Halifax region between July and September

Also, a survey of 275 Halifax business owners and managers was conducted in mid-August through mid-September 2015 on issues affecting small & independent business. In addition, in-depth interviews were conducted with 10 small business owners to better understand the issues affecting them. The survey results are shown in Attachment 1.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

ALTERNATIVES

1. Council could consider a targeted Maximum Tax (per square foot of building space) program, by application, to reduce taxation of those at the highest tax levels.
2. Council could consider moving toward a more service-based approach, by implementing a frontage tax for a portion of the commercial tax revenue.
3. Council could consider moving towards a property tax based on square footage of building space for a portion of the commercial tax revenue.

ATTACHMENTS

- Attachment 1: CRA Small Business Survey Report & Detailed Tables, September 2015
- Attachment 2: Detailed Discussion of the Definition of Small Business
- Attachment 3: Summary of Tax Options & Analysis + Detailed Discussion
- Attachment 4: Impact of Lower Tax Rate on first \$750,000, \$1,500,000 & \$2,250,000 of assessment
- Attachment 5: Impact of Taxes on Building Assessment only
- Attachment 6: Impact of Shifting Taxes from Assessment to other Metrics
- Attachment 7: Impact of Commercial Tax Options, by Sector (CMIC)
- Attachment 8: Impact of Commercial Tax Options, by Community & Area
- Attachment 9: Presentation to Business Associations, July – September 2015
- Attachment 10: Written submissions from BIDs, Halifax Chamber of Commerce and CFIB
- Attachment 11: Halifax Business Location Study, 2013 – Executive Summary
- Attachment 12: 2014 Commercial Tax Intensity Map
- Attachment 13: Summary of Commercial Tax Programs in other Canadian Cities
- Attachment 14: Commercial Tax Benchmarks, 20 North American Cities, 2015

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Halifax Regional Municipality

Small and Independent Business Study

Summary Report

September 2015

*Prepared for Halifax Regional
Municipality by:*

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HALIFAX

The primary objective of the Halifax Regional Municipality's 2015 Small and Independent Business Study was to gain a better understanding of the current challenges and issues facing small and independent business owners within the Halifax Regional Municipality. More specifically, this study aimed to achieve the following objectives:

- *To determine how small and independent businesses are defined (i.e., determine how these organizations perceive themselves as small/independent business on the basis of number of employees, size of office, revenue, ownership, number of properties owned, etc.);*
- *Understand the key issues facing small and independent businesses; more specifically, determine the extent to which property taxes are seen as a key issue; and*
- *Explore the effect property taxes have on business operations overall.*

The 2015 Small and Independent Business Study was conducted in two-phases, including quantitative and qualitative approaches.

The first phase of the study involved a quantitative, random telephone survey with small/independent businesses within the Region. A total of 277 surveys were completed between August 3rd and September 15th, 2015, allowing for an overall margin of error of $\pm 5.9\%$. On average, the survey length was 11 minutes. Soft quotas were established to ensure the majority of interviews were conducted with those businesses that self-defined as small. In total, of the 277 interviews, 69% self-identified as small businesses, 25% medium and 7% large. In addition, 88% overall self-identified as independent businesses, such that a total of 177 interviews were conducted with businesses self-defining as both small and independent. Graphic representations throughout the quantitative section of this report compare the overall (277 interviews) with small and independent businesses (177 interviews).

The second phase of the study involved a series of qualitative, in-depth interviews with business owners recruited during the telephone survey. A total of 10 interviews were completed between September 1st and 3rd. Eight of these interviewees self-identified as small business owners, while two self-identified as medium. All were independent businesses.

The following highlights are derived from the results of the Halifax Regional Municipality Small and Independent Business Study:

- Small businesses generally consider themselves to be small on the basis of the number of employees, and in some cases, revenue. The average number of full-time employees for small and independent businesses in the Municipality is 11.3.
- In terms of profile:
 - Small and independent businesses are most commonly engaged in the retail sector, (one quarter of those surveyed) with one in ten in the restaurant and food services industries, a further one in ten working in professional services, and nearly ten per cent in construction;
 - The majority of small and independent businesses operate a single location in Halifax (81%), though the average number of locations for this group is 1.5;
 - Fewer than one in ten operate as part of a franchise;
 - Small and independent businesses are longstanding businesspeople, with the average number of years in operation being nearly 20 years;
 - The majority of small and independent businesses rent their property (73%);
 - Half of small and independent businesses have annual revenues of under \$500K, and one quarter have revenues above \$1 million.
- Property taxes are generally not found to be one of the top issues facing small and independent businesses in Halifax. Further, a decrease in property taxes would not be seen as a great benefit, and businesses would not generally be willing to accept any diminishment of services in order to achieve property tax savings. That said, there is little appetite for an increase in property taxes. It is interesting to note, however, that the majority of small and independent businesses does not know what they pay in property taxes (68%).
- When asked an open-ended question to identify which challenges their organization is facing, results show that factors related to growing business, attracting qualified staff and economic challenges are the most pressing for businesses in the region. Results show that issues related to employees are more urgent for small and independent businesses compared to their larger counterparts. Taxes in general were mentioned by just over one in ten, including 9% mentioning taxes in general, 2% mentioning property taxes, and 1% noting HST/GST.
- Half of businesses saw an increase in their revenue in the last year, and nearly half are optimistic that the coming year will also see growth. Further, despite the current economic climate, over half of businesses (53%) have not undertaken any corrective action with their business. That said, three in ten have postponed an expansion or investment in their business, one quarter have either laid off staff or reduced workforce numbers, two in ten have downsized operations and one in six have reduced salaries or income.
- When asked for the relative importance of seven different municipally-controlled factors, good traffic and road conditions was deemed most important to the success of six in ten small and independent businesses. It is interesting to note that in qualitative interviews, when asked about the balance of municipal services offered in exchange for tax dollars spent, few businesses were aware of which services were municipally controlled, though there was a general impression that the City does a reasonable job of balancing taxes and services.

Phase 1: Quantitative Results



The infographic on the following page outlines the key demographics of small and independent businesses in the Halifax Regional Municipality.

Demographic Profile of Small & Independent Businesses in Halifax

 **23%**
of small & independent businesses are engaged in the retail industry

 **12%**
of small & independent businesses are engaged in the restaurant and food services industry

 **10%**
of small & independent businesses are engaged in the professional services industry

 **7%**
of small & independent businesses are engaged in the construction industry

 **7%**
of small & independent businesses are part of a franchise

1.5

Average number of business locations operated by small & independent businesses in the Halifax Region



11.3

Average Number of Full-Time Employees



6.8

Average Number of Part-Time Employees



\$31,273

Average annual property taxes paid last year by small and independent businesses

68%

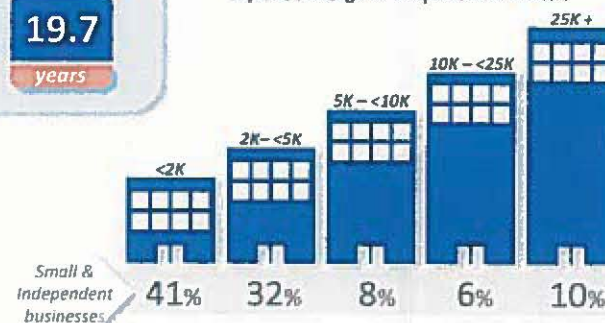
of small and independent businesses don't know what they paid

Average Number of Years in Business

19.7

years

Square Footage of Properties in Halifax



Small & Independent Businesses – Gross Revenue Last Year

11%	Less than \$100K
38%	At least \$100K but less than \$500K
13%	At least \$500K but less than \$1M
16%	At least \$1M but less than \$5M
8%	\$5M +



Small & Independent Businesses Revenue

Saw in the past year... Will in the next year...

42% **Increase** ↑ 51%

30% **No Change** = 36%

25% **Decrease** ↓ 10%

Commercial Property Ownership



24%

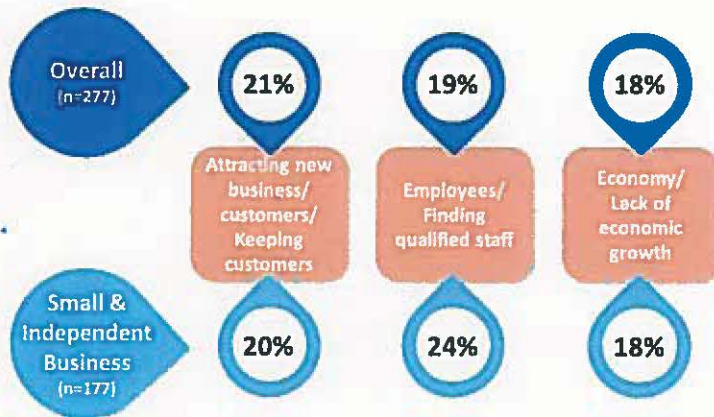
73%



HALIFAX

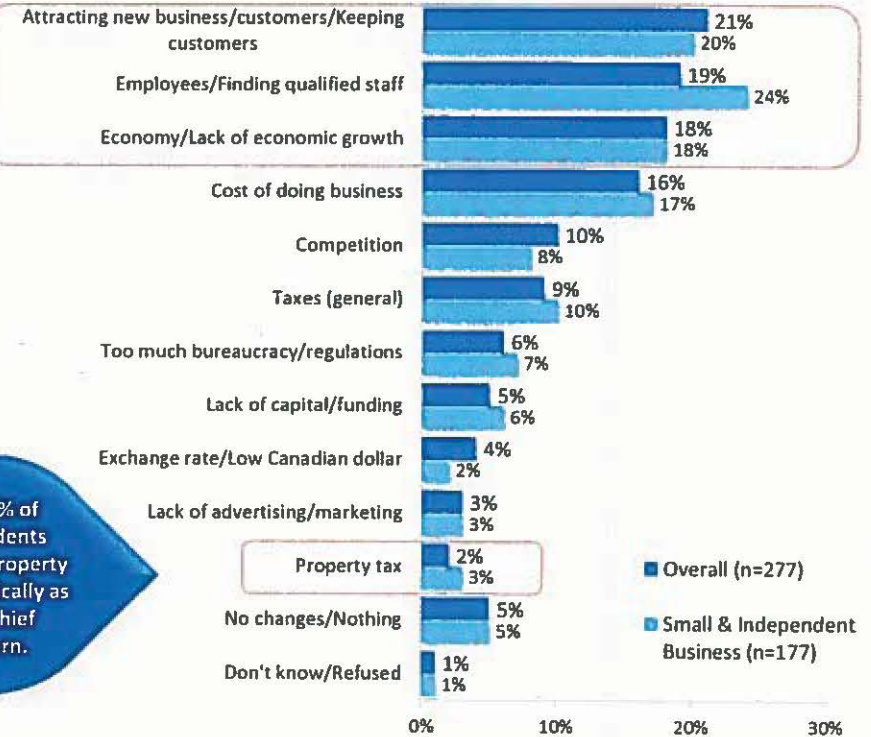
Businesses were asked to identify, unaided, which challenges their organization is facing. Results show that factors related to **growing business, attracting qualified staff and economic challenges** are the most pressing for businesses in the region. Results show that issues related to **employees** are more likely to have been mentioned by small and independent businesses compared to their larger counterparts. Taxes in general were mentioned by just over one in ten, including 9% mentioning taxes in general, 2% mentioning property taxes, and 1% noting HST/GST. (Table 1)

Most Important Challenge Facing Business Top 3 Unaided Mentions



Q.1: Thinking now about the business climate in which you operate...What is currently the single most important challenge facing your business? PROBE: And what are other significant challenges facing your business at the present time?

Most Important Challenge Facing Business Unaided Key Mentions



Only 2% of respondents identify property tax specifically as their chief concern.

Q.1: Thinking now about the business climate in which you operate.... What is currently the single most important challenge facing your business? PROBE: And what are other significant challenges facing your business at the present time?

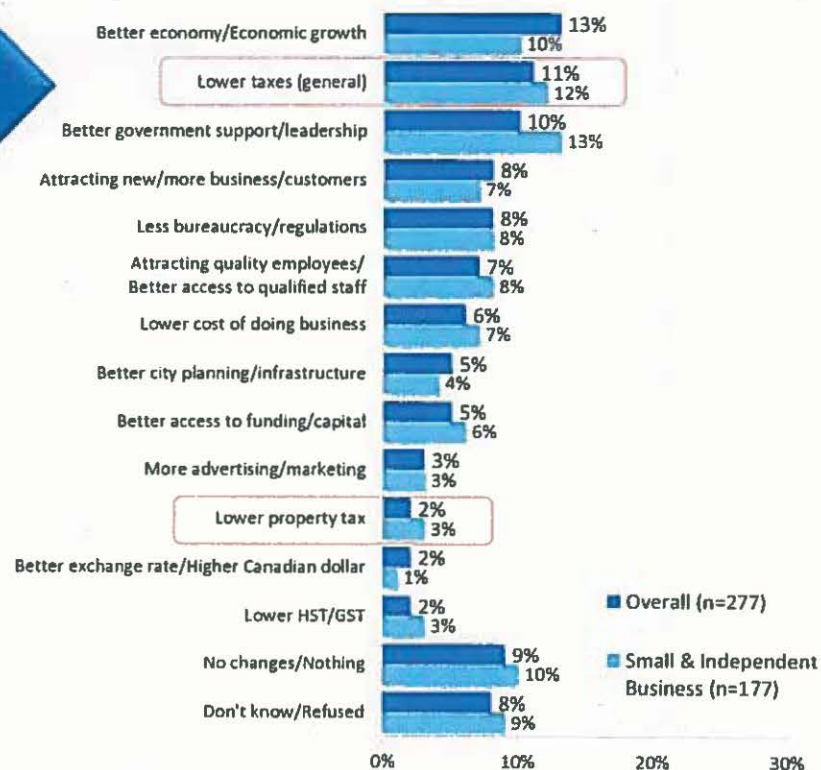
HALIFAX

Businesses were also asked to name, unaided, what they would like to see changed in order to positively impact their business. The most common suggestion was **economic growth**, and an additional one in ten noted that **attracting new or more business and customers** would be the top change to help their business. Despite taxes not ranking even within the top five challenges faced by businesses, it was the second-most-commonly mentioned suggestion for change. That said, it was mentioned only by one in ten businesses. **Better government support/leadership** was suggested by one in ten, along with **less bureaucracy and regulations**. (Table2)

Those whose primary business concern is tax were the most likely to suggest lowering taxes as a way to positively impact their business.

Change to Positively Impact Business

Unaided Key Mentions



Q.2: What would you like to see change in order to positively impact your business?

HALIFAX

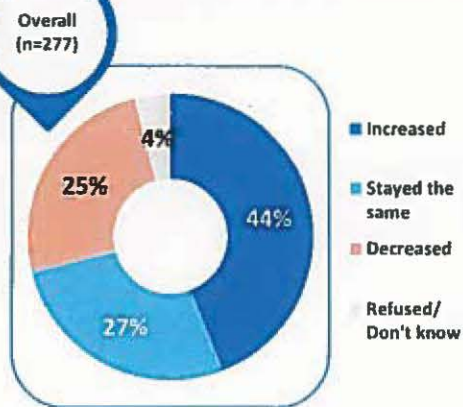
Revenues and revenue projections

Small and independent businesses are less likely to have experienced revenue growth in the past year than larger organizations.

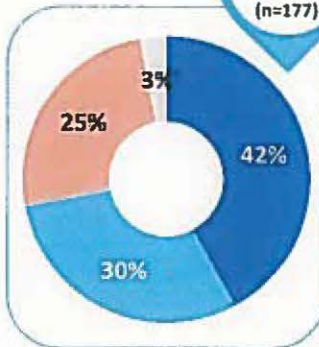
Despite the economic climate, the majority of businesses' revenue has either stayed the same or increased in the last year, and half expect growth in the coming year. On the other hand, despite one-quarter having experienced a decrease in the past twelve months, only ten percent expect to experience a decrease in the future. (Tables 17 and 18)

Small and independent businesses are less likely to believe their business' revenue will grow in the coming year compared with larger organizations.

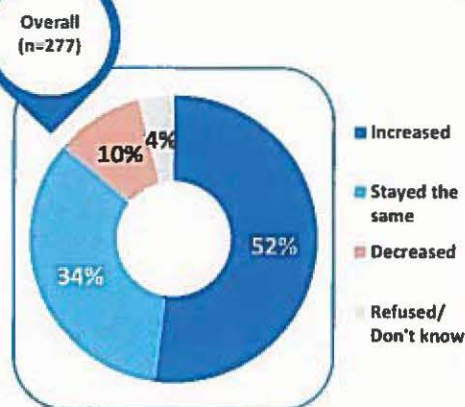
Business Revenue in the Past Year



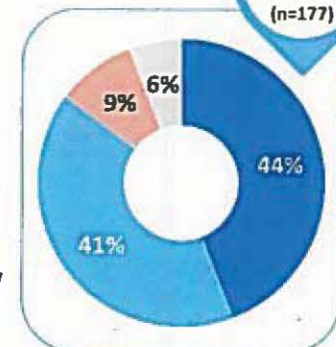
Small & Independent Business (n=177)



Business Revenue in the Next 12 Months



Small & Independent Business (n=177)



Q 17: In the past year has your business's revenue ...? *Due to rounding

Q 18: In the next 12 months do you anticipate that your business's revenue will ...?

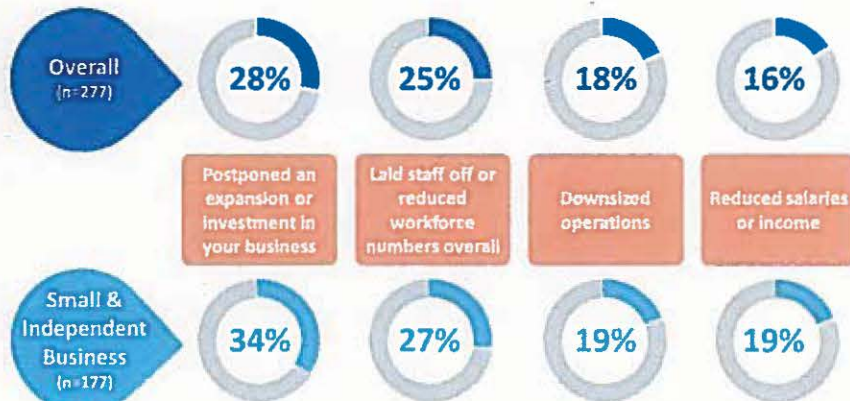
HALIFAX

Small and independent businesses are more likely than larger companies to have postponed an expansion or investment in their business.

Given the current economic climate, businesses were asked which of four actions they may have taken in the last twelve months. Results show that **over half of businesses (53%) have not undertaken any of the four negative actions**. Indeed, three in ten or fewer businesses have undertaken each of the four actions, with **postponement of an expansion or investment being the most common**, followed by one quarter who have either laid off staff or reduced workforce numbers. Two in ten have downsized operations and one in six have reduced salaries or income. (Tables 3a-d)

Actions Business Has Undertaken in the Past 12 Months to Respond to Economic Climate

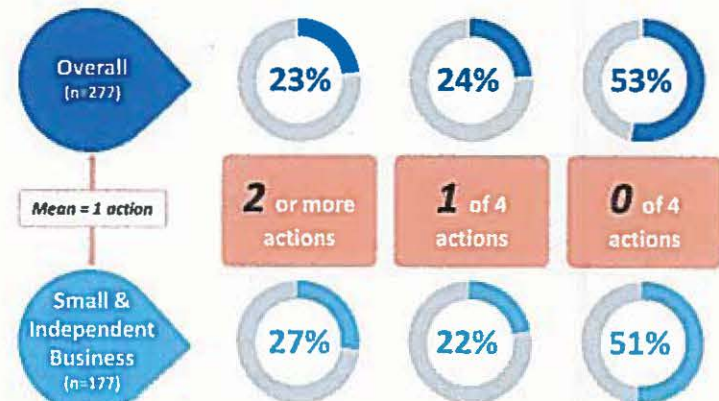
% 'Yes' - Aided Mentions



Q.3a-d: Which of the following actions, if any, has your business undertaken in the past twelve months? Have you ...?

Number of Actions Business Has Undertaken in the Past 12 Months to Respond to Economic Climate

% 'Yes' - Aided Mentions



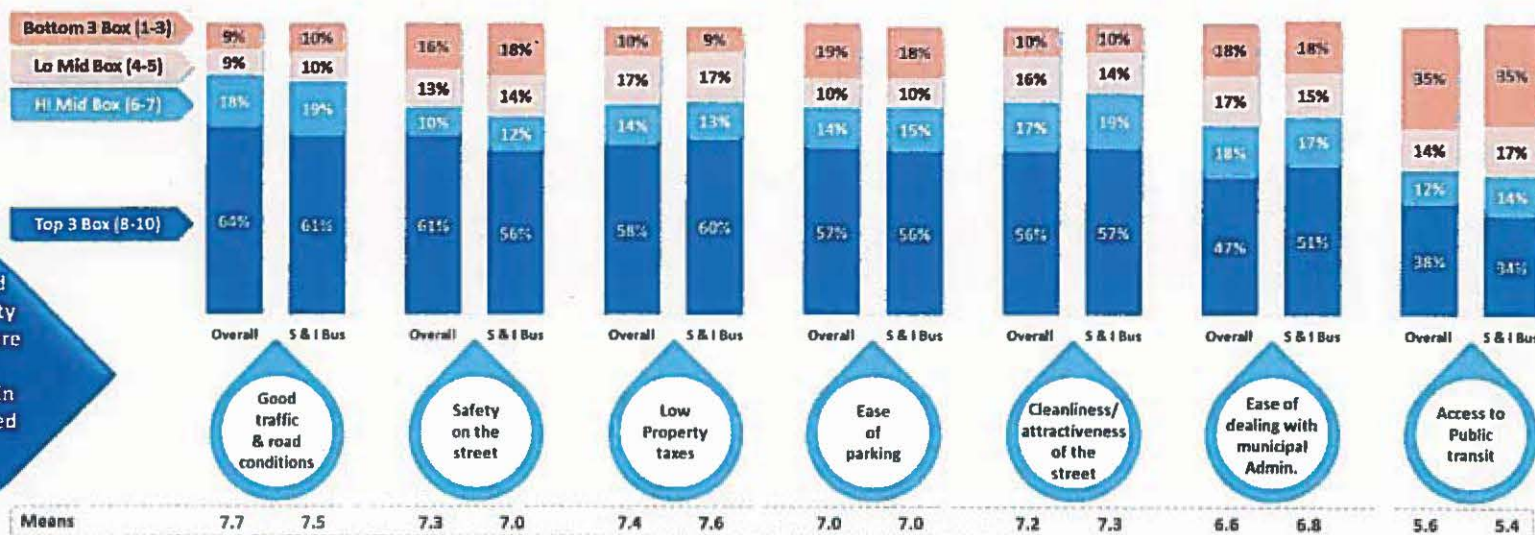
Q.3a-d: Which of the following actions, if any, has your business undertaken in the past twelve months? Have you ...?

Safety on the street is more important to larger sized companies comparatively.

Businesses were asked for the level of importance of each of seven services to the success of their business. **Good traffic and road conditions** are deemed to be important to two thirds of businesses, closely followed by **safety on the street**. Access to public transit is deemed to be of least importance overall, and only of high importance to one third of small and independent businesses. (Tables 4a-g)

Importance to Success of Business

Rating on 10-pt Scale: 1=Not at all important, 10=Extremely important



Good traffic & road conditions and safety on the street are more important to companies located in Dartmouth compared to those located elsewhere.

Q.4a-g: How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is ...? (Overall n=277) (Small & Independent Business n=177) Note: 'Don't know' has been removed from the calculation of the box and mean scores.

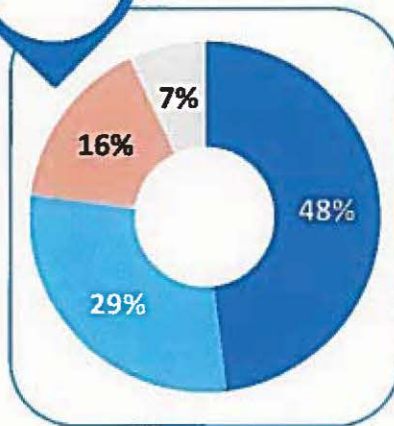
HALIFAX

Property taxes have the least relative impact on businesses. When asked which of three types of taxes has the biggest impact on their business, one half of business owners and operators indicate that payroll taxes (including workers compensation, EI and CPP) have the largest impact, followed by three in ten that indicate income taxes have the biggest impact, and one in six who believe that property taxes have the greatest influence. (Table 5)

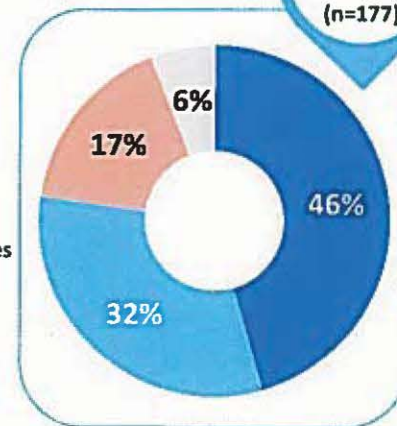
Biggest Impact on Business

Aided Mentions

Overall
(n=277)



Small &
Independent
Business
(n=177)



■ Payroll taxes
■ Income taxes
■ Property taxes
■ Don't know

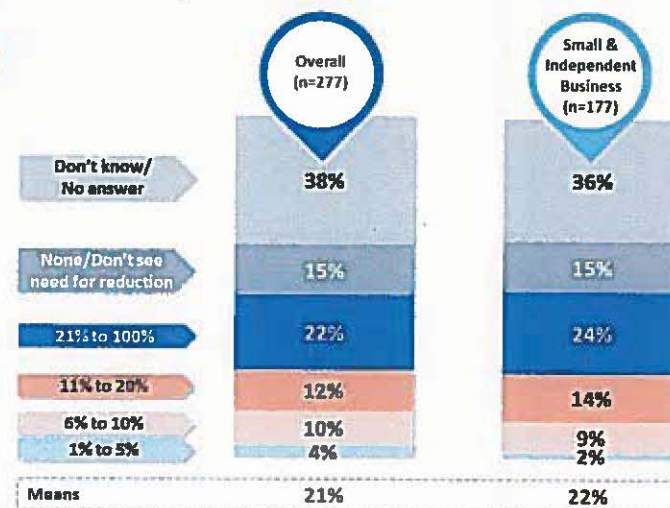
Income taxes have a bigger impact on companies with smaller properties, while conversely payroll taxes have a bigger impact on those with larger properties by comparison.

Q.5: Which of the following has the biggest impact on your business, would it be ...?

When asked what percentage reduction in their property tax bill it would take to make a significant positive impact on their business, one in six businesses indicated that there was no need for a reduction in property taxes. A further one in six felt that a reduction of ten percent or less would make a significant positive impact for them, and one in ten offered numbers between 11 and 20 percent as a suggested reduction. Four in ten were unable to name a number. A few businesses offered higher numbers (over 20 percent). (Table 6)

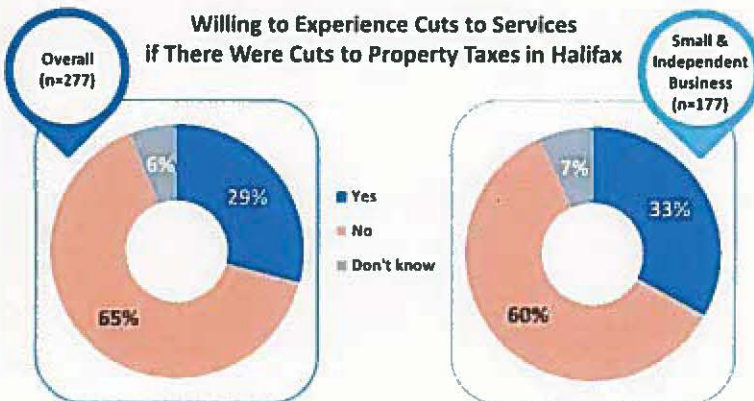
Compared to elsewhere in the region, Dartmouth companies would require less of a reduction on their property tax to make a significant positive impact on their business.

% Reduction of Property Tax to Make a Significant Impact on Business



Q.6: What percentage reduction in your property tax bill would it take to make a significant positive impact on your business? *Note: 'Don't know' has been removed from the calculation of the mean scores.*

Willing to Experience Cuts to Services if There Were Cuts to Property Taxes in Halifax



Q.7: And if there were to be cuts to property taxes in the Halifax region, would you be willing to experience cuts to services such as public transit, road works or safety and cleanliness of streets?

That said, only three in ten businesses would be willing to experience cuts to services such as public transit, road works or safety and cleanliness of streets, in order to achieve cuts to property taxes. This includes a larger proportion of small and independent businesses compared with larger ones. (Table 7)

Phase 2: Qualitative Results

HALIFAX

Qualitative discussions are intended as moderator-directed, informal, non-threatening discussions with participants whose characteristics, habits and attitudes are considered relevant to the topic of discussion.

The primary benefits of individual or group qualitative discussions are that they allow for in-depth probing with qualifying participants on behavioural habits, usage patterns, perceptions and attitudes related to the subject matter. This type of discussion allows for flexibility in exploring other areas that may be pertinent to the investigation. Qualitative research allows for more complete understanding of the segment in that the thoughts or feelings are expressed in the participants' "own language" and at their "own levels of passion."

Qualitative techniques are used in marketing research as a means of developing insight and direction, rather than collecting quantitatively precise data or absolute measures.

Following the telephone survey, 10 in-depth, telephone interviews were conducted with Halifax Business Owners/Managers.

Eight (8) interviews with small independent businesses & two (2) interviews with medium independent businesses.

Interviews conducted between September 1st and September 3rd, 2015

To meet the qualitative research objectives of this study, a series of 10 in-depth interviews were completed, with each interview lasting an average 30 minutes to complete. Each participant was given \$75 in appreciation of his or her time and input. All participants were recruited from the quantitative phase of this study. Participants included organizations from a wide variety of sectors. The graphic below offers an overview of the breadth types of interviewees included in this research phase. All interviews were with independent businesses in Halifax. In total, eight interviews were conducted with organizations that self-defined themselves as small-sized businesses, while 2 interviews were conducted with those that self-defined themselves as medium-sized businesses.

This section of the report includes a summary of key findings, and analysis of interview discussions. Working documents are appended to this report, including the recruitment screener (Appendix C) and the interview protocol (Appendix D).



**Business
Overview**

Current Challenges

Property Taxes

Advice to Council

At the start of the interview, each participant was asked to provide a brief description of their business, including the nature of his/her organization, the basis of considering his/her organization as small or medium (as noted in the interviewee's online survey), the number of locations operating within Halifax, the total square footage of his/her organization's primary location (and secondary locations), and the number of full-time and part-time employees currently being employed. Results showed that:

- Businesses reported operating in a variety of industry sectors.
- While businesses generally based their organization's size on the **number of full-time employees on staff**, the organization's **sales/revenue** was also often cited as a key factor when categorizing his/her business as small or medium.
- Six interviewees that self-described his/her organization as small had no more than seven employees on staff (with most, if not all, being full-time). Interestingly, one "small" organization reported having 25 employees on staff (with a mix of full-time, part-time, and seasonal staff), while the other "small business" report having upward of 60 full-time staff. Alternatively, of the two "medium" organizations interviewed one had 35 employees (30 full-time, 5 part-time), while the other had only seven employees (6 full-time, 1 part-time).
- Eight interviewees reported operating a single location in Halifax. The other two interviewees (1 "small" and 1 "medium") each reported operating two separate locations within Halifax, with one of these interviewees reporting plans to open a third location within the next year. While some businesses were fully familiar with their organization's square footage, others were notably less familiar. Indeed, four participants were unable to provide an estimate as to their organization's total square footage. Among those "small" business owners/managers who were able to recall their total square footage, primarily locations were within 600 to 11,000 square feet. Alternatively, the one "medium" business interviewee who was able to recall the square footage of his operation reported his primary location as being over 60,000 square feet.

Businesses generally categorize themselves as "small" / "medium" on the basis of the number of employees on staff and the organization's revenue

Interviewees appeared less familiar with their business' total square footage, with some being unable to provide even an estimate

Business
Overview

Current Challenges

Property Taxes

Advice to Council

In order to have a better understanding of the types of challenges businesses are currently facing in Halifax, all interviewees were asked to identify the single most important issue facing their business.

- Participants noted a variety of factors as being their 'primary issue', including operating within a **generally weak economy**, operating within a highly **competitive marketplace** (i.e., needing to be priced competitively, which in turn impacts revenue growth), **rising operating costs** (i.e., rising costs for supplies needed in production), **rising taxes** (including provincial and federal taxes, as well as property taxes), **obtaining/retaining qualified employees** (i.e., finding both skilled workers and unskilled workers), finding **effective advertising mediums** (i.e., the need to move away from traditional advertising mediums such as radio and print ads to Internet advertising and social media promotions), and dealing with a **lack of customer parking**.

"The economy in general isn't great. There are not a lot of new, larger projects [happening in the City]."

"Yellow pages, flyers....[they're no longer helpful]...people are lazy and they don't want to search for something if they can't find it in 30 seconds."

"Parking is huge. Where we're at there's a paid parking lot. It used to be free after 6pm and on weekends – it was great, but now it's automated – you pay all the time. People drive around trying to find [cheaper] parking...people won't pay \$10."

"Most of our bookings are online – [due to competition, our rates are the same as they were 10-15 years ago, and on top of that, because customers now mostly book online we have to give 25% of our revenue to Expedia]."

"There is a lack of available unskilled labour, such as cleaning, housekeeping and entry level culinary workers. [It's difficult when you work in a seasonal business.] We're closed three days a week because we can't have people hanging around. We can't staff to peak."

"Payroll taxes and remittances – that takes a large chunk of the bottom line"

"Taxes are ridiculous – GST/HST. Property taxes as well – it's costing more and more money."

"Taxes – property taxes are double what they were two years ago. That comes right out of my revenue."

The state of the local economy is often seen as key challenge of small and medium sized businesses

While property taxes are seen as a critical issue for some, most interviewees did not cite taxes as being their biggest issue

- When asked what other important issues their company is currently facing and/or issues that they discuss with other businesses in the City, businesses generally cited similar problems/concerns to those previously listed. Alternative challenges cited included, **poor roadway planning** (e.g., roadways designed years ago that are unable to handle the amount/type of traffic on the road today, particularly in the Burnside area), **poor road conditions** (e.g., issues with snow removal this past winter), **high electricity costs**, an **unattractive/unclean downtown area**, **loitering/panhandling** as a public nuisance issue, **lack of manufacturing operations** within the province, general **facility maintenance issues** (e.g., roof and window repairs), **lack of public transit** for specific routes within the City, **lack of foot traffic** near businesses (e.g., little to no foot traffic due to a lack of crosswalks in the area), and **rising costs associated with new waste collection guidelines**. One interviewee also cited the perceived unfairness of specific government expenses within the public sector (e.g., high salaries of public officials, the cost of pensions) as a key challenge.

"Taxes – property taxes, business owners' tax. It's disgusting. We pay more than a corporate business. As a small business, we don't get the breaks that corporates get. Property taxes [are our biggest expenses] for sure."

"Infrastructure is an issue as well. In Burnside, the roads were built in the 70s and built for trucks from the 70s which are a third of the size of today. It's typical to see roads blocked by trucks. [The roadways] are not very user friendly...there are a lot of traffic jams...[The City] is making improvements by repaving [but they're not dealing with the underlying issue], they're not redesigning the roads...it makes it hard for people to come to our shop during hours...it seems there is more focus on new development than there is on fixing what we already have."

"The roads are worse than ever [but] there's no money to improve infrastructure."

Public transit – "it takes a hour and a half to get here from downtown Halifax. You have to take lots of connections. It affects employability [we can't hire people who don't have their own transportation]."

"In [downtown] Halifax parking is horrible. It's [difficult] to find a place to park....[personally] I avoid it."

"Street safety is a big issue. We had an issue with kids hanging off window ledges, loitering...[we had] staff harassed by men, drunks sitting on the steps, vomit on the stairs....security doesn't do anything about it. It scares [customers] away."

After outlining the perceived personal challenges being faced by businesses, along with the perceived challenges being faced by the business community as whole, participants were asked to indicate what, if any, notable actions their organization had undertaken in the past year to respond to the current economic climate.

- Despite negative perceptions regarding the state of the local economy, few reported having undergone significant negative change within the past 12 months. One business noted that their organization had to raise sale prices in order to cover operating and production costs, while another reported decreasing hours of operation by 30 minutes each day. Further, one interviewee recalled having underwent significant negative change in order to keep his business viable, including eliminating his advertising budget, decreasing his own salary, postponing renovations, and implementing a hiring freeze. Of note, one business stated that while he has not taken any significant action yet, he may need to make substantial changes in the future if the economy does not improve.

"I can't afford to advertise....I'd also like to hire another employee, but until a new hire is able to build clientele I would have to pay them an hourly wage, and I can't afford to do that."

- Two interviewees actually noted that their organization was actually in a period of growth during this time period. As previously mentioned, one interviewee noted that his organization was currently in the process of a large-scale expansion. Both of these businesses self-described themselves as "medium".

"This has actually been the best 12 months since I've been here."

"We're actually hiring people right now. Business is up. Our business is still growing right now."

Despite a weak economic outlook, few have taken significant steps to address the current climate

After discussing current challenges, participants were asked what they would like to see changed in order to positively impact the City's overall business climate.

- Participants offered a variety of suggestions on how the City's business climate could be improved. That said, suggestions were often vague in nature, and participants had mixed opinions as to which level of government, Municipal, Provincial or Federal, would be primarily responsible for such activities. One business expressed concern that the City is becoming stagnant and risk averse, and felt that more was needed to be done to improve the City's overall vibe and encourage a culture of change (e.g., encouraging investments in bigger projects, such as building a new stadium).

"[The City] need to find a way to make it attractive for more companies in general. We need more synergy [between levels of government] to make it easier to do business."

"Get up and get excited about being in Halifax. [We need to] get rid of the negative attitude."

"[Halifax is] not thinking big – [the City] is scared of the naysayers."

"Downtown needs a makeover. It's dirty, barren, disgusting. Barrington used to be alive, [now] it's a ghost town. Spring Garden had life to it – [now] it's dingy and [there is a panhandler] at every store."

- Three interviewees felt that offering various **tax breaks** to businesses would be an effective way of stimulating the local economy.

"Offering tax free business loans to get things booming – getting more businesses to come downtown."

"Offering small businesses tax breaks – [breaks in] property tax, and income tax."

- Of note, three businesses were either unable to pinpoint any specific suggestion on ways to improve the overall business climate in Halifax, or felt that situation was one whereby any attempts of intervention would have little to no impact given the state of the global economy as a whole.

"There's nothing you can do...No one knows. It's global."

- *"We're actually hiring people right now. Business is up. Our business is still growing right now."*

- When asked what specifically would help their own business grow, participants once again offered a wide-variety of suggestions. That said, most suggestions centered around the **provision of financial aid**. While a few offered only vague suggestions, including governmental action to stimulate the economy as a whole, others offered specific suggestions of ways government could assist their own growth. Suggestions to aid personal business growth included, **offering additional grants** to small businesses for hiring/training new employees, lowering taxes (including federal and property taxes), **cutting red tape** associated with new developments and/or renovations, **decreasing the number/type of restrictions placed on new builds** (e.g., decreasing building height restrictions), **implementing regulation** that would allow small businesses to be more competitive, and offering **advertising assistance** to help small businesses build their customer base.

"A growing economy. Investments in bigger projects."

"There needs to be a more level playing field in government handouts. For example, Irving oil is getting \$300 million in handouts to fix their shop. I don't understand how you have the most lucrative private company [getting] handouts."

"It's a slow process to get a contract...lots of red tape. It takes forever to get things finalized [with the City] because of how many sign-offs are needed."

"There's too much competition [within the hotel sector – the City doesn't need any more hotels downtown]. In the middle of summer, some properties are offering rooms at too low of price – they're desperate for guests."

"A decrease in taxes – particularly property tax and federal taxes."

"More funding to small businesses, and more [incentive grants] to hire local."

"[There's a general lack of consumer awareness regarding what we do]. We need more awareness and general education of our product."

Tax breaks and grants
the most common
suggestions as to ways
government can assist
small business growth

HALIFAX

Business
Overview

Current Challenges

Property Taxes

Advice to Council

In order to have a better understanding of the perceived impact of property taxes on business operations, interviewees were asked to analyze where they thought property taxes ranked in terms of the current challenges facing their business.

- Interestingly, for most interviewees property taxes generally ranked low on the list in terms of challenges facing their business. In fact, a number of interviewees volunteered that they were actually unaware as to the amount of property tax they currently pay, reinforcing quantitative findings. This was particularly the case when businesses operated in rented, rather than owned, commercial space.

"It's definitely not a top five issue. Just an evil necessity."

"It's down quite a bit in the [list]. It's not a large amount of money."

"It's last on the list – it's not as big of a deal."

"I don't know what exactly we pay in property taxes – it's built into our rent."

"We pay a fair rate."

- **Only one interviewee described property as a single biggest challenge facing their business.**
- Of note, many businesses were also unaware as to whether or not the business tax levels in Halifax were in-line with other municipalities in Canada. While a few thought the City's taxes were in line with other locations, others thought Halifax was higher than average.

"I'm not sure. I haven't heard of complaints in other places. It's just part of doing business."

"I think they're higher than in Saint John, Fredericton and Moncton."

Most do not perceive property taxes as being a key issue impacting their business

- While property tax was generally not seen as high concern among interviewees, *perceptions as to whether or not the Municipality does a good job of balancing taxation and service delivery were mixed*. Interestingly, while many appeared to be unaware as to how tax dollars are being spent, most felt that the City was doing a reasonable job at balancing taxation and services. That said, due to a lack of knowledge regarding how commercial tax dollars are spent, a few businesses felt they were unable to comment as to whether or not the City does a good job in this area. Conversely, a few believing commercial property taxes are only being used for a limited number of services (e.g., just snow removal), felt they were being over charged. This finding offers an opportunity to better communicate to businesses how commercial tax dollars are spent.

"When it comes to streets and roadways, yet. But in terms of [cleanliness and attractiveness of the streets] it's horrible. The transit needs to be better – we have the worst in Canada."

"No. I look at what I pay and I look at how many companies are on the street. We all pay for [our own] landscaping – that's all private. All [the City] pays for is snow removal. That's it, and it's not great."

"Yes. I have no complaints. They provide services – perhaps not in the way everyone likes, and when, but they do do it."

"The Municipality has to pay its bills and has to handle a lot of infrastructure and that's not easy. But at the same time they don't deal with our garbage, so sometimes you think what [are my taxes] paying for?"

"I have no idea."

"The only service I get is water."

"We're in a basically abandoned business park in Chezzetcook. We got nothing – maybe we're ploughed and maybe garbage, but no water and no sewer."

- As may be expected, the organization that cited property taxes as their single biggest challenge, did not feel the City did an adequate job of balancing taxation and service delivery. In fact, this interviewee expressed a great deal of frustration with regards to not knowing how property taxes were being used.

"[We're definitely] not getting enough benefit. I don't know what my taxes are going towards."

Opinions are mixed as to whether the City does a good job of balancing taxation and service delivery

Most report
stable property
tax levels year
over year

- Businesses generally report having relatively stable property taxes year-over-year. Further, interviewees commonly noted that they anticipated taxes would continue to remain relatively stable in the foreseeable future. That said three respondents were unsure as to whether or not their property taxes have remained stable in recent years.
- Conversely, two respondents noted having experienced dramatic increases in their property taxes in recent years. Both noted that their increased expenditure on property taxes has meant money off of their bottom line (i.e., money they could have invested or used as personal income).

"My taxes have more than doubled. Fifteen years ago was paying \$4,000. Last year I paid over \$10,000."

- Given that most interviewees reported property taxes as not being a significant issue in terms of challenges facing their business, it is perhaps unsurprising that when asked what the impact would be if taxes were lowered, a few reported that they would expect minimal to no impact to their business. A few noted that taxes would have to be lowered substantially in order to have an impact on their business.

"It's not going to do anything. If 30% of my business is gone, you can't make up for that. If 2-3% [of my overall expenses are gone] it's not going to make much of a difference."

"I wouldn't notice it."

"It wouldn't affect my business. It maybe would give us more breathing room. Maybe look at some expansion."

- Among those who believed a reduction in property taxes would impact their business, interviewees reported that such savings would *positively add to their bottom line* (i.e., provide additional profit for owners), allow them to *lower consumer prices*, offer *salary raises* to staff, provide funding for *advertising*, and/or *help pay for needed renovations*.
- Interestingly, despite many businesses reporting that a decrease in property taxes would have limited to no impact on their organization, *participants uniformly agreed that any increase to property taxes would be highly detrimental to their operations*. Indeed, when asked how much of an increase their organization would be able to take, all indicated their organization had little to no room to absorb any added expense.

"It would definitely hurt things."

"[My business could not take much of an increase.] We're a small business and the profit margin is not great. It's why we only have [the two of us as employees]."

"You get kicked when you're down. You lay people off."

"It would be detrimental. We have no room."

"It would be hard on us. A small percentage, an increase of one or two percent wouldn't be too bad, but a 10% increase would be critical."

Understanding that there would have to be trade-offs if property taxes were lowered in Halifax, participants were asked what services they would potentially be willing to have diminished.

- Overall, **few indicated a willingness to have cuts in any service.** Three interviewees noted that they felt greater accountability was needed - believing that property taxes could still be lowered without reducing municipal services if the City were to use alternative service delivery measures (e.g., subcontracting specific services to the private sector).

"None. I can't see areas to cut when you look at [the City's] budgets. There's not a lot of fat."

"Of course I want to pay less, but what I really want is for them to be responsible of what they've been given. I don't want to lower services. I want to see more action – like using private enterprise [to save money]."

"None. [Services are] already bad enough."

- Only two respondents expressed a general willingness to have services diminished. However, for both, the services they were willing to have diminished centered around services that would have little to no impact to them personally (e.g., decrease in public transit since they themselves do not use the service, or street cleanliness since they operate in a low foot-traffic area).

- When asked whether or not they felt well-informed about how commercial property taxes are calculated in Halifax, all but one expressed a general lack of knowledge on this subject matter.

- *"Not at all. It wouldn't hurt to know more."*

- *"No. I just pay the bill."*

- *"[Not really]. I know a new building went up nearby...and my property taxes went up dramatically."*

- While knowledge regarding property tax calculation was low, interest in learning more about how property taxes are calculated by the City appeared to be only moderate. When asked where they would go to look for information on commercial property taxes, the Municipality's website was commonly cited as the first spot businesses would look, while others expressed a preference to have such information provided through direct communication with government officials (e.g., face-to-face or over the phone conversations with a government representative or municipal staff person) or via a bill insert. Of note, a few explicitly noted that in order to be user-friendly any information on provincial tax calculations would need to be presented in a concise format (e.g., a single one page overview of property tax calculation available via email or online).

Business
Overview

Current Challenges

Property Taxes

Advice to Council

At the end of the interview businesses were asked what advice they would offer Halifax Regional Council if given the opportunity.

- Overall, there was a general consensus among businesses Council needs to be more proactive in ensuring programs and services are designed to provide long-term support small and medium sized organizations by keeping abreast of the current challenges and issues being faced by businesses. Further, a few felt that too much focus was being placed on providing support to larger corporations.

"Listen to us! Look at our surroundings compared to big corporate ones that get breaks on everything they do. We want Nova Scotia [businesses] to stay in Nova Scotia. [We want to] hire local. We're losing our sense of community. A lot of small businesses are run by one person. They work for themselves....small business owners don't get [enough] breaks."

"There needs to be more focus on smaller guys – all the handouts, pats on the back go to Irving Oil employing 200 people. I'm the guy who employs 60 people. So to me that shouldn't make me feel less important. On the monetary side I've had to do everything on my own. I've had no government help. Everybody should be entitled to the same treatment."

"You need to think like a business – what's going to make it easier to have success [for businesses and customers in terms of infrastructure. [Council needs to think in terms of how to make infrastructure better over the long term]; don't just fix the potholes...think of the overall design and the amount of traffic [going thru a given area long-term]."

- Although beyond the Municipal scope, one interviewee felt that there needed to be greater government incentive to reinvest locally through income tax breaks.
 - *"I'd suggest you change business income tax – you should only tax money that comes out of a company. If you reinvest, you shouldn't be taxed on what you reinvest...Government has to back off of [small] businesses a little – they're given such a hard time that they often have to shut down."*
- Other areas of advice offered, again not necessarily within the Municipal scope, included encouraging competition within the energy sector as a means of lowering expenses (i.e., removing Nova Scotia Power's monopoly status), and putting greater restrictions on government spending at all levels.

HALIFAX

2015 Commercial Tax Study

TABLE A:

Are you a ...

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
For profit business	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE B:

Do you own or rent a business space in the Halifax region? That would not include a business that is solely conducted out of a personal home or vehicle.

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE C:

Are you responsible for the general management of your business in Halifax? That is, do you hold a senior leadership role within your business?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE D:

Gender: BY OBSERVATION

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Male	59	51	71	67	56	59	59	60	53	60	55	48	62	57	63	48	51	67	49	83	64	58	61	53	60	69	50	51	69
Female	41	49	29	33	44	41	41	40	47	40	45	52	38	43	37	52	49	33	51	18	36	42	39	47	40	31	50	49	31
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE E:

Would you describe your business as...

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Small	69	76	53	59	77	100	0	73	38	100	85	80	63	71	64	97	82	68	56	43	43	71	60	86	71	51	95	81	59
Medium	25	20	28	37	23	0	78	24	29	0	12	13	29	21	32	3	9	27	40	43	50	21	35	12	18	43	5	18	32
Large	7	3	19	4	0	0	22	3	32	0	3	7	8	8	4	0	8	5	5	15	7	7	5	2	11	7	0	1	9
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE F:

Is your business independently owned?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	88	88	79	96	96	93	76	100	0	100	85	91	87	84	99	97	86	92	91	80	86	90	79	91	87	89	91	91	85
No	12	12	21	4	4	7	24	0	100	0	15	9	13	17	1	3	14	8	9	20	14	10	21	9	13	11	9	9	15
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 1: TOTAL MENTIONS

What is currently the single most important challenge facing your business? PROBE: And what are other significant challenges facing your business at the present time?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Attracting new business/customers/ Keeping customers	21	24	17	26	17	21	21	21	24	20	24	24	20	24	13	31	20	20	16	28	14	20	23	23	21	20	27	23	19
Employees/Finding qualified staff	19	14	20	19	29	22	11	21	0	24	30	22	16	19	20	17	19	20	21	18	14	19	19	19	19	20	14	16	20
Economy/Lack of economic growth	18	17	23	11	17	18	18	18	21	18	12	11	21	18	19	10	16	12	28	23	21	19	15	15	23	16	18	15	20
Cost of doing business	16	17	15	7	21	17	14	16	18	17	9	15	17	14	20	17	15	20	9	13	29	16	16	16	15	16	18	18	16
Competition	10	9	9	0	19	9	11	8	26	8	6	11	11	10	11	3	11	8	12	13	21	10	10	7	11	11	5	8	10
Taxes (general)	9	7	8	4	17	9	7	9	6	10	6	7	10	7	13	17	9	10	2	3	21	9	6	9	8	10	23	10	5
Too much bureaucracy/regulations	6	9	5	0	2	7	3	7	0	7	0	0	8	6	5	7	7	7	0	8	7	7	3	9	6	3	5	9	5
Lack of capital/funding	5	5	7	7	4	6	3	5	6	6	9	7	5	5	7	0	7	5	5	5	14	6	5	8	4	4	5	6	6
Exchange rate/Low Canadian dollar	4	3	7	7	2	3	8	4	9	2	3	7	4	5	3	0	7	0	5	8	7	4	6	2	4	8	0	2	6
Lack of advertising/marketing	3	3	5	0	0	3	2	3	3	3	9	4	2	4	1	7	5	0	0	3	0	3	3	7	0	2	9	5	2
Property tax	2	2	1	0	6	3	0	2	0	3	9	2	1	1	5	0	2	5	2	0	0	2	2	1	2	3	9	3	1
Weather	2	2	4	0	0	1	5	2	0	1	0	2	3	2	3	0	1	3	2	3	0	2	3	2	1	2	0	3	2
Construction	2	3	1	0	0	2	2	2	3	2	3	2	2	3	0	7	0	0	7	0	0	2	0	3	1	1	0	1	2
Lack of parking	1	3	0	0	0	2	1	2	0	2	0	2	2	2	0	0	2	0	5	0	0	2	0	3	1	0	0	1	2
High HST/GST	1	1	1	0	2	2	0	1	0	2	6	0	1	1	1	0	1	2	2	0	0	1	0	0	1	2	5	1	1
Other	10	9	9	19	10	9	13	10	15	10	9	4	12	11	9	7	14	13	7	8	0	9	15	8	10	12	9	10	11
None/Nothing	5	6	3	7	2	5	5	5	3	5	9	4	4	5	4	10	4	7	2	3	7	5	5	5	4	6	9	5	5
Don't know/Refused	1	1	1	4	2	1	2	2	0	1	3	2	1	2	1	3	1	2	2	0	0	1	2	2	1	1	0	2	1
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 2: TOTAL MENTIONS

What would you like to see change in order to positively impact your business?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Better economy/Economic growth	13	17	12	19	4	9	22	12	26	10	9	13	14	15	9	3	16	8	14	18	14	13	13	11	14	16	9	14	15
Lower taxes (general)	11	11	11	11	13	12	10	12	9	12	12	2	13	10	16	10	12	17	7	10	7	12	8	12	11	11	23	10	10
Better government support/leadership	10	9	7	11	19	13	6	11	6	13	15	7	11	10	13	28	11	8	9	3	14	11	8	15	6	10	18	13	9
Attracting new/more business/customers	8	7	12	7	4	8	8	7	12	7	3	17	7	9	7	3	5	7	12	15	7	6	15	5	7	10	5	3	9
Less bureaucracy/regulations	8	12	5	4	2	7	8	8	3	8	0	7	9	8	8	3	7	7	9	13	7	8	6	9	8	7	5	7	10
Attracting quality employees/Better access to qualified staff	7	5	7	11	13	9	3	7	9	8	15	11	5	8	7	7	7	10	5	8	7	6	11	9	7	7	5	6	7
Lower cost of doing business	6	8	5	0	8	7	6	7	3	7	6	4	7	7	7	7	9	7	5	5	0	6	8	11	4	4	14	6	7
Better city planning/infrastructure	5	9	4	0	0	5	6	5	9	4	0	9	5	5	5	3	4	3	7	13	0	5	5	4	6	4	0	5	6
Better access to funding/capital	5	4	8	4	2	5	3	5	3	6	9	2	5	5	4	0	5	7	2	8	7	5	5	7	5	2	5	5	4
More advertising/marketing	3	4	1	0	4	3	3	3	3	3	3	4	3	4	1	3	4	3	2	3	0	3	3	3	4	2	5	0	5
Lower property tax	2	2	3	0	4	3	0	2	0	3	0	2	3	1	7	3	2	3	2	0	0	3	0	2	2	2	5	3	2
Better exchange rate/Higher Canadian dollar	2	1	4	7	0	1	6	2	0	1	3	2	2	2	1	0	4	0	0	5	7	2	3	1	1	4	0	2	2
Lower HST/GST	2	2	1	0	2	3	0	2	0	3	3	2	2	2	3	0	2	2	5	0	0	2	0	1	4	1	0	2	2
Lower corporation tax/corporate income tax	1	1	3	4	0	2	1	2	0	2	0	2	2	2	1	3	4	0	0	0	0	2	0	3	1	0	0	5	0
Increased tourism	1	1	1	0	4	2	1	1	3	1	0	0	2	1	4	0	0	2	5	0	7	1	3	0	0	3	0	1	2
Other	9	8	13	4	10	9	9	8	18	9	15	11	8	10	8	7	12	12	7	5	7	10	8	7	12	10	5	11	10
None/Nothing	9	8	11	15	4	10	6	9	3	10	9	15	7	12	1	14	6	12	9	3	14	9	6	10	12	6	5	6	8
Don't know/Refused	8	8	8	7	10	8	8	8	9	9	12	2	9	9	7	14	7	7	12	5	7	8	10	7	10	6	14	11	4
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 3a-d:

Which of the following actions, if any, has your business undertaken in the past twelve months? Have you...

% YES

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Postponed an expansion or investment in your business?	28	27	32	22	29	33	17	30	18	34	36	24	28	27	31	38	31	38	19	18	21	29	26	40	26	21	41	35	22
Laid staff off or reduced workforce numbers overall?	25	26	29	11	25	25	25	25	26	27	24	30	24	28	20	34	22	33	14	25	29	26	23	21	32	26	23	30	23
Downsized operations?	18	20	20	11	13	18	17	18	15	19	12	13	20	20	12	14	20	25	12	17	7	18	16	18	23	16	14	18	19
Reduced salaries or income?	16	19	16	11	13	18	13	16	15	19	18	9	18	18	12	34	16	13	12	13	14	16	18	20	15	15	32	18	12

TABLE 3a-d:

Which of the following actions, if any, has your business undertaken in the past twelve months? Have you...

OF ACTIONS

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
0	53	49	56	63	56	53	55	53	56	51	48	59	53	51	60	45	51	48	58	57	71	52	60	46	50	58	45	47	59
1	24	29	17	26	19	22	29	23	26	22	24	22	24	26	17	28	27	15	35	25	7	26	18	30	25	20	27	27	20
2	9	8	8	4	17	9	8	9	9	10	18	4	9	8	13	0	9	18	2	8	7	9	10	9	10	10	9	7	10
3	9	10	11	7	6	12	5	10	6	12	6	15	9	11	7	17	8	15	2	8	7	10	6	11	10	8	9	17	6
4	4	4	8	0	2	5	3	5	3	5	3	0	6	5	3	10	5	3	2	3	7	4	6	4	6	3	9	2	4
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
MEAN	.9	.9	1.0	.6	.8	.9	.7	.9	.7	1.0	.9	.8	.9	.9	.7	1.2	.9	1.1	.6	.7	.7	.9	.8	1.0	1.0	.8	1.1	1.0	.8

HALIFAX

2015 Commercial Tax Study

TABLE 3a:

Which of the following actions, if any, has your business undertaken in the past twelve months? Have you...

Laid staff off or reduced workforce numbers overall?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	25	26	29	11	25	25	25	25	26	27	24	30	24	28	20	34	22	33	14	25	29	26	23	21	32	26	23	30	23
No	73	72	69	89	75	73	74	73	74	72	76	67	74	71	80	59	78	67	84	75	71	73	74	77	67	74	68	68	77
Not applicable	1	2	0	0	0	1	0	1	0	1	0	2	1	1	0	7	0	0	0	0	0	1	0	2	0	0	5	1	0
Don't know	1	1	1	0	0	1	1	1	0	1	0	0	1	1	0	0	0	2	0	0	0	0	3	0	1	0	5	1	0
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 3b:

Which of the following actions, if any, has your business undertaken in the past twelve months? Have you...

Postponed an expansion or investment in your business?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	28	27	32	22	29	33	17	30	18	34	36	24	28	27	31	38	31	38	19	18	21	29	26	40	26	21	41	35	22
No	70	71	67	78	69	65	82	68	82	63	61	74	71	72	67	59	68	62	77	80	79	69	73	57	71	79	55	65	77
Not applicable	0	1	0	0	0	1	0	0	0	1	0	2	0	1	0	3	0	0	0	0	0	0	0	1	0	0	5	0	0
Don't know	1	2	1	0	2	2	1	2	0	2	3	0	2	1	3	0	1	0	5	3	0	1	2	2	2	0	0	0	1
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

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TABLE 3c:

Which of the following actions, if any, has your business undertaken in the past twelve months? Have you...

Reduced salaries or income?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	16	19	16	11	13	18	13	16	15	19	18	9	18	18	12	34	16	13	12	13	14	16	18	20	15	15	32	18	12
No	82	80	83	85	88	81	85	82	85	80	76	89	82	81	88	66	82	87	88	85	86	83	79	78	85	84	68	80	87
Not applicable	0	1	0	0	0	1	0	0	0	1	0	2	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
Don't know	1	1	1	4	0	1	2	1	0	1	6	0	1	1	0	0	1	0	0	3	0	0	3	1	0	1	0	1	1
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 3d:

Which of the following actions, if any, has your business undertaken in the past twelve months? Have you...

Downsized operations?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	18	20	20	11	13	18	17	18	15	19	12	13	20	20	12	14	20	25	12	18	7	18	16	18	23	16	14	18	19
No	82	80	80	89	88	82	83	81	85	80	88	85	80	80	88	83	80	75	88	83	93	81	84	81	77	84	82	82	81
Not applicable	0	1	0	0	0	1	0	0	0	1	0	2	0	1	0	3	0	0	0	0	0	0	0	1	0	0	5	0	0
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

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TABLE 4a-g:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

TOP 3 BOX (8-10)

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499k	500k+
Good traffic and road conditions?	64	60	77	48	62	62	68	63	74	61	61	59	66	65	61	76	60	60	69	65	57	65	61	67	55	69	68	70	64
Safety on the street?	61	57	72	52	62	58	69	59	76	56	50	61	63	61	63	64	55	51	72	75	64	60	64	60	57	65	68	53	65
Low property taxes?	58	60	49	61	66	60	52	58	58	60	58	50	59	55	65	54	58	64	62	46	50	58	55	57	65	53	68	59	57
Ease of parking?	57	60	63	38	51	57	56	57	59	56	76	44	57	60	47	62	56	60	53	59	36	57	59	63	55	53	59	61	54
Cleanliness and attractiveness of the street?	56	62	56	41	48	58	52	56	59	57	42	54	59	57	54	69	52	55	64	50	50	54	64	59	57	53	73	60	51
Ease of dealing with municipal administration?	47	51	45	25	48	49	42	49	28	51	53	36	48	43	57	64	42	40	55	44	43	47	46	54	35	51	57	52	44
Access to public transit?	38	46	35	22	30	38	40	36	56	34	41	40	38	39	37	52	39	42	44	18	29	36	45	42	35	33	50	41	34

Responses of 'Don't know' are excluded from the topbox scores.

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TABLE 4a:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Access to public transit?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	19	24	16	19	13	18	21	17	32	16	21	22	18	20	17	31	20	25	12	8	14	18	24	22	15	16	36	18	14
9	6	7	4	4	6	7	2	5	9	6	3	7	6	7	4	7	6	5	9	3	0	6	6	7	4	6	9	7	6
8	13	16	15	0	10	12	16	13	15	11	15	11	13	13	15	14	12	12	23	8	14	13	15	13	15	10	5	16	14
7	8	7	11	0	10	8	8	8	9	8	12	11	7	9	5	10	7	3	9	13	7	8	8	9	8	8	5	9	6
6	4	6	5	0	0	6	0	4	3	6	3	2	5	5	3	0	5	7	2	5	0	4	5	3	7	2	0	3	5
5	10	9	13	7	8	11	8	10	9	11	12	2	11	10	9	3	12	8	9	10	21	10	8	11	10	10	14	9	10
4	4	6	3	4	2	5	2	5	0	6	3	4	5	4	7	3	2	8	2	8	0	6	0	3	7	3	0	6	3
3	7	6	3	19	10	4	13	7	6	5	6	4	8	7	8	0	12	3	2	10	7	7	6	8	5	8	9	8	5
2	10	9	7	11	15	11	8	11	3	11	3	9	11	10	11	7	11	7	9	15	14	10	10	9	11	11	9	7	12
1 - Not at all important	18	11	23	37	21	17	21	19	15	19	18	26	17	18	19	24	12	20	21	23	21	19	18	15	18	22	14	16	25
Don't know	1	0	1	0	4	1	1	1	0	1	3	2	1	1	3	0	2	2	0	0	0	1	0	0	0	3	0	1	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	38	46	35	22	30	38	40	36	56	34	41	40	38	39	37	52	39	42	44	18	29	36	45	42	35	33	50	41	34
Middle 2 (6-7)	12	13	16	0	11	14	8	12	12	14	16	13	11	14	8	10	12	10	12	18	7	12	13	12	15	10	5	13	11
Middle 2 (4-5)	14	15	16	11	11	16	10	15	9	17	16	7	16	14	16	7	14	17	12	18	21	16	8	14	17	14	14	15	13
Bottom 3 (1-3)	35	26	32	67	48	32	42	37	24	35	28	40	36	34	38	31	35	31	33	48	43	36	34	32	33	43	32	31	43
MEAN	5.6	6.2	5.5	3.9	4.9	5.6	5.4	5.4	6.8	5.4	6.0	5.5	5.5	5.7	5.3	6.2	5.7	5.8	5.7	4.4	4.9	5.5	6.0	5.9	5.4	5.1	6.4	5.8	5.0

Responses of 'Don't know' are excluded from calculation of the mean and topbox, middle and bottom box scores.

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TABLE 4b:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Good traffic and road conditions?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	30	31	32	33	21	30	30	30	29	29	24	33	30	31	29	31	27	35	33	28	29	31	27	34	24	31	50	25	31
9	13	10	21	4	15	13	14	12	21	14	12	11	14	16	7	17	14	12	16	10	7	13	13	11	17	12	14	16	12
8	20	18	24	11	25	18	24	20	24	18	24	15	21	18	24	28	18	13	19	28	21	20	19	22	14	24	5	30	19
7	12	13	11	11	13	11	16	12	12	11	9	9	14	13	12	3	13	10	14	15	29	11	18	9	15	13	9	10	12
6	5	7	4	4	4	7	1	6	0	8	12	7	4	6	4	7	6	12	2	0	0	6	5	3	10	4	14	3	5
5	7	7	5	7	10	9	3	7	12	8	6	7	8	6	11	3	8	7	5	13	0	8	3	4	10	7	0	7	8
4	2	2	1	0	2	2	2	2	0	2	0	7	1	1	4	3	0	5	2	0	0	2	2	2	1	2	9	0	2
3	2	3	0	7	0	1	5	2	0	1	0	0	3	2	3	0	2	3	2	3	0	3	0	3	4	0	0	2	2
2	3	2	1	11	2	3	2	3	3	3	6	4	2	4	1	0	7	0	0	3	7	2	6	5	2	1	0	2	2
1 - Not at all important	4	4	0	11	6	5	2	5	0	5	6	9	3	4	4	7	4	3	5	3	7	4	5	5	4	2	0	5	3
Don't know	1	1	0	0	2	1	0	1	0	1	0	0	1	1	1	0	1	0	2	0	0	0	2	0	0	2	0	0	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	64	60	77	48	62	62	68	63	74	61	61	59	66	65	61	76	60	60	69	65	57	65	61	67	55	69	68	70	64
Middle 2 (6-7)	18	21	15	15	17	18	17	19	12	19	21	15	18	19	16	10	19	22	17	15	29	16	23	12	25	18	23	14	17
Middle 2 (4-5)	9	10	7	7	13	11	6	9	12	10	6	13	9	7	15	7	8	12	7	13	0	10	5	7	11	9	9	7	11
Bottom 3 (1-3)	9	10	1	30	9	9	9	10	3	10	12	13	8	10	8	7	13	7	7	7	14	8	11	14	10	3	0	9	8
MEAN	7.7	7.6	8.4	6.5	7.4	7.6	7.8	7.6	8.1	7.5	7.3	7.2	7.8	7.7	7.5	7.9	7.4	7.7	8.0	7.7	7.4	7.7	7.5	7.5	7.4	8.0	8.4	7.7	7.7

Responses of 'Don't know' are excluded from calculation of the mean and topbox, middle and bottom box scores.

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TABLE 4c:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Ease of parking?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	30	36	27	22	25	32	26	29	38	31	33	24	31	34	21	45	28	33	33	23	7	29	35	38	24	27	36	36	25
9	8	6	13	0	8	7	8	8	6	7	12	4	8	9	4	0	12	7	12	3	7	8	5	8	12	4	9	8	6
8	19	18	23	15	17	17	22	19	15	18	30	15	18	17	21	17	15	20	9	33	21	19	18	16	19	21	14	17	23
7	8	9	9	4	4	9	5	8	3	10	0	9	9	7	11	7	7	7	7	8	21	7	10	8	11	6	18	5	9
6	6	8	5	7	2	5	8	5	12	6	6	7	6	7	4	7	6	7	7	5	7	6	6	3	6	9	5	6	6
5	8	6	7	11	15	9	7	9	6	9	6	11	8	8	9	14	13	3	9	3	7	10	3	10	7	7	5	15	6
4	2	2	1	4	2	2	2	1	6	1	0	2	2	3	0	0	2	2	0	0	7	1	3	0	2	2	0	1	2
3	4	4	4	15	0	4	6	5	3	3	3	2	5	4	5	0	5	5	5	8	0	5	3	5	5	3	5	1	5
2	4	5	4	4	4	4	6	4	6	4	3	4	5	4	7	7	1	5	5	8	7	4	6	3	4	7	9	0	7
1 - Not at all important	10	7	7	15	21	10	10	11	6	11	6	20	9	8	16	3	9	12	14	10	14	11	8	7	11	12	0	11	10
Don't know	1	0	0	4	2	1	0	1	0	1	0	2	1	1	1	0	1	0	0	3	0	0	2	1	0	1	0	0	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	57	60	63	38	51	57	56	57	59	56	76	44	57	60	47	62	56	60	53	59	36	57	59	63	55	53	59	61	54
Middle 2 (6-7)	14	17	15	12	6	14	13	14	15	15	6	16	15	14	15	14	13	13	14	13	29	13	16	11	17	15	23	10	16
Middle 2 (4-5)	10	8	8	15	17	11	9	10	12	10	6	13	10	11	9	14	15	5	9	3	14	11	7	10	10	9	5	16	7
Bottom 3 (1-3)	19	16	15	35	26	18	22	20	15	18	12	27	18	16	28	10	15	22	23	26	21	19	18	16	19	23	14	13	23
MEAN	7.0	7.3	7.3	5.7	6.2	7.1	6.7	6.9	7.2	7.0	7.7	6.1	7.0	7.3	6.2	7.6	7.0	7.0	6.8	6.7	5.9	6.9	7.2	7.5	6.9	6.6	7.6	7.3	6.7

Responses of 'Don't know' are excluded from calculation of the mean and topbox, middle and bottom box scores.

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TABLE 4d:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Safety on the street?																													
	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	33	30	39	33	31	29	40	32	41	28	27	35	33	34	31	38	26	33	35	38	43	33	32	36	26	35	41	28	34
9	13	13	16	7	13	14	11	13	15	14	12	9	14	12	17	14	12	7	26	15	0	13	13	5	18	15	14	9	14
8	14	13	16	11	17	13	16	13	21	12	9	17	14	14	13	10	16	8	12	23	21	13	18	18	12	13	14	14	16
7	6	6	4	4	13	7	3	7	3	8	21	0	5	7	5	7	6	8	7	3	0	6	6	5	8	6	5	11	4
6	4	6	3	4	0	4	3	4	3	4	0	4	5	5	3	3	4	10	0	0	0	4	5	3	7	1	0	5	2
5	10	13	7	7	10	11	9	11	6	11	6	17	9	11	8	10	13	8	16	3	7	12	5	11	8	11	14	11	7
4	2	3	1	0	2	2	2	2	0	2	0	0	3	1	7	3	1	3	0	5	0	2	3	2	1	3	9	1	2
3	5	6	1	15	2	5	3	5	0	6	6	4	5	6	3	0	7	7	2	3	7	5	3	8	1	6	5	5	5
2	5	3	5	7	6	5	3	5	3	6	9	7	4	5	5	3	7	2	0	10	7	4	6	5	5	4	0	6	6
1 - Not at all important	6	6	7	11	4	6	6	6	9	6	6	7	6	6	5	7	6	8	2	3	14	6	6	4	11	2	0	7	7
Don't know	2	3	1	0	2	3	1	2	0	3	3	0	3	2	3	3	2	5	0	0	0	2	2	1	2	3	0	3	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	61	57	72	52	62	58	69	59	76	56	50	61	63	61	63	64	55	51	72	75	64	60	64	60	57	65	68	53	65
Middle 2 (6-7)	10	12	7	7	13	12	7	11	6	12	22	4	10	11	8	11	10	19	7	2	0	10	11	9	16	7	5	16	7
Middle 2 (4-5)	13	16	8	7	13	13	12	14	6	14	6	17	12	12	15	14	14	12	16	7	7	14	8	13	10	15	23	13	10
Bottom 3 (1-3)	16	15	14	33	13	17	13	16	12	18	22	17	15	16	14	11	20	18	5	15	29	16	16	18	17	13	5	18	18
MEAN	7.3	7.2	7.7	6.4	7.4	7.1	7.7	7.2	7.9	7.0	7.0	7.1	7.4	7.3	7.3	7.6	6.9	7.0	8.1	7.7	6.9	7.3	7.3	7.2	7.1	7.6	7.9	7.0	7.3

Responses of "Don't know" are excluded from calculation of the mean and topbox, middle and bottom box scores.

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2015 Commercial Tax Study

TABLE 4e:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Cleanliness and attractiveness of the street?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	23	29	23	15	15	25	20	24	18	26	21	24	24	25	20	31	21	27	28	13	14	21	31	29	17	24	27	27	20
9	9	9	8	4	10	10	6	8	12	10	6	7	10	9	8	17	6	7	12	13	0	8	11	9	11	7	23	8	7
8	23	24	25	22	21	22	26	23	29	21	15	24	25	23	25	21	25	22	23	25	36	24	21	22	29	22	23	24	23
7	10	11	8	11	13	12	7	11	6	12	24	7	9	11	11	7	16	10	7	8	0	12	6	16	10	7	14	11	9
6	7	6	13	4	2	7	7	7	9	6	3	4	8	7	7	7	5	10	5	8	14	7	5	4	8	7	5	6	9
5	14	14	11	7	21	12	17	13	18	12	12	22	12	12	19	10	14	12	14	15	21	14	13	9	12	19	5	15	15
4	3	2	1	7	4	2	3	2	3	2	3	4	2	2	4	0	2	2	2	5	7	2	3	1	2	4	0	1	2
3	2	1	3	11	0	2	3	2	3	2	3	4	2	3	0	0	4	3	0	3	0	2	3	2	2	2	0	1	2
2	3	2	3	7	6	3	3	4	0	3	6	0	4	4	3	0	4	5	2	5	0	4	0	2	6	2	5	0	5
1 - Not at all important	5	3	5	11	4	4	6	5	3	5	6	4	5	5	3	7	2	3	5	8	7	5	5	5	2	4	0	6	6
Don't know	1	0	0	0	4	1	1	1	0	1	0	0	1	1	1	0	1	0	2	0	0	0	2	0	1	1	0	1	1
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	56	62	56	41	48	58	52	56	59	57	42	54	59	57	54	69	52	55	64	50	50	54	64	59	57	53	73	60	51
Middle 2 (6-7)	17	17	21	15	15	19	14	18	15	19	27	11	17	18	18	14	21	20	12	15	14	19	11	21	18	14	18	17	18
Middle 2 (4-5)	16	16	12	15	26	14	21	16	21	14	15	26	14	14	23	10	17	13	17	20	29	16	16	10	14	24	5	16	17
Bottom 3 (1-3)	10	6	11	30	11	9	13	11	6	10	15	9	10	11	5	7	10	12	7	15	7	11	8	10	11	9	5	7	14
MEAN	7.2	7.6	7.1	5.9	6.7	7.3	6.8	7.2	7.2	7.3	6.8	7.0	7.3	7.2	7.2	7.8	7.1	7.2	7.5	6.5	6.6	7.1	7.5	7.5	7.1	7.0	8.1	7.4	6.8

Responses of 'Don't know' are excluded from calculation of the mean and topbox, middle and bottom box scores.

HALIFAX

2015 Commercial Tax Study

TABLE 4f:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Ease of dealing with municipal administration?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	19	20	19	15	21	21	17	21	9	21	21	20	19	20	19	28	19	17	19	23	7	21	13	26	12	20	23	25	17
9	6	6	7	0	6	7	3	7	0	7	9	4	6	6	7	14	2	7	12	3	0	5	10	5	8	4	14	7	4
8	19	21	19	7	19	18	21	19	18	19	21	11	20	15	29	21	15	17	23	18	36	18	21	19	12	25	18	15	23
7	11	11	8	15	13	11	10	10	18	11	3	17	11	11	11	10	7	13	14	10	14	11	10	13	12	8	5	11	12
6	6	6	9	0	6	5	9	7	6	5	6	7	7	7	5	0	6	8	5	10	7	7	6	3	11	4	5	7	7
5	14	10	17	15	17	12	17	13	18	11	15	15	13	14	12	7	20	17	9	10	7	13	15	8	14	20	5	13	16
4	2	3	1	4	0	3	1	2	3	2	3	0	3	2	3	3	1	2	5	3	0	2	2	3	2	1	9	1	2
3	5	5	7	11	2	5	7	5	6	5	6	4	6	7	3	3	7	5	2	5	14	6	5	5	7	4	5	3	3
2	4	5	3	7	4	5	3	4	6	4	3	7	4	5	4	7	4	2	5	8	7	3	8	4	5	3	5	2	5
1 - Not at all important	8	6	8	15	8	7	8	7	12	7	9	11	7	9	4	3	5	13	5	10	7	8	6	5	10	7	9	6	9
Don't know	5	6	3	11	4	7	2	5	6	7	3	4	6	6	4	3	14	0	2	3	0	6	5	7	7	2	5	10	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	47	51	45	25	48	49	42	49	28	51	53	36	48	43	57	64	42	40	55	44	43	47	46	54	35	51	57	52	44
Middle 2 (6-7)	18	18	18	17	20	18	20	17	25	17	9	25	18	19	17	11	15	22	19	21	21	19	17	18	24	13	10	20	20
Middle 2 (4-5)	17	14	19	21	17	16	19	16	22	15	19	16	17	18	15	11	25	18	14	13	7	17	17	12	18	22	14	15	19
Bottom 3 (1-3)	18	16	18	38	15	18	19	17	25	18	19	23	17	21	11	14	18	20	12	23	29	18	20	16	23	15	19	13	17
MEAN	6.6	6.8	6.5	5.2	6.7	6.7	6.4	6.7	5.6	6.8	6.6	6.2	6.6	6.4	7.1	7.4	6.5	6.2	7.0	6.3	6.0	6.6	6.4	7.0	6.0	6.7	6.8	7.1	6.4

Responses of 'Don't know' are excluded from calculation of the mean and topbox, middle and bottom box scores.

HALIFAX

2015 Commercial Tax Study

TABLE 4g:

How important are each of the following to the success of your business? Please use a scale of 1 to 10 where one is not at all important and ten is extremely important. How important is...

Low property taxes?																													
	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
10 - Extremely important	34	35	33	30	38	36	30	34	35	36	33	28	36	31	45	28	36	48	26	25	29	36	29	34	39	31	41	39	32
9	7	6	7	4	13	8	3	8	0	9	3	7	8	7	8	7	4	7	14	8	0	7	8	2	11	8	23	3	6
8	14	17	7	19	15	13	15	13	21	12	18	11	14	14	12	17	14	8	16	10	21	14	13	16	13	12	5	14	17
7	11	11	17	4	4	11	10	11	12	11	12	7	12	12	8	10	8	8	12	18	21	9	16	9	12	10	9	9	12
6	3	2	5	0	2	2	5	2	6	2	0	4	3	3	3	3	2	3	0	0	21	4	0	3	0	4	0	3	2
5	13	13	13	7	13	12	14	14	3	12	12	11	13	11	16	14	15	10	9	15	7	13	11	11	8	18	18	11	13
4	4	5	1	4	6	4	5	4	6	4	9	2	4	4	4	3	2	2	9	8	0	4	3	2	5	6	0	2	6
3	4	2	5	4	4	3	6	3	9	2	0	9	3	5	1	3	5	5	0	5	0	4	2	4	4	2	5	3	3
2	3	2	4	7	0	3	2	3	0	3	0	2	3	3	1	0	2	5	2	3	0	2	5	1	4	3	0	1	4
1 - Not at all important	4	3	3	7	4	4	3	3	6	4	6	11	2	5	1	10	5	2	2	3	0	4	3	9	1	1	0	8	2
Don't know	5	5	4	15	2	4	7	5	3	5	6	9	4	7	0	3	6	2	9	8	0	4	10	8	4	3	0	6	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
Top 3 (8-10)	58	60	49	61	66	60	52	58	58	60	58	50	59	55	65	54	58	64	62	46	50	58	55	57	65	53	68	59	57
Middle 2 (6-7)	14	14	24	4	6	14	16	14	18	13	13	12	15	16	11	14	11	12	13	19	43	14	18	13	12	15	9	13	14
Middle 2 (4-5)	17	19	15	13	19	16	20	19	9	17	23	14	17	16	20	18	19	12	21	24	7	18	16	14	14	24	18	14	20
Bottom 3 (1-3)	10	7	13	22	9	9	12	10	15	9	6	24	8	13	4	14	13	12	5	11	0	10	11	15	9	7	5	13	9
MEAN	7.4	7.5	7.3	6.9	7.7	7.6	7.1	7.5	7.3	7.6	7.4	6.6	7.6	7.2	8.0	7.0	7.3	7.8	7.5	7.0	7.7	7.5	7.4	7.2	7.9	7.3	8.2	7.4	7.4

Responses of 'Don't know' are excluded from calculation of the mean and topbox, middle and bottom box scores.

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TABLE 5:

Which of the following has the biggest impact on your business, would it be...

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Payroll taxes (including workers comp, EI and CPP)	48	43	55	59	44	46	53	47	53	46	42	50	48	49	44	31	47	45	58	48	71	49	44	37	51	55	18	48	57
Income taxes	29	27	28	33	35	31	25	31	18	32	36	28	28	33	21	59	24	38	14	30	7	31	24	45	25	21	59	32	25
Property taxes	16	20	11	4	17	17	13	16	15	17	15	11	17	11	28	10	16	17	19	15	14	14	21	10	17	18	23	13	15
Don't know	7	9	7	4	4	6	9	6	15	6	6	11	7	8	7	0	13	0	9	8	7	6	11	8	7	6	0	8	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 6:

What percentage reduction in your property tax bill would it take to make a significant positive impact on your business?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
1-5	4	5	3	4	4	2	8	3	9	2	6	4	4	4	4	10	2	3	2	8	0	3	8	3	4	6	5	6	3
6-10	10	10	11	0	13	9	10	9	12	9	6	4	12	9	13	3	9	3	14	15	21	9	13	7	11	11	5	8	15
11-20	12	11	13	19	8	13	9	12	12	14	6	9	14	12	12	14	9	12	9	25	0	11	15	11	14	11	27	9	13
21-100	22	22	9	33	35	22	22	24	6	24	18	17	24	16	40	17	20	28	26	18	29	23	19	19	19	30	23	22	27
None/Don't see a need for a reduction in property taxes	15	12	13	22	21	14	16	16	6	15	15	11	16	17	9	31	14	15	12	13	7	17	8	16	19	11	14	18	13
Don't know/No answer	38	40	51	22	19	39	34	35	56	36	48	54	32	44	21	24	45	38	37	23	43	38	37	44	33	30	27	38	30
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
MEAN	20.9%	21.7%	13.5%	21.7%	25.8%	21.6%	19.5%	21.6%	13.7%	21.9%	16.4%	23.3%	21.1%	18.6%	25.7%	14.7%	20.3%	26.7%	23.5%	17.7%	19.4%	21.2%	19.8%	20.3%	18.4%	24.0%	25.9%	19.7%	21.6%

Responses of 'Don't know' are excluded from calculation of the mean scores.

HALIFAX

2015 Commercial Tax Study

TABLE 7:

And if there were to be cuts to property taxes in the Halifax region, would you be willing to experience cuts to services such as public transit, road works or safety and cleanliness of streets?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	29	23	24	41	48	32	24	31	15	33	42	35	26	28	32	31	31	32	33	28	7	31	24	27	32	31	45	26	34
No	65	74	65	56	46	62	72	63	79	60	48	63	68	65	65	62	62	63	63	70	93	66	63	65	65	64	55	66	61
Don't know	6	3	11	4	6	7	3	6	6	7	9	2	6	7	3	7	7	5	5	3	0	4	13	8	2	4	0	8	5
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 8: FIRST MENTION

In what type of business or industry is your company currently engaged?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Retail	22	28	16	11	21	22	22	19	41	20	30	28	19	27	9	31	31	20	12	18	0	20	29	26	24	16	27	24	19
Restaurants and food services	10	13	8	7	6	11	8	11	0	11	12	9	10	9	12	0	9	13	12	5	21	8	16	11	8	9	0	8	10
Construction	9	2	16	15	10	7	13	9	6	7	12	7	9	8	12	0	4	5	19	20	14	10	5	5	8	12	0	5	15
Professional, scientific and technical services, including legal, accounting, architecture, engineering, computer and software design and all scientific research	8	9	8	7	6	9	5	8	6	10	6	4	9	10	4	7	11	8	5	8	7	10	2	13	7	4	9	11	6
Other services (e.g. repairs & maintenance, personal care)	7	6	5	15	10	7	7	8	0	8	9	4	8	5	11	10	8	7	7	3	7	7	6	5	8	8	18	10	5
Services to businesses and property owners (e.g. management, admin, cleaning, security)	6	6	11	4	2	5	8	6	9	5	0	4	8	6	8	3	7	8	2	5	7	7	3	5	6	6	9	10	2
Finance and insurance	5	7	3	7	0	5	3	4	9	6	0	9	5	6	1	7	5	2	5	5	14	5	5	7	7	1	5	6	4
Manufacturing	4	1	8	0	10	5	3	4	9	4	0	0	6	5	4	0	1	5	12	5	7	5	3	1	4	9	0	2	8
Health care and social assistance	4	5	3	4	4	4	3	4	3	4	6	9	3	4	4	7	5	3	2	3	7	4	3	5	6	0	5	3	2
Accommodations services (e.g. hotels, B&Bs, RV parks)	4	4	0	4	8	4	2	4	0	5	0	0	5	3	7	7	0	3	7	8	0	4	2	1	4	6	9	0	6
Real estate and leasing (residential/apartments & commercial)	4	4	4	4	2	4	3	4	0	4	3	7	3	3	7	3	4	3	2	8	0	3	5	4	2	4	5	5	2

HALIFAX

2015 Commercial Tax Study

TABLE 8: FIRST MENTION

In what type of business or industry is your company currently engaged?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Arts, entertainment and recreation	3	5	1	0	4	5	0	3	3	5	9	2	3	2	7	3	7	3	0	0	0	4	0	2	1	6	0	8	1
Information (e.g. media/film/music, publishing, libraries, data management, telecom)	3	2	4	4	4	4	2	3	3	4	3	2	4	4	1	3	2	5	2	3	0	3	3	5	2	2	0	2	5
Transportation and warehousing	3	3	3	4	0	3	2	2	3	3	6	2	2	3	3	3	5	2	2	0	0	2	3	2	4	2	0	1	2
Wholesale trade	2	1	3	0	4	1	3	2	0	1	0	4	2	1	4	0	1	2	0	5	7	1	5	0	1	3	0	0	4
Educational services	1	2	0	4	2	1	2	2	0	1	0	0	2	1	3	3	0	3	0	3	0	0	5	0	0	4	5	1	2
Utilities (electricity, gas, water, sewer)	1	1	3	4	0	1	3	1	3	1	0	2	2	2	1	0	0	3	2	3	0	0	5	1	1	2	0	1	2
Forestry, fishing, mining	1	2	1	0	2	1	3	1	3	1	3	0	2	1	3	3	0	0	7	0	0	2	0	1	0	3	0	1	2
Other	3	2	4	7	2	2	5	3	3	2	0	7	3	4	0	7	1	3	2	3	7	4	0	2	6	1	9	1	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 8: TOTAL MENTIONS

In what type of business or industry is your company currently engaged?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499k	500k+
Retail	25	31	20	15	21	25	23	22	41	23	30	33	22	30	11	31	33	25	16	18	0	22	34	27	26	20	32	24	23
Restaurants and food services	10	13	8	7	8	11	8	12	0	12	12	9	10	9	13	0	9	13	14	5	21	8	16	11	8	10	0	8	11
Construction	9	2	16	15	10	7	13	9	6	7	12	7	9	8	12	0	4	5	19	20	14	10	5	5	8	12	0	5	15
Professional, scientific and technical services, including legal, accounting, architecture, engineering, computer and software design and all scientific research	8	9	9	7	6	9	6	8	9	10	6	4	10	10	4	7	12	8	5	8	7	10	2	13	8	4	9	13	6
Other services (e.g. repairs & maintenance, personal care)	8	6	5	15	10	7	8	8	3	8	9	7	8	6	11	10	8	7	9	3	7	7	8	7	8	8	18	11	5
Services to businesses and property owners (e.g. management, admin, cleaning, security)	6	6	11	4	2	5	9	6	12	5	0	7	8	6	8	3	7	8	5	5	7	7	5	7	6	6	9	11	2
Finance and insurance	5	7	3	7	0	5	3	4	9	6	0	9	5	6	1	7	5	2	5	5	14	5	5	7	7	1	5	6	4
Manufacturing	5	1	8	0	13	5	3	4	9	5	0	0	7	5	4	3	1	5	12	5	7	5	5	2	4	9	0	3	8
Accommodations services (e.g. hotels, B&Bs, RV parks)	4	4	0	4	10	5	2	5	0	5	0	0	6	3	8	7	0	3	9	8	0	4	3	1	4	7	9	1	6
Health care and social assistance	4	5	3	4	4	4	3	4	3	4	6	9	3	4	4	7	5	3	2	3	7	4	3	5	6	0	5	3	2
Information (e.g. media/film/music, publishing, libraries, data management, telecom)	4	3	4	4	4	4	2	4	3	5	3	2	4	5	1	3	2	5	5	3	0	3	5	5	2	3	0	2	6
Real estate and leasing (residential/apartments & commercial)	4	4	4	4	2	4	3	4	0	4	3	7	3	3	7	3	4	3	2	8	0	3	5	4	2	4	5	5	2
Arts, entertainment and recreation	3	5	1	0	4	5	0	3	3	5	9	2	3	2	7	3	7	3	0	0	0	4	0	2	1	6	0	8	1
Transportation and warehousing	3	3	3	4	0	3	2	2	3	3	6	2	2	3	3	3	5	2	2	0	0	2	3	2	4	2	0	1	2
Wholesale trade	2	1	4	0	4	1	5	2	0	1	0	4	2	2	4	0	1	3	0	5	7	1	5	0	1	4	0	0	4
Educational services	1	2	0	4	2	1	2	2	0	1	0	0	2	1	3	3	0	3	0	3	0	0	5	0	0	4	5	1	2
Utilities (electricity, gas, water, sewer)	1	1	3	4	0	1	3	1	3	1	0	2	2	2	1	0	0	3	2	3	0	0	5	1	1	2	0	1	2
Forestry, fishing, mining	1	2	1	0	2	1	3	1	3	1	3	0	2	1	3	3	0	0	7	0	0	2	0	1	0	3	0	1	2
	3	2	4	7	2	2	5	3	3	2	0	7	3	4	0	7	1	3	2	3	7	4	0	2	6	1	9	1	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 9:

Is your business part of a franchise?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Yes	10	12	12	4	4	9	10	7	26	7	15	13	8	11	8	10	7	7	7	20	14	6	23	11	7	10	5	11	10
No	90	88	88	96	96	91	90	93	74	93	85	87	92	90	92	90	93	93	93	80	86	94	77	89	93	90	95	89	90
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 10:

Do you currently rent or own your commercial property in Halifax?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Rent	72	79	71	85	50	75	67	69	97	73	88	80	68	100	0	90	79	75	65	60	36	75	63	86	81	53	91	76	65
Own	24	19	23	11	48	23	28	27	3	24	12	15	28	0	89	10	20	25	35	28	43	24	26	12	18	42	9	23	29
Rent at least one property and own at least one property	3	2	5	0	2	3	3	3	0	3	0	4	3	0	11	0	1	0	0	10	21	1	10	1	1	6	0	0	5
Don't know/No answer	1	0	1	4	0	0	2	1	0	0	0	0	1	0	0	0	0	0	0	3	0	0	2	1	0	0	0	1	1
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 11:

For approximately how many years has your business been in business?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
0-4	12	9	11	22	15	15	6	12	15	15	100	0	0	14	5	34	14	10	5	5	0	13	8	19	10	9	14	19	6
5-9	17	18	12	22	17	19	10	17	12	20	0	100	0	19	12	21	18	18	19	8	14	17	16	20	21	10	14	18	13
10+	71	72	77	56	69	66	84	71	74	65	0	0	100	67	83	45	68	72	77	88	86	70	76	62	69	81	73	63	81
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
MEAN	23.3	23.6	27.2	17.2	19.7	19.5	31.4	22.4	29.7	19.7	2.5	6.3	30.2	21.8	27.3	12.6	21.8	27.2	21.3	26.2	36.0	23.1	23.8	18.1	23.2	28.0	16.4	22.6	26.3

Responses of 'Don't know/no answer' are excluded from calculation of the mean.

TABLE 12:

How many full time employees, including yourself, does your business have in total in the Halifax region?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
1	10	13	3	7	17	15	1	12	3	15	30	13	7	13	4	100	0	0	0	0	0	13	3	23	4	6	41	17	1
2-4	31	38	24	30	23	37	17	30	35	37	36	33	29	34	24	0	100	0	0	0	0	35	15	47	35	13	41	50	17
5-9	22	19	25	19	25	22	22	23	15	21	18	24	22	23	20	0	0	100	0	0	0	24	15	18	30	18	9	20	25
10-19	16	11	20	15	21	13	22	16	12	13	6	17	17	14	20	0	0	0	100	0	0	14	21	7	15	25	5	6	22
20-49	14	12	17	26	10	9	26	13	24	8	6	7	18	12	20	0	0	0	0	100	0	10	29	3	15	26	5	2	27
50+	5	3	9	4	4	3	9	5	6	3	0	4	6	3	12	0	0	0	0	0	100	3	13	0	1	11	0	1	7
Don't know/No answer	2	4	1	0	0	2	2	2	6	2	3	2	2	3	0	0	0	0	0	0	0	1	5	2	0	1	0	3	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
MEAN	15.2	13.8	20.0	14.8	11.3	11.1	24.1	15.2	14.8	11.3	4.8	10.4	18.0	10.5	27.2	1.0	2.8	6.1	13.0	30.3	122.3	10.4	32.3	4.3	10.0	29.3	3.5	6.0	22.9

Responses of 'Don't know/no answer' are excluded from calculation of the mean.

HALIFAX

2015 Commercial Tax Study

TABLE 13:

And how many part time employees, including yourself, does your business have in total in the Halifax region?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
1-5	53	52	49	52	63	55	48	52	59	56	64	63	49	54	53	76	60	52	42	45	43	55	47	63	49	51	59	58	47
6-10	9	13	5	11	2	10	7	10	3	10	9	7	10	10	7	3	11	10	14	8	0	9	10	7	12	9	5	3	14
11-20	4	5	3	0	6	4	5	4	6	3	0	4	5	3	7	0	1	0	7	15	7	2	11	1	4	7	0	2	5
More than 20	4	3	7	0	2	3	5	3	6	2	0	4	4	2	8	0	1	5	2	5	21	1	11	1	2	7	0	2	6
None	20	17	23	33	17	18	25	21	15	19	21	11	22	22	16	17	16	23	26	23	21	24	8	18	25	19	23	19	23
Don't know/No answer	10	9	13	4	10	10	10	10	12	10	6	11	11	10	9	3	11	10	9	5	7	9	13	11	8	8	14	15	6
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
MEAN	8.7	11.4	8.7	2.6	4.3	8.4	9.4	8.0	13.4	6.8	2.7	5.3	10.7	6.2	14.7	2.3	3.4	6.5	5.4	19.3	43.4	4.2	21.9	4.0	4.7	16.2	2.0	4.9	13.7

Responses of 'Don't know/No answer' are excluded from calculation of the mean.

TABLE 14:

How many business locations do you have in the Halifax region?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
1-5	97	94	99	100	100	97	97	98	85	98	97	98	96	97	97	100	99	100	100	88	86	100	85	100	96	96	100	100	94
6-10	2	4	1	0	0	2	3	0	15	1	3	0	3	3	0	0	1	0	0	10	0	0	10	0	4	2	0	0	4
11-20	1	2	0	0	0	2	0	1	0	2	0	2	1	1	3	0	0	0	0	3	14	0	5	0	0	2	0	0	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124
MEAN	1.6	1.9	1.5	1.3	1.2	1.6	1.7	1.5	2.4	1.5	1.3	1.7	1.7	1.5	1.9	1.1	1.2	1.2	1.5	2.5	4.1	1.0	3.7	1.1	1.5	2.0	1.1	1.2	2.0

Responses of 'Don't know/No answer' are excluded from calculation of the mean.

HALIFAX

2015 Commercial Tax Study

TABLE 15:

Approximately what is the square footage of your company's properties within the Halifax region? Would you say it is.....?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Less than 2,000 square feet	33	42	13	41	35	41	15	34	24	41	52	39	28	39	16	72	51	27	14	8	0	39	13	100	0	0	77	50	17
At least 2,000 sq. ft. but less than 5,000 sq. ft.	30	30	35	33	23	32	28	30	32	32	24	39	29	34	21	10	34	42	30	33	7	33	23	0	100	0	9	30	31
At least 5,000 sq. ft. but less than 10,000 sq. ft.	12	9	12	15	17	7	22	12	12	8	9	7	14	10	17	7	9	8	19	23	7	11	16	0	0	37	5	8	17
At least 10,000 sq. ft. but less than 25,000 sq. ft.	9	6	16	4	8	6	16	9	6	6	0	7	11	7	16	3	0	10	19	18	21	7	16	0	0	28	5	2	16
25,000 sq. ft. or more	11	7	17	7	15	11	13	11	12	10	15	7	12	7	23	7	5	8	14	18	43	8	21	0	0	35	5	8	15
Don't know/No answer	5	6	7	0	2	4	7	3	15	2	0	2	6	4	7	0	1	5	5	3	21	3	11	0	0	0	0	2	5
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 16:

Which one of the following ranges best describes your company's gross revenue last year? Please stop me when I read the correct category. Would it be:

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/ (Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Less than \$100,000	8	9	3	15	8	11	1	8	6	11	9	7	8	10	3	31	11	3	2	3	0	9	3	19	2	3	100	0	0
At least \$100,000 but less than \$500,000	32	39	25	15	33	37	20	33	24	38	52	35	28	34	27	52	52	30	12	5	7	36	16	48	31	18	0	100	0
At least \$500,000 but less than \$1,000,000	14	10	15	22	17	13	15	14	12	13	12	20	13	14	12	0	15	25	14	8	7	16	6	9	21	12	0	0	31
At least \$1,000,000 but less than \$5,000,000	18	14	23	19	23	16	23	19	15	16	3	9	23	16	25	0	6	20	37	40	7	17	23	10	15	29	0	0	41
\$5,000,000 or more	13	11	17	19	6	9	21	11	26	8	6	7	15	11	19	3	4	7	12	35	50	8	29	4	8	25	0	0	28
Refused	6	6	4	4	8	5	8	6	6	5	9	4	6	7	3	7	4	7	12	3	7	5	10	4	8	3	0	0	0
Don't know/No answer	10	10	13	7	4	8	13	9	12	8	9	20	8	9	12	7	9	8	12	8	21	9	13	5	13	9	0	0	0
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 17:

In the past year has your business's revenue...?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPENDENT	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Increased	44	39	51	37	52	43	48	46	35	42	58	39	43	41	55	38	36	50	49	50	57	43	48	34	38	62	27	51	44
Stayed the same	27	28	23	37	27	28	25	29	18	30	15	30	29	28	25	31	31	28	26	20	29	29	23	34	32	16	36	24	29
Decreased	25	29	24	22	19	26	23	23	41	25	21	28	25	28	19	31	31	22	19	28	7	26	24	31	26	20	32	25	27
Refused	1	0	1	0	2	0	2	0	3	0	0	0	1	1	0	0	0	0	5	0	0	0	2	0	1	0	0	0	0
Don't know/No answer	2	3	1	4	0	3	1	2	3	2	6	2	2	3	1	0	2	0	2	3	7	2	3	1	2	2	5	0	0
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

TABLE 18:

In the next 12 months do you anticipate that your business's revenue will...?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPENDENT	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
Increase	52	50	53	59	52	50	57	53	44	51	76	54	48	53	52	52	53	47	56	57	57	52	55	49	54	55	45	52	50
Stay the same	34	38	29	30	33	37	26	33	41	36	12	35	37	35	33	31	34	40	35	25	29	35	29	37	33	31	41	35	39
Decrease	10	9	12	7	13	10	10	10	9	10	6	11	11	9	13	17	11	12	5	10	0	10	11	10	11	9	14	9	10
Refused	1	0	1	0	2	0	2	0	3	0	0	0	1	1	0	0	0	0	5	0	0	0	2	0	1	0	0	0	0
Don't know/No answer	3	3	4	4	0	3	3	3	3	3	6	0	3	4	1	0	2	2	0	8	14	3	3	3	1	4	0	3	2
SAMPLE SIZE (#)	277	127	75	27	48	190	87	243	34	177	33	46	198	200	75	29	85	60	43	40	14	215	62	91	84	89	22	88	124

HALIFAX

2015 Commercial Tax Study

TABLE 19a:

[IF Q10=2 'OWN'] To the best of your knowledge, what were the total annual property taxes paid by your business last year?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
\$10,000 or less	30	33	18	33	35	30	29	30	0	30	50	43	27	0	30	33	47	47	20	9	0	37	6	55	47	19	100	45	22
\$10,001 to \$30,000	15	17	12	0	17	19	8	15	0	19	0	14	16	0	15	0	12	33	7	18	0	18	6	9	20	16	0	20	17
More than \$50,000	10	0	18	33	13	14	4	11	0	14	25	0	11	0	10	0	12	0	7	27	17	10	13	0	7	16	0	10	14
None	1	4	0	0	0	2	0	2	0	2	0	0	2	0	1	0	0	7	0	0	0	2	0	0	0	3	0	0	3
Don't know/No answer	43	46	53	33	35	35	58	42	100	35	25	43	45	0	43	67	29	13	67	45	83	33	75	36	27	46	0	25	44
SAMPLE SIZE (#)	67	24	17	3	23	43	24	66	1	43	4	7	56	0	67	3	17	15	15	11	6	51	16	11	15	37	2	20	36
MEAN	\$23,144.74	\$11,284.62	\$38,375.00	\$39,000.00	\$23,186.67	\$24,053.57	\$30,600.00	\$23,144.74	-	\$24,053.57	\$23,433.33	\$11,750.00	\$24,587.10	-	\$23,144.74	\$1,000.00	\$15,916.67	\$14,538.46	\$21,800.00	\$54,916.67	\$60,000.00	\$20,897.06	\$42,250.00	\$7,385.71	\$19,936.36	\$30,425.00	\$7,850.00	\$16,886.67	\$30,225.00

Responses of 'Don't know/no answer' and 'Refused' are excluded from calculation of the mean.

TABLE 19b:

[IF Q10=1 'RENT' or Q10= 'RENT & OWN'] To the best of your knowledge, what were the total annual property taxes paid by your business last year, either directly or through rents?

	OVERALL %	REGION				SIZE		INDEPENDENTLY OWNED		SMALL + INDEPEND	YEARS IN BUSINESS			RENT/OWN		FT EMPLOYEES						BUS LOCATIONS		SQ FOOTAGE			REVENUE		
		Halifax	Dartmouth	Bedford/Sackville	Other	Small	Medium/Large	Yes	No		0-4	5-9	10+	Rent	Own/(Own/Rent)	1	2-4	5-9	10-19	20-49	50+	1	2+	LT 2000	2000 to <5k	5k+	LT 100k	100-499K	500k+
\$10,000 or less	11	12	9	9	16	12	10	13	3	13	14	8	11	11	13	12	12	13	4	14	0	12	7	9	14	12	15	13	11
\$10,001 to \$30,000	5	2	5	4	16	5	5	5	3	4	10	0	5	5	0	8	1	2	14	4	13	6	2	4	1	12	5	3	7
\$30,001 to \$50,000	1	1	2	0	0	1	2	1	3	1	0	0	1	1	0	0	1	0	0	4	0	1	2	1	1	0	0	1	1
More than \$50,000	2	2	2	4	0	2	2	2	0	2	0	0	3	1	25	0	1	2	0	0	25	1	4	1	1	4	0	1	3
None	0	1	0	0	0	1	0	1	0	1	0	3	0	1	0	0	0	2	0	0	0	1	0	0	0	2	0	1	0
Don't know/No answer	81	83	82	83	68	80	82	79	91	79	76	90	79	82	63	81	84	80	82	79	63	80	84	85	81	71	80	79	77
SAMPLE SIZE (#)	208	103	57	23	25	147	61	175	33	134	29	39	140	200	8	26	68	45	28	28	8	163	45	79	69	52	20	67	87
MEAN	\$40,466.25	\$48,599.94	\$22,965.10	\$103,250.00	\$12,625.00	\$37,855.14	\$47,350.09	\$41,940.51	\$22,283.67	\$38,492.82	\$10,428.57	\$2,800.00	\$52,912.07	\$24,287.84	\$240,000.00	\$8,520.00	\$23,590.91	\$45,777.67	\$17,240.00	\$14,391.83	\$43,333.33	\$25,039.39	\$13,192.86	\$22,466.58	\$36,465.46	\$58,333.33	\$5,775.00	\$20,357.14	\$64,477.55

Responses of 'Don't know/no answer' and 'Refused' are excluded from calculation of the mean.

Attachment 2: Detailed Discussion of the Definition of Small Business

Staff considered four ways to measure “small” when it comes to Small Business:

- # employees,
- revenue or taxable income,
- size of space for operations (square footage), and
- value of property (assessment).

Industry Canada defines small businesses as those with 50 employees or less (in the service sector) and 100 employees or less (in manufacturing). Most of the businesses in Halifax are in the service sector, so 50 employees could be one option for the definition of small business. There are about 18,000 businesses in the Halifax region, 97% of them “small”, i.e. have 50 employees or fewer.

Based on information from the Canada Business Network (Government of Canada) office in Halifax, about 85% of businesses in the Halifax region have fewer than 10 employees; only 3% of businesses have 50 or more. See more details in the table, below.

Number of Employees	Halifax, NS	Dartmouth, NS	Bedford, NS	Sackville, NS
Less than 10 employees	8,012	5,505	1,380	1,232
Between 10 and 49 employees	1,012	787	142	114
Over 50	275	204	30	15

From a taxation standpoint, the provincial Small Business Tax Rate in Nova Scotia is 3% on Taxable Income under \$350,000. This threshold may change by provincial policy, but it could be used as a reference for what may be considered a small business. The challenge with this reference and, to a lesser extent, with the number of employees, is that for each business this number can (and will) change from year to year. So, a company that was considered “small” one year may not be the following year, even if their operations changed little.

Commercial space used for operations (square footage) is a tangible measure of “small.” And, at first glance, it seems intuitive that small businesses should occupy smaller spaces. However, there can be significant differences in space requirements between activities, e.g. automobile repair vs insurance sales vs a maid service, say, which may require no commercial space.

Value of property (assessment) is the data most readily available to the municipality to measure “small.” Value of property includes the same limitations as “square footage” but also adds in the market variation of the land and building.

Owners & Renters

Property taxation is billed to property owners, however many properties are not owner-occupied, they are leased to one or many tenants – think of a shopping mall or an office building with multiple tenants on each floor. The tenants pay rent to the property owner. The rents include a portion to pay the property taxes on the building, and the property owner pays the municipality the property taxes.

Most businesses rent their space. There are approximately 18,000 businesses in the Halifax region, but only about 5,000 commercial property owners. There is no official directory of Halifax businesses available; however some information is available from private companies and through Industry Canada.

Results from Face-to-Face Discussion

Business associations and business owners we met generally found that the number of employees was a reasonable measure of although some emphasised that revenue would also be an appropriate measure. Some business representative suggested that the businesses size of operations (commercial space)

could be a relevant measure, but this would vary sector by sector, e.g. a vehicle repair shop occupying more space than a lawyer's office may not be a larger business. Very few felt property value, especially when it includes land value, was a meaningful measure of business size.

In summary, the preferred measures could be ranked:

1. # of Employees
2. Gross or Taxable Revenue
3. Commercial Space (square footage)
4. Property Value

However, in terms of municipal access to information, from easiest to hardest to access, the measures would be ranked:

1. Property Value
2. Commercial Space (square footage)
3. # of Employees
4. Gross or Taxable Revenue

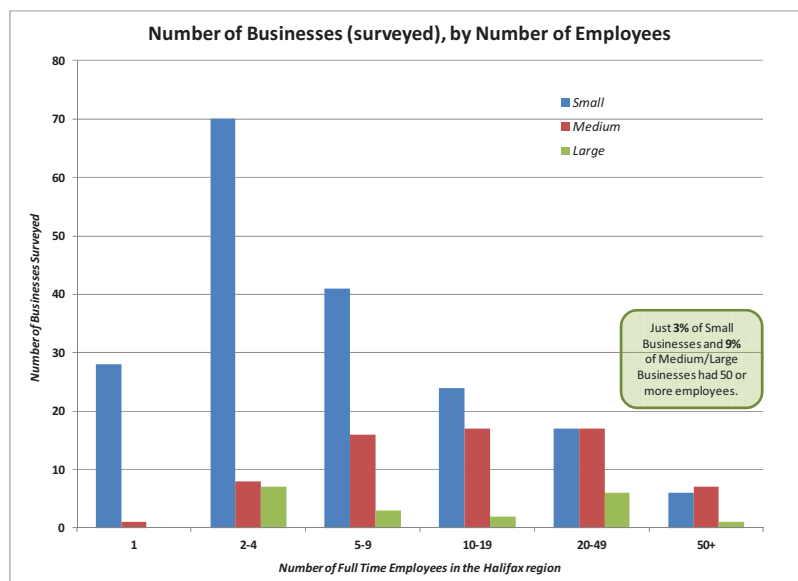
On what # of employees would be considered "small" in Halifax, most stakeholder groups stated that 50 employees would not be considered small but, something in the range of 5 to 10 employees might be. Stakeholders emphasised that this would vary from sector to sector, somewhat.

Most small businesses rent space and this reduces their direct contact with property taxation. We were told during our consultations that many renters are concerned about their costs, so will address this, in part, when they negotiate their lease agreements, but property tax is not top of mind for most business owners who rent.

Results from Survey of Business Owners/Managers

In the CRA survey of business owners/managers, people were asked whether they considered their business to be "small."

Of the businesses that identified as small, 74% had no more than 10 employees and 96% had no more than 50 employees. The median size was 11 employees. A chart of the distribution of self-selected small businesses, by number of employees, is shown below.



Attachment 3: Summary of Tax Options & Analysis + Detailed Discussion

	Predictability	Efficiency/Bias	Competitiveness	Administration
<u>Changes to the timing of the assessment process</u>				
Assessment Averaging	Improved	No Change	No Change	Change Assessment Act
Base Date adjusted every 3 to 4 Years	Improved	No Change	No Change	Change Assessment Act
Tax on Building Value	Improved		No Change	Change Legislation
Assess using Net Income	Difficult	approach may be arbitrary for some firms	No Change	Change Legislation
<u>Alternatives to an assessment based tax</u>				
Frontage Tax	Improved	Treats all Business the same	No Change	Lead time for design, administration. Possible legislative change
Frontage Tax (over 50 ft)	improved	Discriminates against larger frontage	No Change	Lead time for design, administration. Possible legislative change
Square Foot of Building Tax	Improved	Treats all Business the same	No Change	Legislative change; less than 50% data available
Land Tax	Improved	encourages additional development and density, even when not encouraged through planning processes.	No Change	Lead time for design, administration.
<u>Changes to the current assessment based tax structure</u>				
Small Property Tax Rate (\$750k)	No Change	Discriminates against leases, larger properties including some small business	No Change	Lead time for design, administration. Legislative change
Small Property Tax Rate (\$2,250k)	No Change	Discriminates against leases, larger properties including some small business	No Change	Lead time for design, administration. Legislative change
Maximum Tax (\$10 per SqFt)	Improved	evens tax loads out	No Change	Lead time for design, administration. Data required. Legislative change
Alter Tax Boundaries	No Change	Shifts tax between areas of the municipality.	May decrease competitiveness for areas outside regional centre, some of whom would not be able to relocate in core (eg industrial property).	Rate changes are relatively easy although designing specific boundaries can be problematic.

	Predictability	Efficiency/Bias	Competitiveness	Administration
Business Occupancy Tax	No Change	Shifts tax directly to tenant, allowing for owners, tenants to be treated more equally.	No Change	Legislative change, administrative issues.
Small Property Tax Holiday	Improved for new properties	New firms may compete tax free with existing firms.	Increased sustainability during start-ups.	Legislative change, administrative issues including defining eligibility criteria.
Defer portion of tax owed	No Change	Delays tax increases, creating sustainability issues for business.	may lead to higher debt loads on business.	Legislative change, administrative issues. May create risk and cash flow for municipality due to money owed.
Limit annual tax increases (Commercial Cap)	Increased	Distorts tax levels between existing and new business.	May discourage new business.	Legislative change, administrative issues.
<u>General tax rate reductions</u>	No Change	No Change	Improved	None

Approach 1: Changes to the Assessment System

a) Tax Building Assessment (only)

This option proposes to remove the unpredictability of the land value portion of a property assessment by taxing only on the building value of the property. This information is currently available for about half of the commercial properties.

The impacts of this approach – if applied immediately – are significant lower taxes for most, smaller properties, e.g. under 5,000 square feet.

Other Cities: None found, although several cities in the United States have a split assessment, whereby they have a different tax rate for land than they do for the building.

Pros: Could reduce (short and long-term) impact of high land values on some properties.

Cons: Could favour “land banking” or deferral of development or building expansions. It could be economically inefficient. Additionally, it would require an additional, specific approach for “vacant” land or properties with very small buildings.

Admin/Legislative considerations: Would require legislative change to allow PVSC to provide an assessment roll based on “building value” rather than market value. Moving away from the market value “standard” could increase the level and success of assessment appeals.

b) Assess (all properties) using “Income Approach”

Many large properties are not owner-occupied, but are owned by a firm earning income by leasing real estate. In these cases, rather than calculating property value based on the value of land + improvements (building, pavement, etc.), market value is determined by evaluating the net income of the property and converting that revenue stream into a capital value. A theoretical net income could

be calculated for some owner-occupied properties, as well. However, this calculation may not be possible for specialized properties or those with a limited rental market.

Other Cities: none found

Pros: Could reduce impact of high land values on some properties.

Cons: Could reduce incentives for (re)development. Would require an additional approach for “vacant” land or properties with small or “unmarketable” buildings.

Admin/Legislative considerations: The theoretical calculation of net income would be difficult and could be easily challenged. Would require legislative change to allow PVSC to provide an assessment roll using a “net income” approach to determine market value. Moving away from other (more-recognized) assessment approaches to market value could increase level and success of assessment appeals.

c) 3-Year Assessment Averaging

Averaging the assessment values of current and past years has been used to reduce the impact of sudden assessment increases. This is often done over a three-year period. When the averaging is carried out over longer periods of time, the “lag” effect can become quite an issue, since the average value may not reflect the current condition, use or revenue stream of the property. A three-year rolling average assessment was discussed by Regional Council in 2012.

Other Cities: Vancouver has been using “land assessment averaging” since 1993. This approach only averages the land portion of the assessed value, allowing new construction to be included immediately. In March 2015, Vancouver switched to a “targeted” averaging approach, so that only land values that increase 10% above the average increase are provided the 3-year average. See more details on the features of the two Vancouver options in Attachment 1.

Pros: Would reduce impact of unexpected increases in assessed value.

Cons: Creates a “lag” between taxable assessment and current market value.

Admin/Legislative considerations: Would require legislative changes to tax based on multi-year values, rather than current year value.

d) 4-Year Assessment Cycle with Phase-In

Rather than update the assessed value of all properties every year, assessments would be updated every four years. The four-year increase/decrease could be phased-in over multiple years, which would allow predictability for property owners and a steady assessment increase (or decrease) for municipalities.

Other Cities: In Ontario and Saskatchewan, commercial assessments are phased in over a three or four-year period, except for new construction which is added to the current year’s assessment at time of completion. In Ontario, the change is phased-in over 4-years, ¼ of the change added each year. In Saskatchewan, the phase-in period is determined by each municipality, individually.

Pros: Would reduce impact of unexpected increases in assessed value.

Cons: Creates a “lag” between taxable assessment and current market value.

Admin/Legislative considerations: Would require legislative changes to tax based on multi-year values, rather than current year value.

Approach 2: Alternatives to an Assessment Based System

e) Shift 5% of current Tax to other Metrics (frontage)

f) Shift 5% to Land Area

g) Shift 5% to Building Area

A portion of the commercial tax revenue could be collected from a “metric” (measure) other than assessed value. Staff has evaluated shifting 5% of the commercial tax revenue to:

- Frontage (on public roads)
- Land Area
- Commercial Space (square footage of building)

Both the Frontage and Land Area options were not favourable to small properties (i.e. those less than 2,000 sq.ft.). However, a 5% shift to a Commercial Space metric decreased tax burden for these properties by about 3%.

Other Cities: Many cities, including Halifax, have used frontage as a basis for charging capital costs of new water/sewer lines, roads and sidewalks to property owners.

Pros: These metrics do not change over time – unless a building is changed or lots are consolidated or subdivided -- so there is a built-in predictability.

Cons: Will add additional complexity to the tax bill.

Admin/Legislative considerations: Data (new metrics) will need to be verified and updated regularly, if used for taxation purposes. An appeal process may also need to be set up for the new metric. Depending on the metric, it could be put in place, e.g. as an area rate, without Legislative Change.

Approach 3: Changes to the current assessment based tax structure

h) Lower Tax Rate on first \$750,000 (or first \$2,250,000)

Of the 5,375 commercial properties on the 2015 Tax Roll, 3,852 (or 72%) are assessed under \$750,000. Despite this, their combined \$865.6 million assessment accounts for only 11% of the Commercial Tax base. A 10% reduction in tax rate on all assessment under \$750,000 would “cost” the municipality approximately \$6-million. This would need to be recovered by increasing the general commercial tax rate by about 10 cents. What impact would this have?

The Average Commercial Tax (including industrial buildings) in the Halifax region was about \$2.95 per square foot (of commercial space) in 2014, i.e. based on October 2014 tax bills and commercial space (“square footage”) info from PVSC for about 50% of all commercial properties. When looking at what this option would accomplish, we looked at properties with assessments under \$750,000, which paid taxes averaging about \$1.85 per square foot (based on the sample). So, this approach could lower the average taxes on the “under \$750,000” group from \$1.85 to \$1.72 per square foot, while the commercial average remained at \$2.95. This approach may not target those commercial

properties most in need of relief, i.e. those with the higher taxes/sq.ft.. More details on how this options would affect small properties (those with buildings under 2,000 sq.ft. and high-taxed properties (those with taxes over \$7.50 per square foot) are provided in Attachment 6.

Other Cities: The City of Toronto implemented a lower tax rate for the first \$1-million of commercial assessment. The goal of this program was to establish graduated tax rates.

Pros: Relatively simple to communicate to the business community.

Cons: Tends to target the lower taxed properties, i.e. often those less in need of incentive. It does not have as much impact on “small properties” with the greatest need of relief, i.e. those with assessments above \$750,000.

Admin/Legislative considerations: HRM has good access to assessment information. It requires legislative changes.

i) Change Tax Boundaries

Commercial tax boundaries could be re-designed to reflect economic or planning priorities.

For the Halifax region, tax boundaries could be re-drafted to more-closely reflect the Regional Plan, e.g. Regional Centre, Urban Development and Rural. There are no automatic tax implications of this, but taxes could be used to reinforce approved planning objectives. Alternately, the commercial boundaries could be used to support specific planning objectives with respect to commercial/industrial planning and zoning, i.e. where to encourage new office buildings, or retail or industrial development. In either case, the starting point would need to be clear, approved economic and/or planning goals.

In a simple example, if the Regional Centre was to receive a 10% tax reduction, firms outside the regional centre would have to pay 7.2% in additional tax, in order to maintain the same amount of revenue.

If the boundaries were simply designed to target tax relief, rather than achieve specific economic or planning objectives, then the areas for relief would need to be clearly clustered and defined. Research has shown that high-tax properties are not co-located – see the “2014 Tax Intensity Map” (Attachment 11) – so it is challenging to draw a boundary around the area requiring assistance.

Other Cities: Some cities, e.g. London, ON and Calgary, AB, have designated “enterprise zones” where the city has made a strategic decision to focus economic development initiatives in a specific area. In Ontario, the province requires that municipalities define an “economic development zone” as part of their Economic Development Plan, to be eligible for certain provincial funding.

Pros: Could be used to support economic strategies, if they are geographically-based.

Cons: Taxation is not as precise a tool as zoning or planning policy.

Admin/Legislative considerations: Would require legislative change to have differing tax rates for different business types, e.g. commercial vs industrial.

j) Develop New Business Occupancy Tax

The Business Occupancy Tax (BOT) was phased out in Halifax by 2013. The BOT was charged directly to all tenants in a property, including the property owner of an owner-occupied property. So, the BOT provides access to directly tax the majority of small businesses who rent space. As a tax mechanism, it would be possible to use different BOT tax rates targeted to different sectors or, possibly, other characteristics such as size, value or location, e.g. ground-floor retail. The BOT rate for the targeted sectors would be lower than the regular commercial tax rate.

Other Cities: Winnipeg waives their Business Occupancy Tax for the lower-assessed commercial properties, about 55% of the overall number of commercial properties.

Pros: One of the few tools that can identify and target small businesses that rent in larger buildings.

Cons: May be seen as a return to “double taxation.”

Admin/Legislative considerations: The tax was eliminated because of the administrative burden related to maintaining a database of tenants and taxing them. This option would require legislative change.

k) Maximum Commercial Tax (per sq.ft.)

The average property tax on commercial and industrial buildings across the Halifax region is about \$40,000 per property, which works out to about \$3.00 per square foot of commercial space. Some properties with higher levels of finish, such as Class “A” Office towers or restaurants often pay property taxes in the range of \$6.00 per square foot. However, some properties will have much higher taxes than this, especially if they have high land values, as well. To reduce the tax burden on those paying the highest tax, a “maximum” commercial tax – of, say, \$10/sq.ft. – could be set to reduce those – say, the top 5% of commercial properties – paying very high taxes.

Other Cities: In some American cities, this approach is referred to as a “circuit breaker” program, although the program is more common for residential than commercial properties.

Pros: Targeted to those with the highest taxes. It could be applied to businesses in rental spaces, with an application-based program.

Cons: Would require screening to eliminate properties with very small buildings or “gaming” of the system, e.g. constructing a small building on vacant land to reduce taxes.

Admin/Legislative considerations: Would require legislative change to provide rebate to commercial properties above the “maximum tax” level. If extended to rental spaces, administrative costs could be significant.

l) Tax Holidays for new Business/Construction

As an economic development tool, many cities – including St. John’s, Charlottetown, London and Regina – have offered “Tax Holidays” to new businesses that move to the city or to businesses that renovate or expand existing buildings, often where building conditions are poor or where the city wants to attract business or employment. The taxes on new construction are phased in over time, often over a five-year period. The theory is that this allows the business to develop in a lower-tax environment and pay the full tax once it is fully established. In practice, these programs tend to have little impact attracting new businesses and have had mixed results encouraging investments by

existing property owners. Most often, property tax is not as key (as other market factors, e.g. the demand for the product or service) in these business decisions.

Other Cities: At different times over the past 10 years, St. John's, Charlottetown, London and Regina have provided tax holidays to new business or existing businesses expanding.

Pros: Could improve business climate; the program could signal that the city supports those who want to grow their businesses, especially small businesses, in the Halifax region.

Cons: Often rewards those who would build otherwise. It doesn't provide long-term relief.

Admin/Legislative considerations: Would require legislative change. Typically, requires the marketing and administration of an application based program, which has on-going operating costs in addition to the "tax holiday" expense. Could be aligned with the 3-year assessment averaging program to remove the application process and streamline the administration.

m) Defer Portion of Annual Tax Increase

Some businesses are facing increasing property taxes due to increased land value, but have no interest or ability to expand their businesses operations. In such cases, businesses may wish to defer a portion of their tax increases until such time as they expand or move, i.e. sell the property. For example, if businesses could defer tax increases above a certain threshold, say 10%, and pay the amount at a later date, the operating costs for that individual business would remain predictable.

Other Cities: None found, however, many municipalities, including Halifax offer tax deferrals to low-income homeowners.

Pros: The business owner could reduce taxation spikes by deferring a portion of their annual tax increase. There is no shift in taxes to other property owners.

Cons: Not a sustainable approach, since the business' cash flow would eventually need to increase to pay the deferred taxes. The program is, essentially, a targeted small business loan program.

Admin/Legislative considerations: This would require legislative change. The deferral would constitute a lien on the commercial property. This would likely be a by-application program, requiring increased administrative effort by the municipality.

n) Limit Annual Tax Increases

Section 97 of the HRM Charter allows the municipality to limit the increase of residential property taxes from one year to the next. An expansion of this ability to include commercial properties could allow the municipality to limit commercial tax increases. This approach may be more effective, if it could be targeted to items outside of the property owner's control, i.e. land values.

Other Cities: None found.

Pros: The municipality could reduce taxation spikes on individual properties, based on a specific threshold. Easy to understand and explain.

Cons: There is a risk that a program such as this will shift the commercial tax burden onto new businesses, hence providing a disincentive to the economy. There is a wide variety of reasons why commercial properties increase in value, e.g. renovations, expansion, change in rental revenues, changes in market factors. The municipality may not want to reduce taxes for all of these factors.

Admin/Legislative considerations: This would require legislative change. Also, additional assessment or property information may be required to allow a targeted approach.

Approach 4: General Tax Rate Reduction

o) Tax Rate Reductions

In discussions with business owners and representatives, we heard that the city should control its expenditures, to allow even greater decline in the commercial tax rate. Some businesses (according to CRA survey results) felt that some service expenditures could be reduced, but mostly for services their business or customers didn't use.

Pros: Benefits all commercial property tax payers.

Cons: May require taxes to be shifted to residential taxpayers or a reduction of services in some areas.

Admin/Legislative considerations: Requires on-going, long-term commitment to program efficiency and service effectiveness and renewal of service offerings.

Attachment 4: Impact of Lower Tax Rate on first \$750,000, \$1,500,000 & \$2,250,000 of Assessment

Impact of Tax Changes – 10% Lower Tax on first \$750,000		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	87%	1.1% ↑
Properties with taxes above median	83%	0.6% ↑
Properties with taxes below median	89%	1.3% ↓
Properties with taxes below \$1.50	95%	2.2% ↓

Impact of Tax Changes – 10% Lower Tax on first \$1,500,000		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	89%	1.7% ↑
Properties with taxes above median	86%	0.8% ↑
Properties with taxes below median	93%	1.9% ↓
Properties with taxes below \$1.50	96%	2.8% ↓

Impact of Tax Changes – 10% Lower Tax on first \$2,250,000		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	92%	2.2% ↑
Properties with taxes above median	90%	1.0% ↑
Properties with taxes below median	96%	2.2% ↓
Properties with taxes below \$1.50	98%	2.9% ↓

Impact of Tax Changes – 10% Lower Tax on first \$750,000		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	99%	4.5% ↓
Properties with Buildings below median size	99%	5.3% ↓
Properties with Buildings above median size	73%	0.8% ↑
Properties with Buildings above 25,000 sq.ft.	36%	1.9% ↑

Impact of Tax Changes – 10% Lower Tax on first \$1,500,000		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	99%	4.0% ↓
Properties with Buildings below median size	99%	4.8% ↓
Properties with Buildings above median size	80%	0.7% ↑
Properties with Buildings above 25,000 sq.ft.	50%	2.2% ↑

Impact of Tax Changes – 10% Lower Tax on first \$2,250,000		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	99%	3.6% ↓
Properties with Buildings below median size	99%	4.2% ↓
Properties with Buildings above median size	86%	0.6% ↑
Properties with Buildings above 25,000 sq.ft.	64%	2.1% ↑

Attachment 5: Impact of Taxes on Building Assessment only

Impact of Tax Changes – Tax on Building Assessment Only		Sample size = 1902 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	86%	26.6% ↓
Properties with taxes above median	60%	2.6% ↓
Properties with taxes below median	46%	3.3% ↑
Properties with taxes below \$1.50	43%	4.5% ↑

Impact of Tax Changes – Tax on Building Assessment Only		Sample size = 1902 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	67%	45.8% ↓
Properties with Buildings below median size	61%	22.9% ↓
Properties with Buildings above median size	45%	4.2% ↑
Properties with Buildings above 25,000 sq.ft.	38%	9.3% ↑

Attachment 6: Impact of Shifting Taxes from Assessment to other Metrics

Impact of Tax Changes – 5% Shift to Building Area (sq.ft.)		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	100%	3.5% ↓
Properties with taxes above median	89%	1.9% ↓
Properties with taxes below median	0%	4.4% ↑
Properties with taxes below \$1.50	0%	11.8% ↑

Impact of Tax Changes – 5% Shift to Road Frontage (feet)		Sample size = 2055 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	47%	0.1% ↓
Properties with taxes above median	57%	1.4% ↓
Properties with taxes below median	37%	2.7% ↑
Properties with taxes below \$1.50	19%	10.6% ↑

Impact of Tax Changes – 5% Shift to Road Frontage (after 50 feet)		Sample size = 2055 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	62%	0.7% ↑
Properties with taxes above median	76%	1.4% ↓
Properties with taxes below median	65%	2.8% ↑
Properties with taxes below \$1.50	56%	12.4% ↑

Impact of Tax Changes – 5% Shift to Land Area (sq.ft.)		Sample size = 2404 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with taxes above \$7.50/sq.ft.	88%	2.1% ↑
Properties with taxes above median	89%	1.0% ↓
Properties with taxes below median	70%	2.2% ↑
Properties with taxes below \$1.50	60%	5.7% ↑

Impact of Tax Changes – 5% Shift to Building Area (sq.ft.)		Sample size = 2438 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	61%	3.1% ↓
Properties with Buildings below median size	55%	1.6% ↓
Properties with Buildings above median size	34%	0.2% ↑
Properties with Buildings above 25,000 sq.ft.	32%	0.2% ↑

Impact of Tax Changes – 5% Shift to Road Frontage (feet)		Sample size = 2055 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	16%	12.9% ↑
Properties with Buildings below median size	33%	5.9% ↑
Properties with Buildings above median size	61%	0.9% ↓
Properties with Buildings above 25,000 sq.ft.	75%	2.2% ↓

Impact of Tax Changes – 5% Shift to Road Frontage (after 50 feet)		Sample size = 2055 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	62%	8.9% ↑
Properties with Buildings below median size	70%	3.2% ↑
Properties with Buildings above median size	70%	0.5% ↓
Properties with Buildings above 25,000 sq.ft.	70%	1.6% ↓

Impact of Tax Changes – 5% Shift to Land Area (sq.ft.)		Sample size = 2404 properties
	% of Properties with Decreasing Taxes	Change in Taxes Payable
Properties with Buildings less than 2,000 sq.ft.	56%	48.2% ↑
Properties with Buildings below median size	74%	9.5% ↑
Properties with Buildings above median size	86%	1.4% ↓
Properties with Buildings above 25,000 sq.ft.	89%	2.7% ↓

Attachment 7: Impact of Commercial Tax Options, by Property Type (CMIC)

CMIC	CMIC_DESCRIPTION	# of Properties	2014 Tax	Bldg Value Tax	5% Bldg Area Tax	5% Frontage Tax	5% Land Area Tax	\$10 Max Tax
109	DAYCARE	17	3	6	2	4	1	5
203	OFFICE BUILDING	19	5	1	3	4	2	6
204	OFFICE BUILDING	12	4	6	2	1	3	5
206	OFFICE BUILDING	33	4	5	2	3	1	6
305	GROCERY STORE	15	4	6	3	1	2	5
306	RETAIL/OFFICE	88	4	1	3	5	2	6
308	RETAIL/OFFICE	186	3	1	2	4	6	5
309	SMALL BUSINESS	11	3	6	2	5	1	4
401	FAST FOOD	56	5	1	3	6	4	2
402	DINING	39	4	1	3	5	2	6
403	LOUNGE	17	5	1	4	2	3	6
404	SPORT FACILITY	21	2	4	3	5	6	1
501	FINANCIAL	18	5	1	3	4	2	6
502	MEDICAL CLINIC	15	4	6	1	3	2	5
505	FUNERAL HOME	12	5	1	3	4	2	6
608	FELLOWSHIP HALL	24	2	6	3	5	1	4
701	SERVICE STATION	68	5	1	3	6	4	2
702	AUTO SALES	67	6	1	2	5	3	4
703	BUILDING SUPPLY	12	5	1	4	2	3	6
704	TELECOM	28	3	1	4	6	5	2
707	SERVICE	188	3	1	2	5	6	4
708	GAS STATION	32	5	1	3	6	4	2
801	WAREHOUSE	342	2	6	4	3	1	5
802	WAREHOUSE	69	2	6	4	3	1	5
803	WAREHOUSE	41	2	6	3	5	1	4
804	INDUSTRIAL	62	1	6	5	2	3	4
808	SELF STORAGE	20	3	6	5	1	2	4

1 = best tax option

6 = worst tax option

Attachment 8: Impact of Commercial Tax Options, by Community & Area

District/GLUM Area	# of Properties	2014 Tax	Bldg Value Tax	5% Bldg Area Tax	5% Frontage Tax	5% Land Area Tax	\$10 Max Tax
1 - Waverley-Fall River-Musquodoboit Valley	62	1	6	3	4	5	2
2 - Preston-Chezzetcook-Eastern Shore	84	1	6	3	5	4	2
3 - Dartmouth South-Eastern Passage	46	3	5	1	4	6	2
4 - Cole Harbour-Westphal	60	1	6	3	4	2	5
5 - Dartmouth Centre	135	2	6	4	3	1	5
6 - Harbourview-Burnside-Dartmouth East	413	3	6	5	2	1	4
7 - Peninsula South-Downtown	77	6	1	4	2	3	5
8 - Peninsula North	205	6	1	5	4	2	3
9 - Armdale-Peninsula West	36	6	1	5	4	2	3
10 - Halifax-Bedford Basin West	37	5	1	3	6	4	2
11 - Spryfield-Sambro Loop-Prospect Road	65	1	6	3	4	5	2
12 - Timberlea-Beechville-Clayton Park West	102	4	6	3	2	1	5
13 - Hammonds Plains-St. Margaret's	49	1	6	3	4	5	2
14 - Middle & Upper Sackville-Lucasville	37	2	6	3	4	5	1
15 - Lower Sackville	101	5	1	2	6	3	4
16 - Bedford-Wentworth	101	4	6	2	3	1	5
Regional Centre	463	2	6	4	3	1	5
Outside Reg. Centre	1,147	2	1	6	3	4	5

1 = best tax option

6 = worst tax option

Attachment 9: Presentation to Business Associations, July – September 2015

Attachment 9

HALIFAX

Commercial Tax Options Discussion

July - September 2015

Agenda

- The Council Request
- Work Plan Highlights
- Perspectives on Commercial Tax in the Halifax region
- Discussion 1
 - definition of small and independent businesses
- Discussion 2
 - issues/challenges for small business
 - ideas for improvement
- Contact Us

Council's Request

Commercial Tax Options

On April 28th, Halifax Regional Council requested:

a staff report and recommendations for **potential changes to the commercial tax structure** and for implementation approaches that shall:

1. Address **concerns** regarding small and independent businesses,
2. Outline **options** to address these issues,
3. Contain **pros and cons** of various courses of action,
4. Be returned for Council consideration no later than October 2015, so consideration can be given by Council prior to the 2016/2017 budget.

Council's Request

Reason:

Small and independent business face challenges when faced with large spikes in assessed value driving up commercial tax, especially when the assessment increases are based on market value of the property rather than current use. This work is to be done in the context of maintaining the same overall level of commercial to residential tax ratio.

Potential Approaches:

- Providing a lower tax rate on the first \$750,000 of assessment;
- Changes to the boundaries of the urban and suburban tax areas to better align with CBD and commercial area boundaries;
- Taxing building assessment value rather than land and building value;
- Assessing net operating income on owner operated structures rather than market value.
- Rolling average of assessment;
- Shifting 3-5% of commercial tax from assessed value to other metrics (size of the land, usage, etc.);
- A limit to the increase in tax payable each year (for example a maximum 5% increase).

Outcome Sought:

A collection of changes to the commercial tax process that will protect small business, owner operators, retail diversity especially on our main streets, commercial corridors and central business districts.

The logo for the City of Halifax, featuring the word "HALIFAX" in a bold, blue, sans-serif font.

Work Plan Highlights

Survey of Business Managers/Owners

- Telephone survey of 300 business owners on issues affecting small business viability and growth

Face-to-Face Stakeholder Consultations

- Meetings with stakeholder groups – including CFIB, Chamber of Commerce, Business Associations and BIDs – on current issues facing small business and options for change

Web-based “Self-select” Survey

- On-line Halifax.ca survey, available for any business to provide information, comments or suggestions

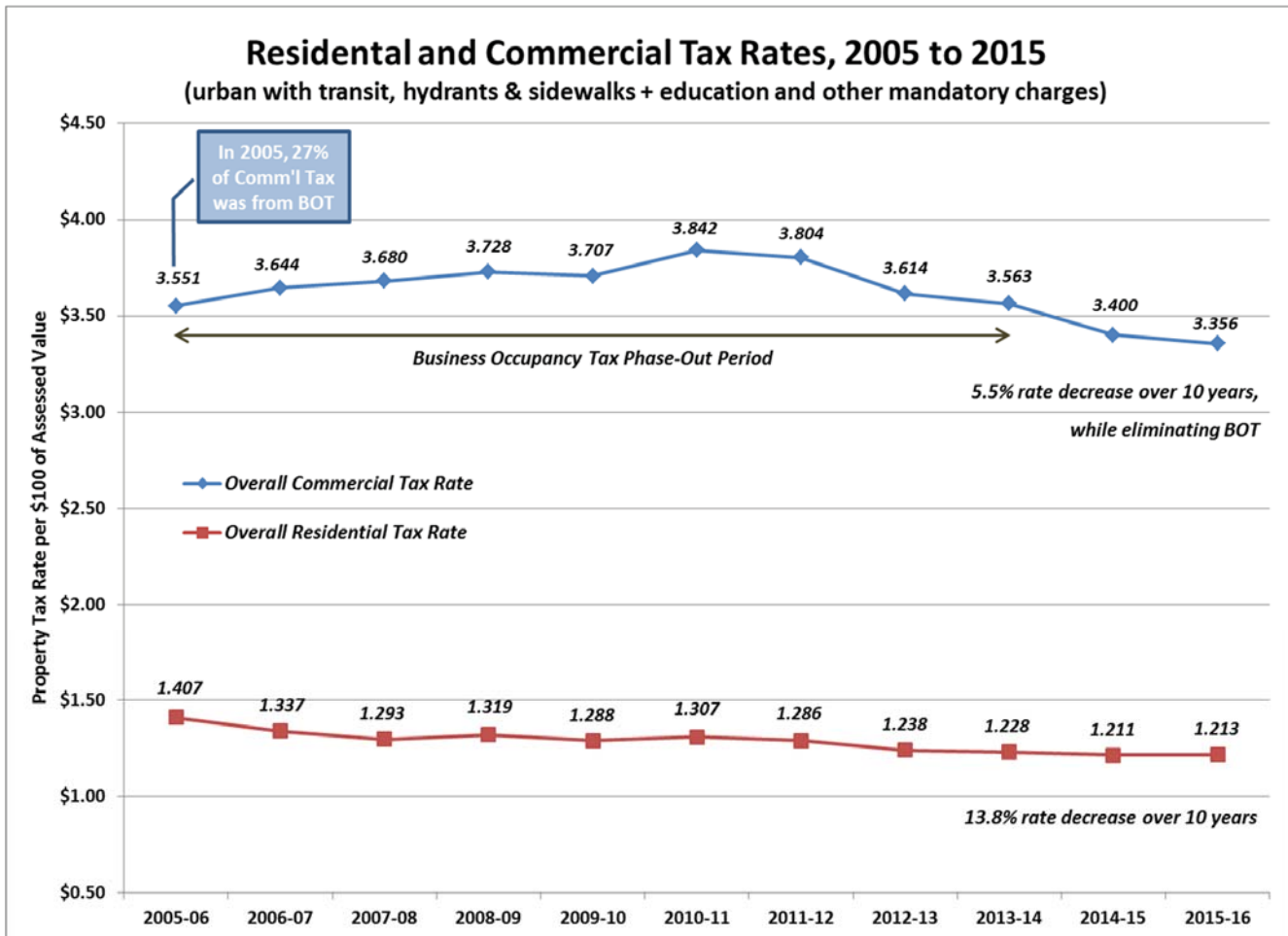
Staff Research of other Cities + Analysis of Options

- Consultations, research and analysis complete by early Sept.

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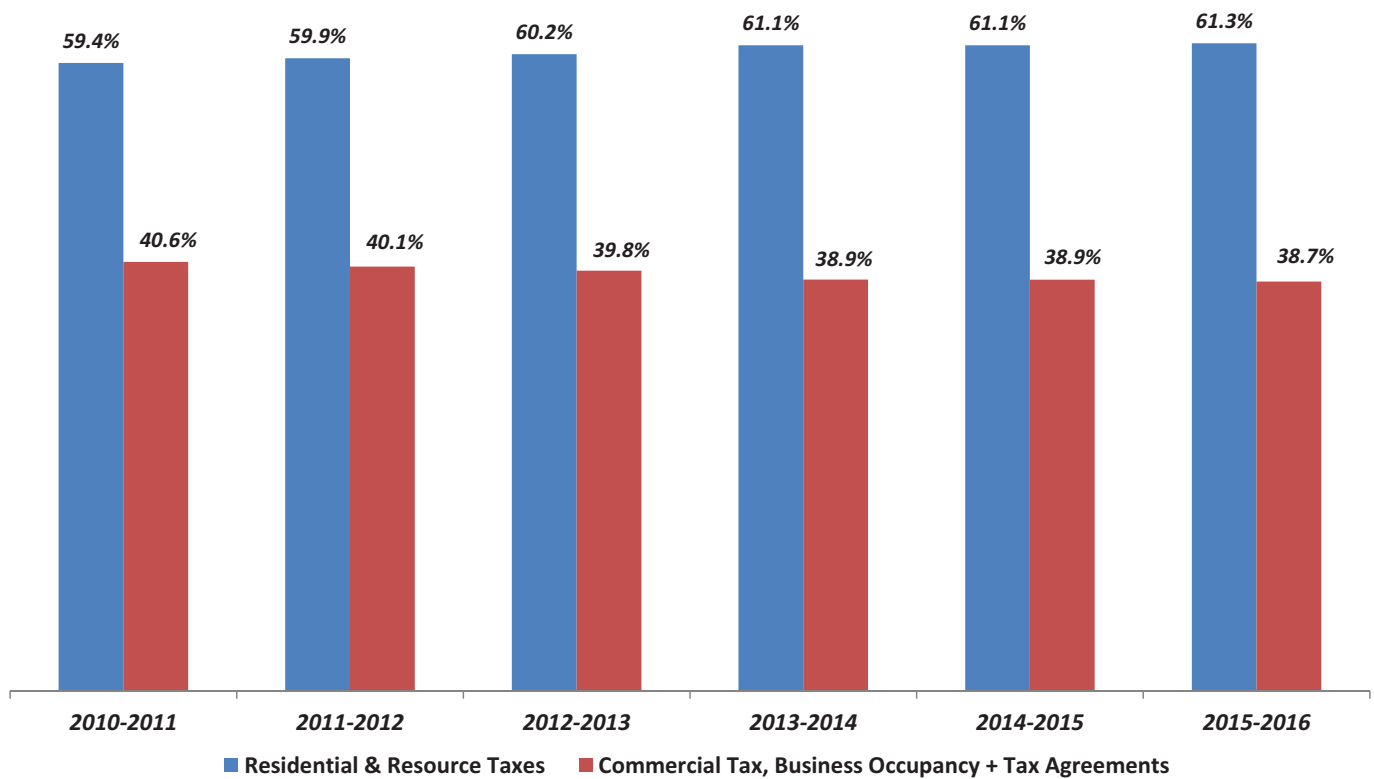
Perspectives on Commercial Tax in Halifax

HALIFAX



Residential and Commercial Tax Split (General, Provincial & Transit Taxes + Tax Agreements)

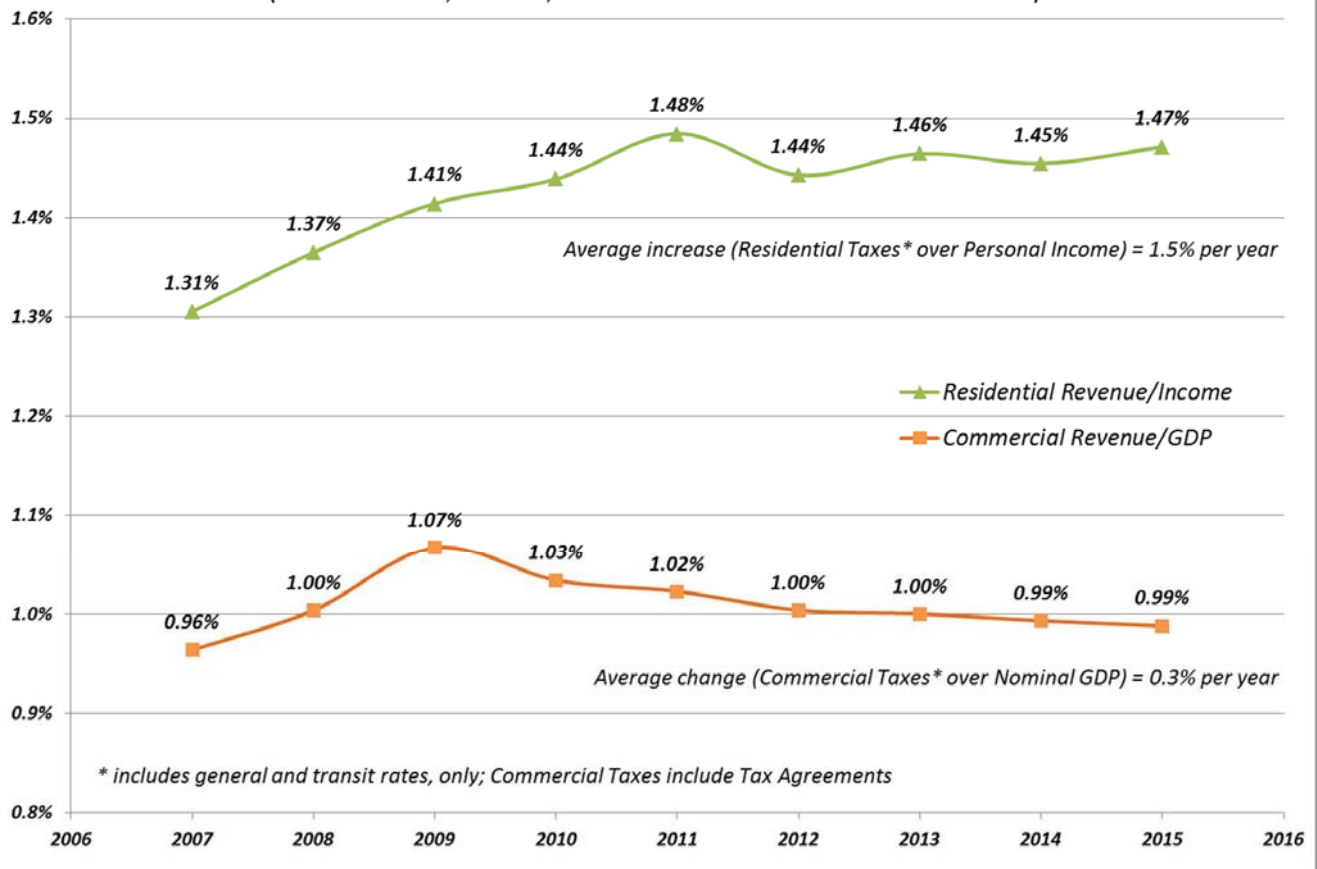
Source: HRM Taxation and Fiscal Policy



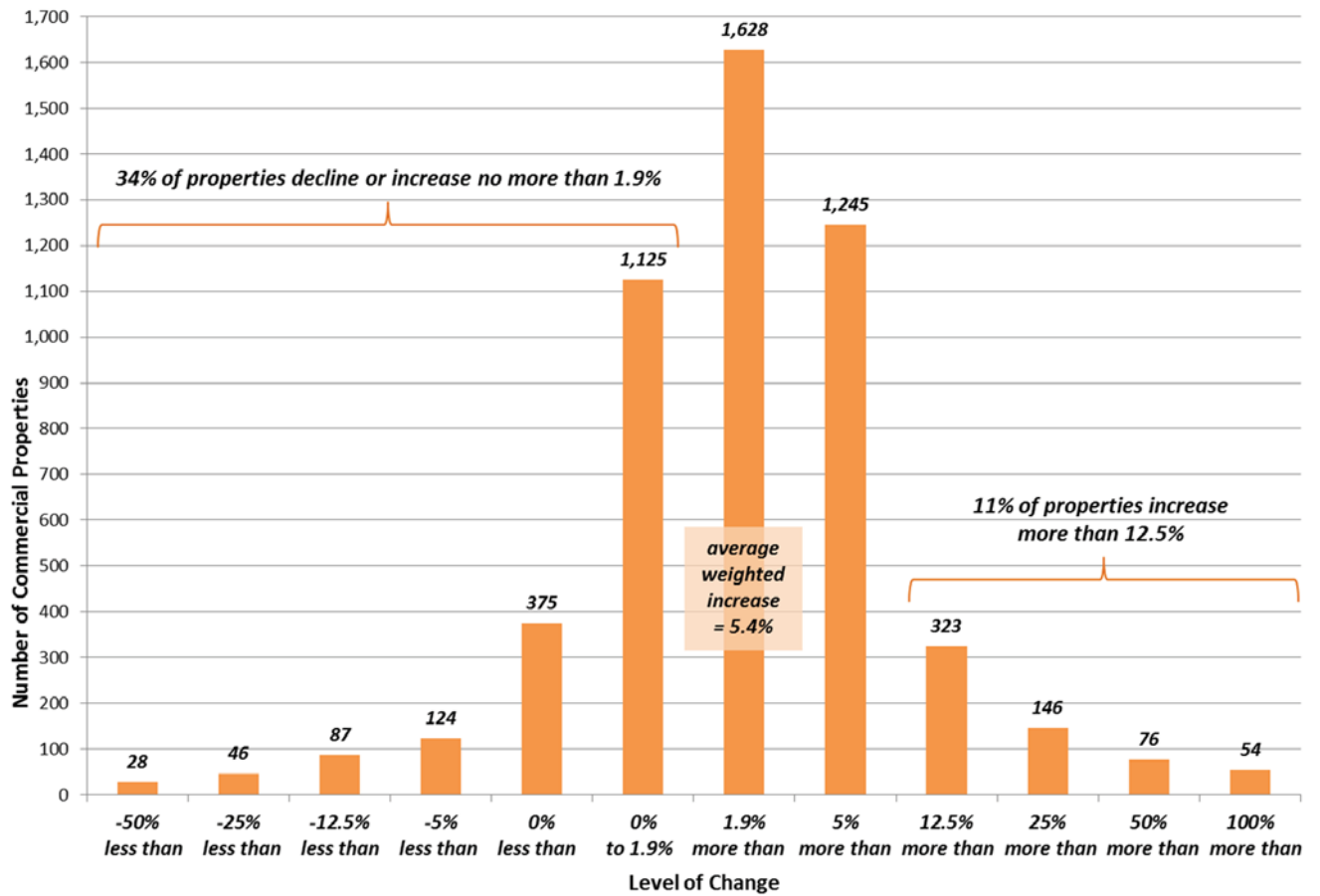
HALIFAX

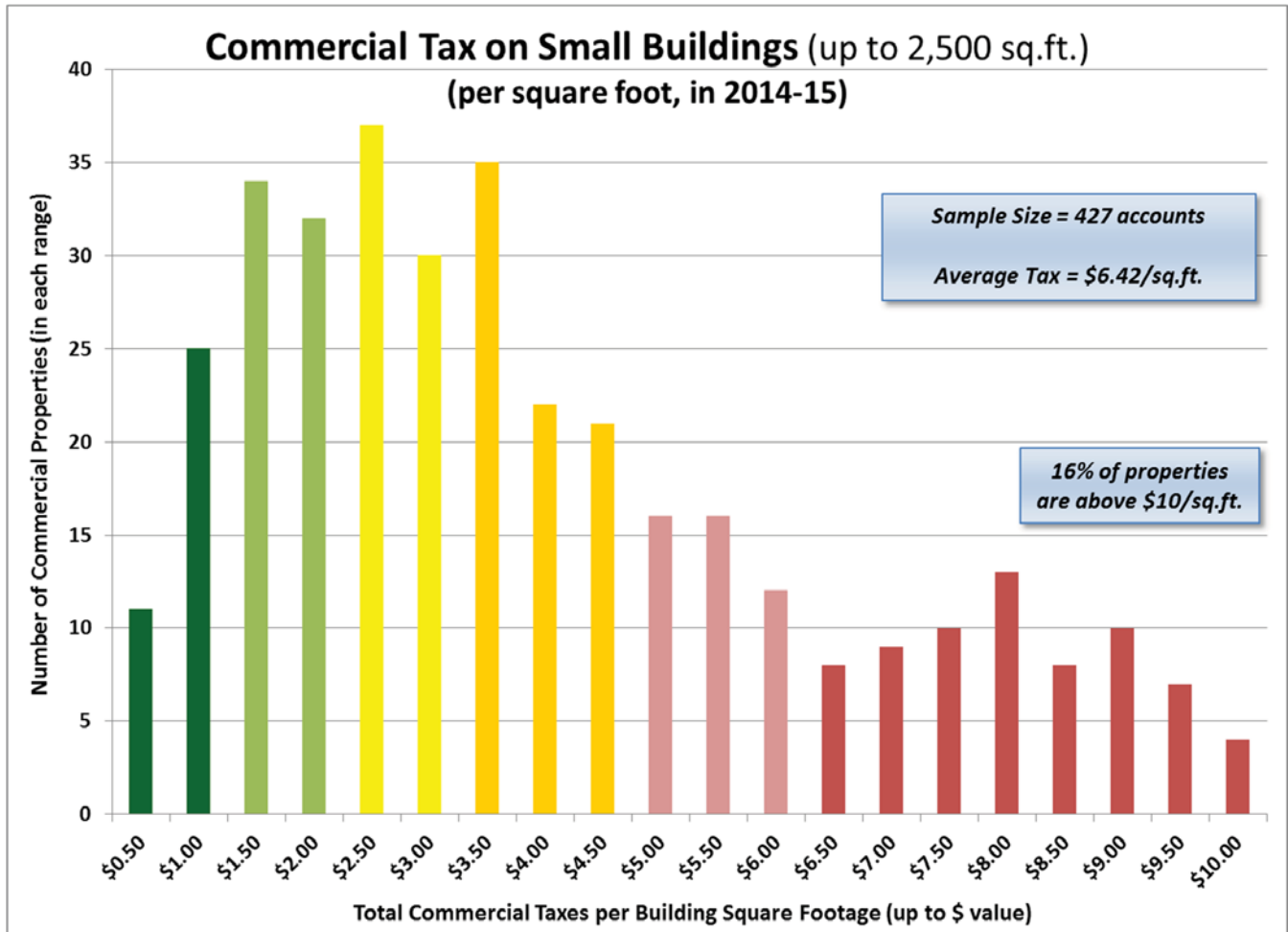
Trends in Residential Taxes over Income & Commercial Taxes over GDP

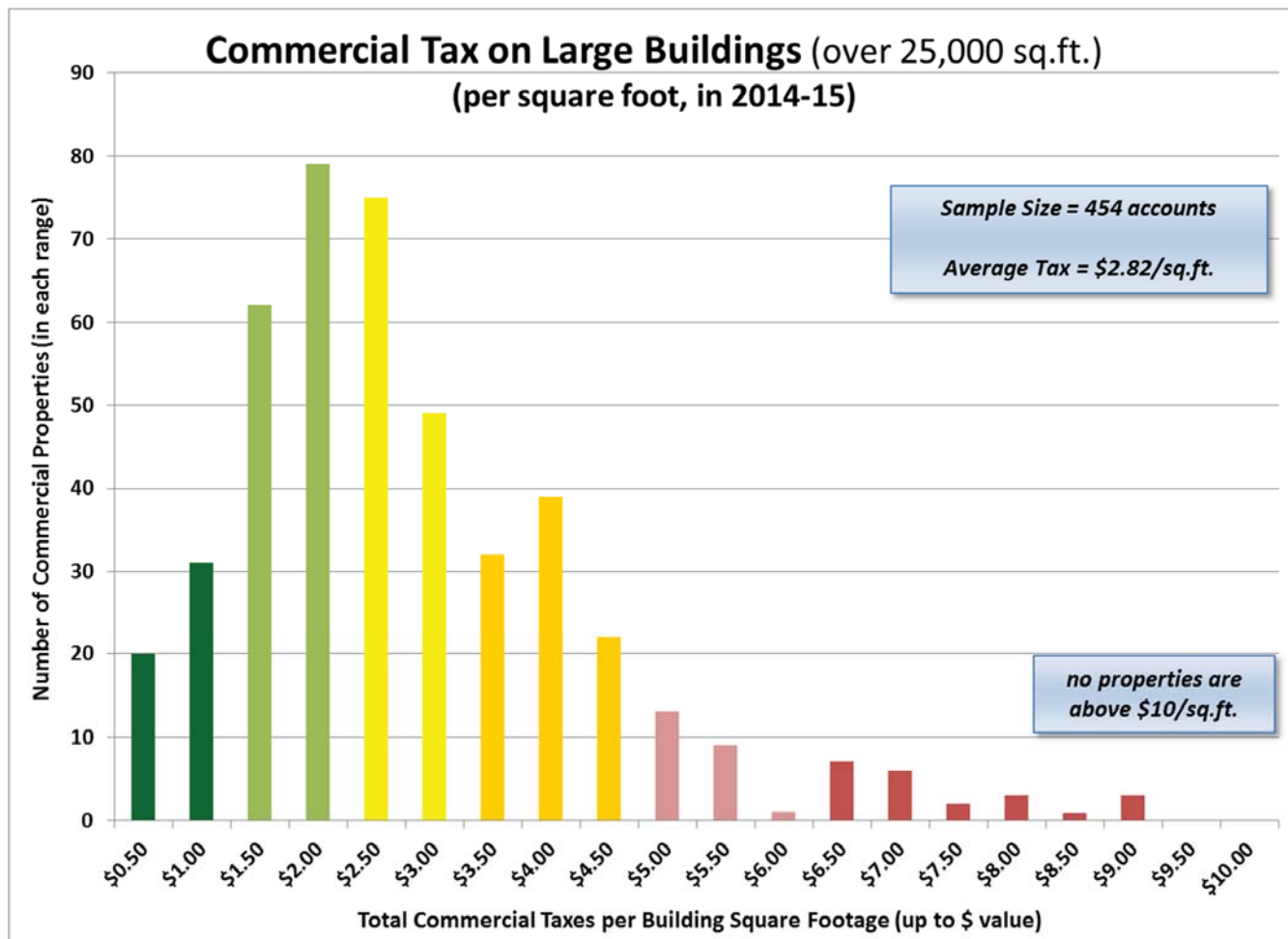
(Finance & ICT, Halifax, Statistics Canada & Conference Board)

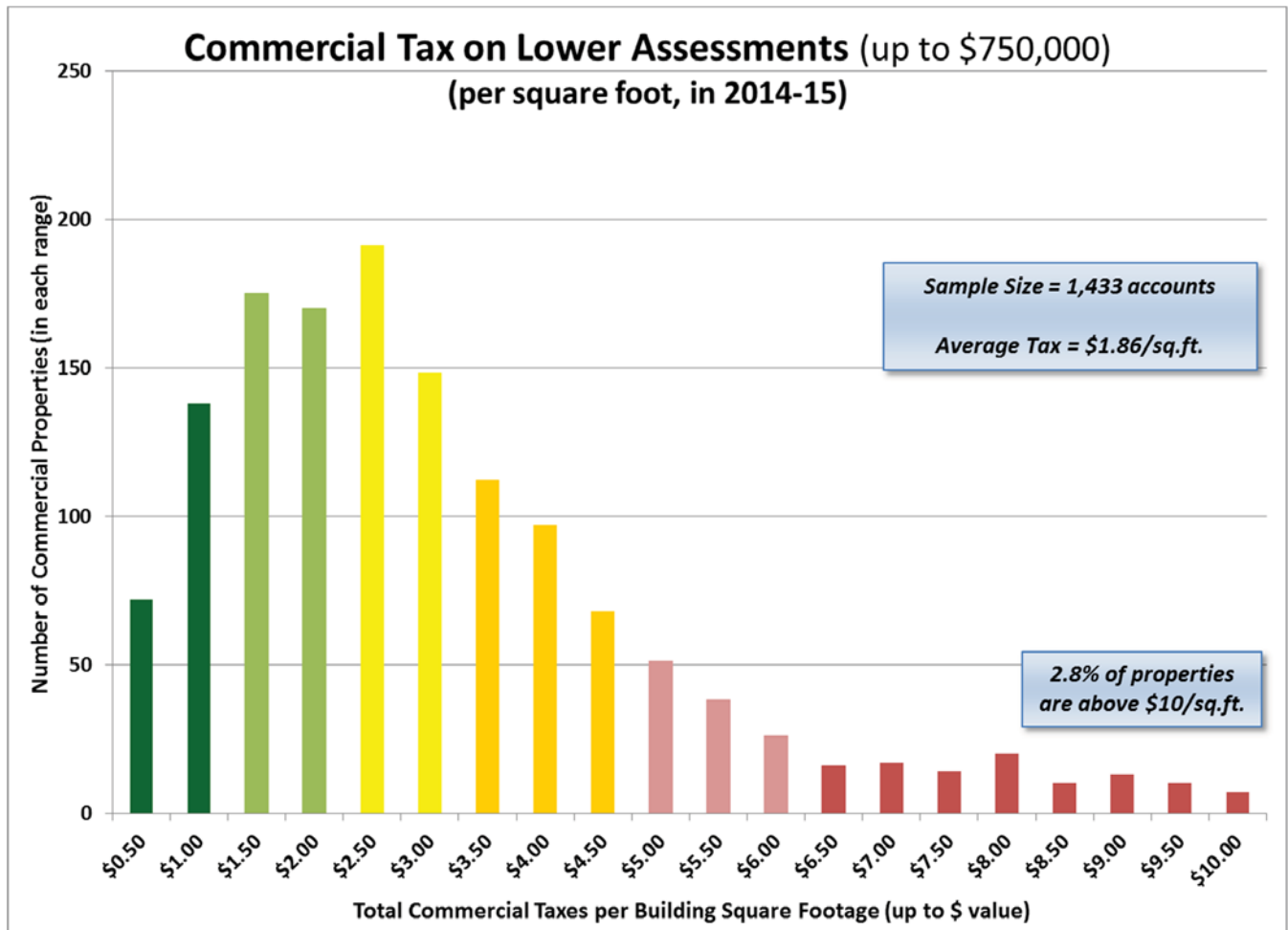


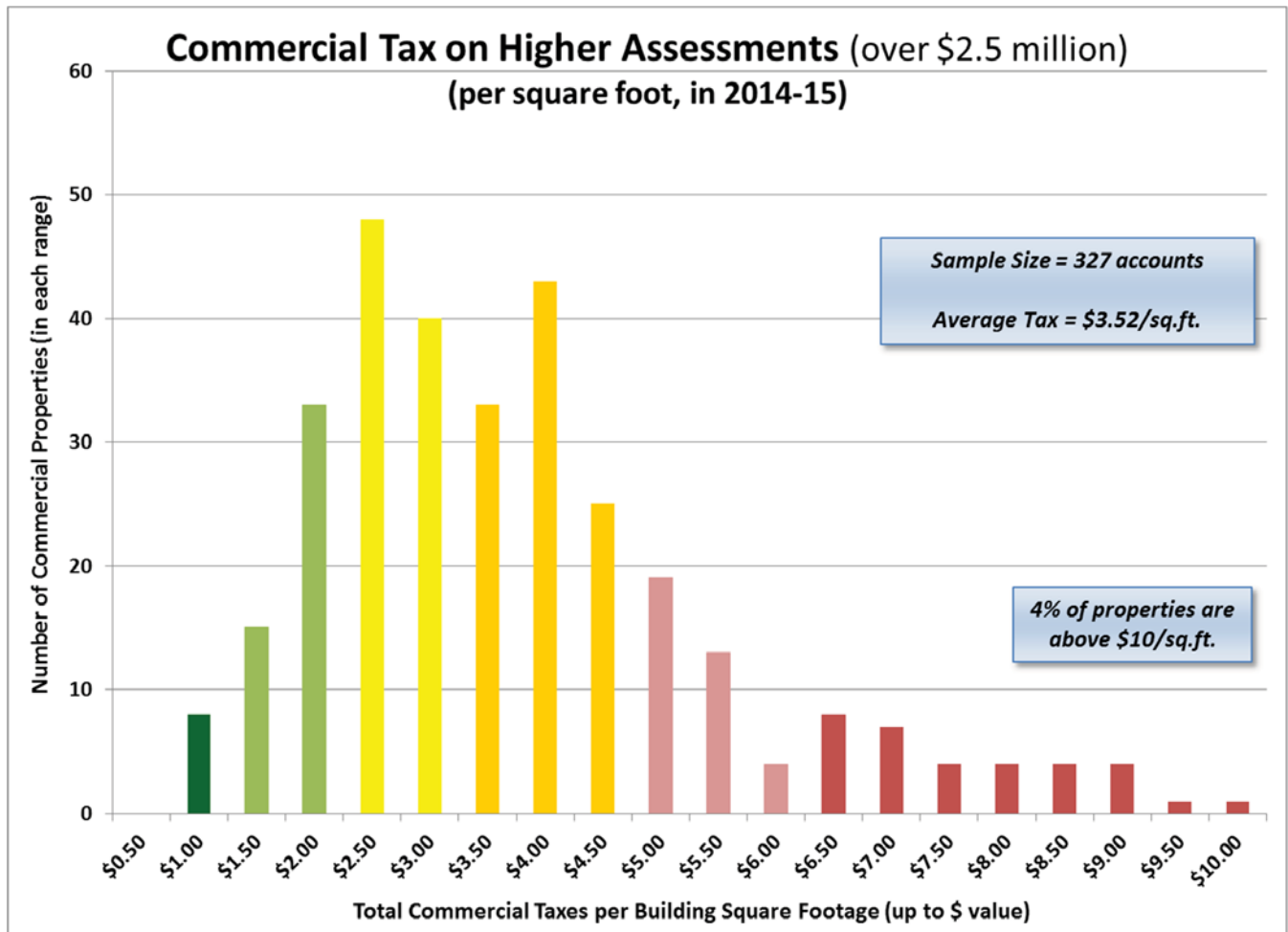
Change in Commercial Assessments, 2014 to 2015

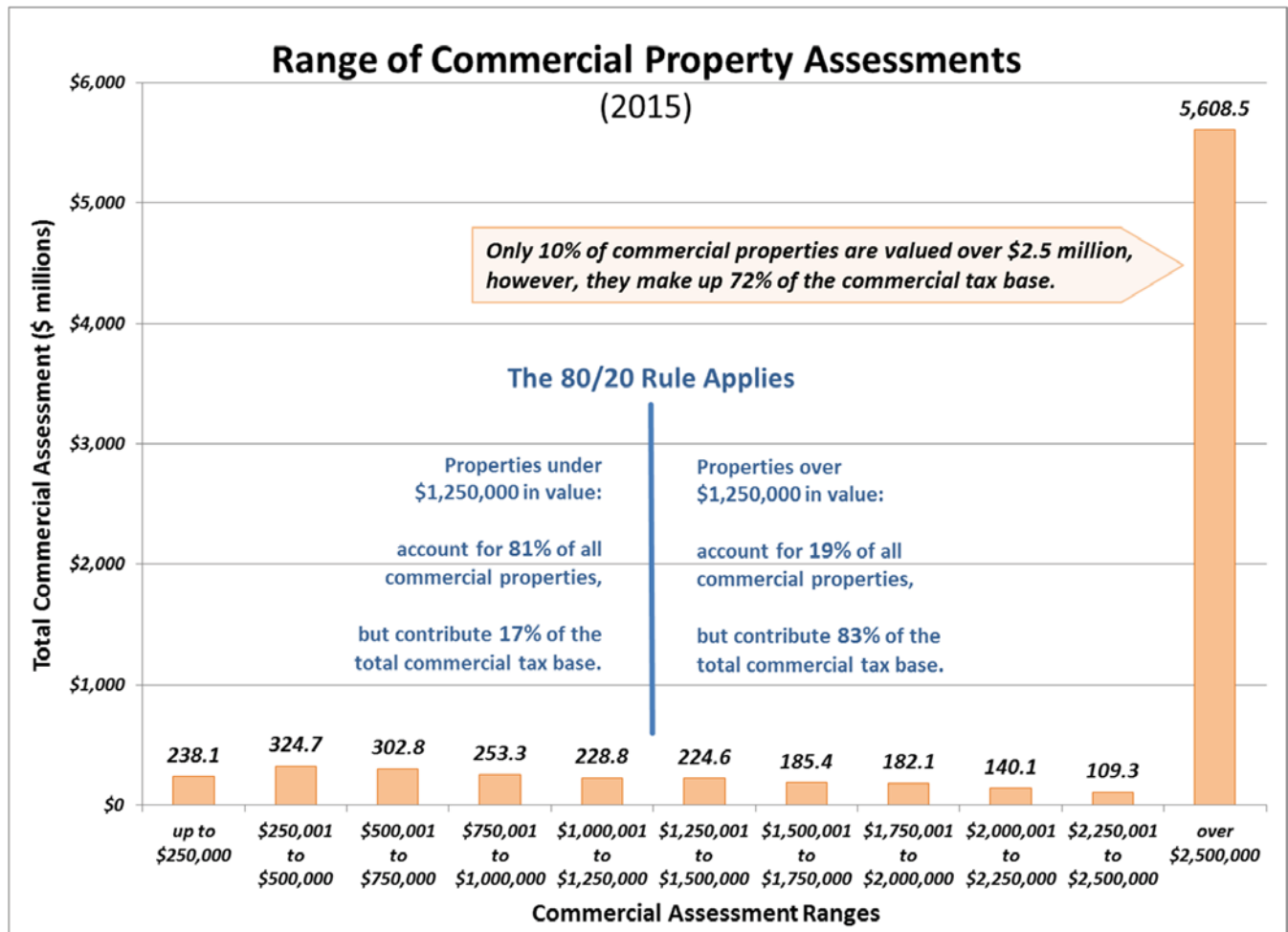












D1

What is Small?

HALIFAX

Business by Numbers

- 50 Employees: definition of small business
(service) by Industry Canada
- 30% of Canadian GDP generated by small
business
- 14,000+ businesses in Halifax
- 5,000+ commercial properties in Halifax
- 2/3 of businesses rent or have no “real
commercial” footprint
- \$350,000 Taxable Income: NS Small Business
Rate threshold

HALIFAX

Small Business in Halifax

How many small businesses are there?

How do you define small business?

- # employees
- revenue/taxable income
- “footprint” (square footage)
- real estate (assessment)

How do you define independent?

HALIFAX

D2

Issues and Options?

HALIFAX

Small Business Concerns

What are the main concerns and challenges facing small businesses in your district?

- How are these impacting businesses?
- Are some of these within the city's direct control or influence?

Any ideas for changes/improvement?

Contact Us

Contact us anytime
with questions, comments, ideas...

Andre MacNeil, macneia@halifax.ca

Kenzie McNeil, mcneilk@halifax.ca

Maggie MacDonald, macdonmagg@halifax.ca

Scott Sheffield, sheffis@halifax.ca

HALIFAX

Attachment 10: Written submissions from BIDs, Halifax Chamber of Commerce and CFIB



Andre MacNeil
Senior Financial Consultant, HRM
macneia@halifax.ca

August 28, 2015

Dear Mr. MacNeil,

The Sackville Business Association applauds HRM Council's directive to staff to prepare a report outlining potential improvements to the current commercial tax system by October 2015. The Sackville Business Improvement District is home to more than 300 businesses; the majority of which are small, independently owned. As small businesses, the cost of commercial taxes can have a real impact on whether a business survives.

We appreciate that this report is great deal of work in a relatively short period of time. In order to ensure that the impact property tax has on businesses in Sackville is reflected in your report, we have reached out to a number of our members to ask them directly. We focused on property owners who have seen a large spike in their assessments in the past three years.

The following concerns were consistently expressed:

- Concerns around the random nature of assessment increases. Specifically, this is in scenarios where there has been no change in the property or property ownership but a large increase in assessment.
- The assessment appeals process. Some indicated they were "bullied into not appealing", others were told they were wasting their time as PVSC would not reduce the assessment and could potentially increase if they appealed, while others felt the appeals process was simply too cumbersome.
- The ability for property owners to pay the increase in property taxes when there is a large spike in taxes.
- Some expressed concerns about being penalized for upgrading their property with an increase in their property taxes.

Some suggestions I received for solutions to these concerns are:

- Assessment appeals should go to an independent, third party.
- Large spikes in assessment should be implemented gradually. For example, if an assessment goes up by more than 10%, the corresponding taxes should increase gradually over a three or five year period. This would apply to scenarios where there was not a change in ownership.
- The same should apply for renovations to a property. The corresponding taxes should increase gradually.
- There should be a lower commercial property rate for small businesses. For example, businesses that qualify for the CRA small business deduction, could also apply for a lower commercial property rate.

There is lots of published data showing how a far greater portion of revenue from locally owned, small businesses stays in the local community in comparison to a national franchise. According to the Nova Scotia Commission on Building our Economy, revenue from local business generates 70% more economic activity per square foot in comparison to revenue from large chains.

With small businesses contributing so much more to our local economy, doesn't it make sense that they be supported with a lower commercial tax bill?

If there is anything the SBA can do to help provide information for your report, please feel free to reach out.

Thanks in advance for your consideration,

Original Signed

Michelle Champniss
Executive Director

cc: Councillor Steve Craig
craigs@halifax.ca



Councillor Brad Johns
brad.johns@halifax.ca

September 15. 2015

Andre MacNeil
HRM Finance

Dear Andre,

Thank you for meeting with us a few weeks ago, regarding your process of responding to Council's request for a report on new commercial tax measures with a focus on small and independent businesses.

As you know, Downtown Halifax Business Commission has been very active in the area of discussing commercial tax changes. Over the summer, we worked with our neighbouring BIDs in Dartmouth, Main Street, North End, Spring Garden, and Quinpool to identify tax-related challenges in our respective areas. We would be happy to share that data with you.

Taxes are a real issue in Downtown Halifax. We hear from our ground floor businesses, most of them small and independent businesses, that the cost of rent is too high to remain viable. There is not a lack of businesses interested in being downtown, but the cost is prohibitive for many, resulting in increased ground floor vacancies. We hear from landlords that an ever increasing proportion of the rent they must charge goes to pay for municipal taxes.

A downtown commercial tax solution will go a long way to alleviating the burden on small and independent businesses. It will also reinforce the goals of the Regional Plan, HRM by Design, and the Economic Strategy to create a greater fiscal incentive to locate downtown. Downtown will always pay high taxes, but we need to lessen the disparity between downtown and other locations if we are to fulfill the goals of those plans.

Sincerely,

Original Signed

Paul MacKinnon
Executive Director
Downtown Halifax Business Commission

cc Amanda Whitewood
Bruce Fisher

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info@downtownhalifax.ca
www.downtownhalifax.ca



September 18, 2015

Andre MacNeil
Department of Finance
Halifax Regional Municipality
PO Box 1749
Halifax NS, B3J 3A5

Dear Mr. MacNeil,

RE: HRM tax review

On behalf of the over 400 members of the Spring Garden Area Business Association (SGABA), I want to thank you for allowing us the opportunity to submit our comments on tax reform for Halifax.

As a business association, we hear daily from our members about the challenges of operating a business in the downtown core. High rents, a result of the significant tax burden passed on from property owners is making it difficult for businesses, in particular small businesses, to thrive. It discourages them from operating in urban centres and, in fact, contributes to the hollowing out of the city's core as businesses relocate to suburban centres where land values are a fraction of what we have downtown.

As you know, SGABA, along with the BIDS from Downtown Dartmouth, Halifax, North End, Quinpool, Main Street and Sackville have been collaborating over the last several months with data collection and analysis of property taxes and assessments in our respective BIDS as well as the suburban commercial areas of Bayers Lake and Dartmouth Crossing. We would welcome the opportunity to share our findings with the City as well as learn more about the research and analysis city staff have done in preparation of their own report for Council.

During past meetings we have shared with city staff our desire to see a small business tax rate as well as a special downtown tax rate to help small businesses compete against big business and to

encourage them to locate and remain in our downtown. We recognize that a request for differentiated tax rates will require permission from the provincial government by way of change to the Halifax Charter. SGABA is ready and willing to offer our support should the city seek changes to the current tax structure. By working together on tax reform, we believe a solution can be found that will allow businesses to thrive. A vibrant urban business community will make downtown a place people want to live, work and play.

Another area of concern raised by our members is the disconnect between taxes paid and the level of services received. As suburban commercial centres continue to grow, so too does their demand for services. Increases in taxation used to pay for these, however, has not kept pace and the urban core, largely made up of small businesses, is forced to subsidize the many national and international big box stores. It is our understanding that data on cost of delivering services is not available. We encourage the city to collect that data and report on its findings as part of the taxation review so that adjustments either to the level of services delivered, or the level of taxation paid, can be fairly shared between the urban and suburban commercial businesses.

Thank you again for the opportunity to provide input into the review of commercial taxation. We look forward to collaborating with the city and to offering our support as Council moves to ease the tax burden on small business.

Kind regards,

Juanita Spencer
Executive Director
Spring Garden Area Business Association

Statement on the necessity for property tax revision:

September 18, 2015
Paul Dec on behalf of



Background and importance

Building a strong economy in Nova Scotia begins with local businesses. “Small businesses contribute to local economies by bringing growth and innovation to the community in which the business is established” (Brown, 2015). Locally owned and operated businesses play a significant role in keeping capital and revenue in the province, and create benefits to the community by securing the long term tax base. Small and medium enterprises from Nova Scotia that are rooted in an area they call home are more likely to reinvest profits into local business start-ups or expansions than national or international corporations.

A study conducted in the US State of Maine found that local businesses spend 55.3 % of their revenue within the state and 44.6 % of the total revenue remain at the business’ location or in a neighbouring county. Large enterprises were found to leave only 14.4 percent within the State (Institute for Self-Reliance, 2003). A similar study in Texas revealed almost an identical situation (Writing, 2015).

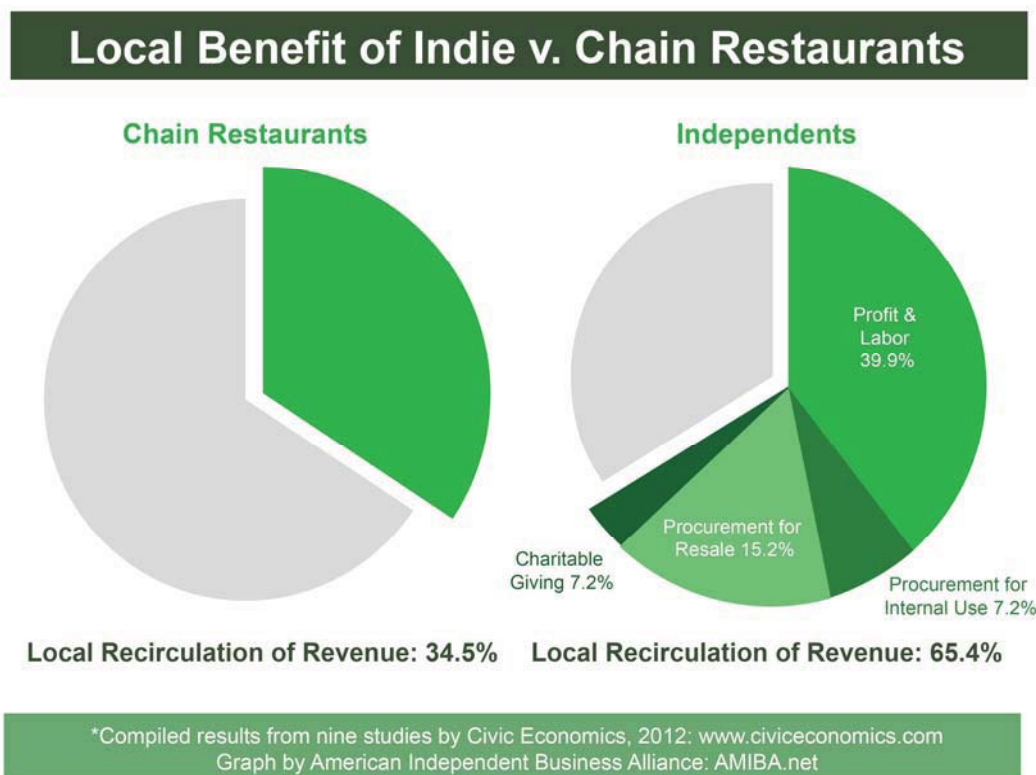


Chart 1: Research on Individual and Chain Restaurants from the US (AIBA, 2012)

Even in the restaurant business there is a significant difference between locally and nationally/internationally operating chains, as illustrated in the above depicted chart from the American Independent Business Alliance.

Considering the demographic situation in our province, it is certain that the population of Nova Scotia is at its turning point from growth to decline. Even if the Halifax Regional Municipality would be spared from population loss for another 15-20 years, according to current projections the provincial growth is expected to turn negative within a few years (Ivany et al, 2014). If no game changing events occur, Halifax will experience the same phenomenon with some delay in the 2030s.

With a shrinking economy on the horizon, the importance of supporting local business owners cannot be understated. In a global market economy, large corporations will be the first ones to withdraw from the provincial markets if they do not seem profitable enough anymore. Regionally rooted enterprises, however, are more likely to be the backbone of our economy in difficult times. And the role of the Halifax Regional Municipality as the only urban agglomeration in the province is paramount in supporting local businesses.



The challenge for Business Improvement Districts

The Business Improvement Districts (BIDs) in the Halifax Regional Municipality are a backbone of local services and retail and accommodate a significant share of these rooted businesses. This is traditionally one of the core roles of BIDs: The first Canadian organizations of this kind emerged in Toronto during the 1970s when local business owner decided to team up in response to growing competition from suburban shopping malls (Yang, 2010). BIDs across Halifax have already achieved meaningful results in promoting local businesses across the municipality.

While BIDs and other mechanisms on a provincial and municipal level provide a wide a range of policy instruments that are available to support local businesses, much of this effort is contradicted and undermined by the currently mix of taxation and land use policy, which implicitly subsidizes suburban retail sprawl – a form of development largely geared to serve the interests of large corporations rather than small and medium businesses. The movement of retail to large business parks is detrimental to local businesses that operate at a small and medium scale. The mechanism that makes it hard for small and medium businesses in BIDs to compete on the market is twofold:

1. Mechanism: The inflationary property assessment based taxation



Area	Assessment per sqft
Bayers Lake	16.35
Downtown Dartmouth	31.84
Village on Main	34.56
Dartmouth Crossing	38.43
North End	67.04
Quinpool Rd	98.70
Downtown Halifax	273.22
Spring Garden	292.48

Table 1: Average Property assessments per sq ft

The current taxation policy derives the taxable amount for each property directly from the assessment value. As pointed out in table 1, the majority of BIDs in Halifax are well above the average taxation of properties in business parks. This is a questionable practice, as several studies about the land use patterns in the Halifax Regional Municipality have proven that suburban development creates higher servicing cost: most notably the Stantec report as well as the Sustainable Prosperity Study (see chart 2)

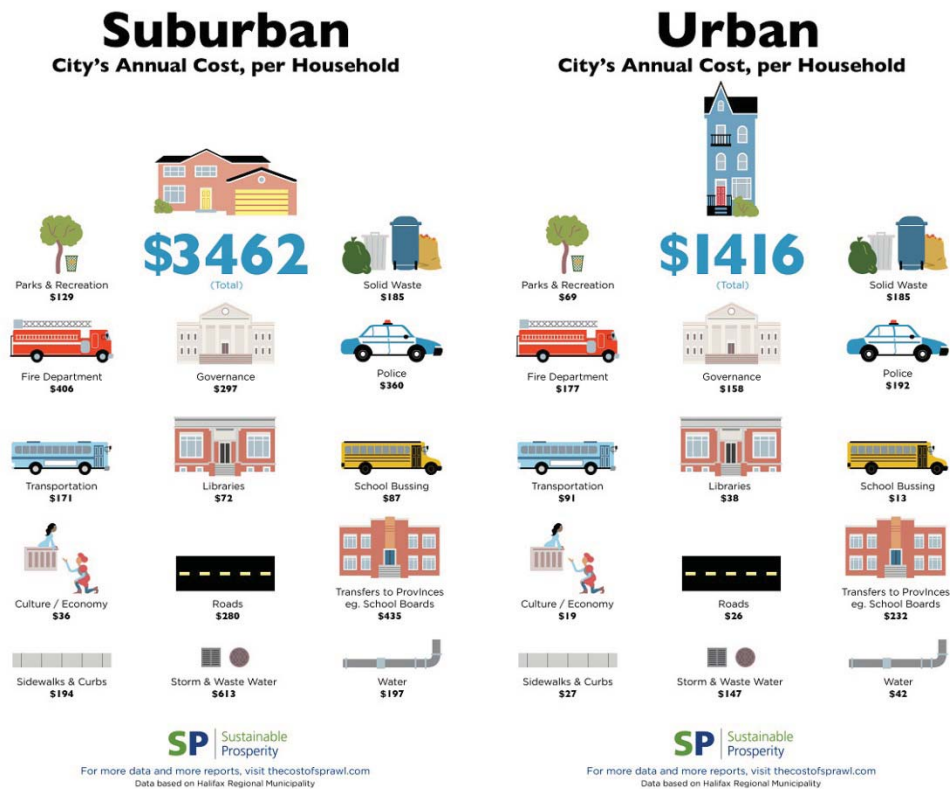


Chart 2: Comparison of Municipal Expenses in the Halifax Regional Municipality

The problem is exacerbated by the inflationary increases of property assessments in developing districts. The role of BIDs is to strengthen the position of local businesses by enhancing the overall attractiveness of the area and to promote development. BIDs are often created in former 'problem neighbourhoods', which makes urban regeneration a typical objective for BIDs. As soon as the transformation of a BID materializes, property taxes for all local BIDs increase rapidly. This phenomenon takes place because property assessments are influenced by sale prices of the surrounding property. Local business owners however, are more interested in keeping their businesses running than capitalizing their theoretically higher property values at the real estate market.

How this is relevant for the Village on Main BID

In consequence, it appears member businesses of BIDs are penalized for enhancing their properties and districts in inner city (higher density) locations. Since Regional Council has approved a major amendment to the Dartmouth Land Use By-law and MPS concerning development in the Main Street Area in 2013, we expect a wave of development to occur in our BID over the next ten years. The new density regulations in our area allow for a 326% increase of commercial floor space. Sadly this means in the context of current taxation policy, that small business owners who have driven and fought for this change for many years, may be driven out of the district due to exorbitant tax increases. There is clear evidence that the BIDs on Quinpool Rd and in North End Halifax have already experienced the consequences of such tax implications after successful improvements to their areas.



2. Mechanism: Zoning of Industrial Parks allows for uses that these places are not meant for

Business Improvement Districts have not only to cope with rapidly increasing taxes if they create a strong business climate in their area, they also have to withstand competition from implicitly subsidized competitors in business parks. A recent debate from Council demonstrated preference of business park retailers over such in central locations:

The Municipality has previously created an Expansion Area of the Burnside Business Park in order to “retain an adequate supply of industrial lands within HRM to ensure a continued mixed and diversified economy of the region” (HRM, 2015). We want to keep industry in our region for good reason, and large tracts of affordable land are vital for industrial companies with machine parks, warehouses etc. to settle down. However, in order to fill in vacant lots in the park, Council decided to loosen zoning restrictions and allow interested large retail chains to move into the business park (Patil, 2015).

The consequence of such a decision allows retail into extremely low valued land, resulting in a situation where they pay a fraction of property taxes than a comparable store in a BID. In essence, the city has a double-loss; it makes a capital investment in creating a business park with expanded use than was originally intended (allowing for retail) and loses tax revenue due to missed opportunity from driving business out of the downtown and BIDs. This practice stimulates a vicious circle as illustrated in the following chart:

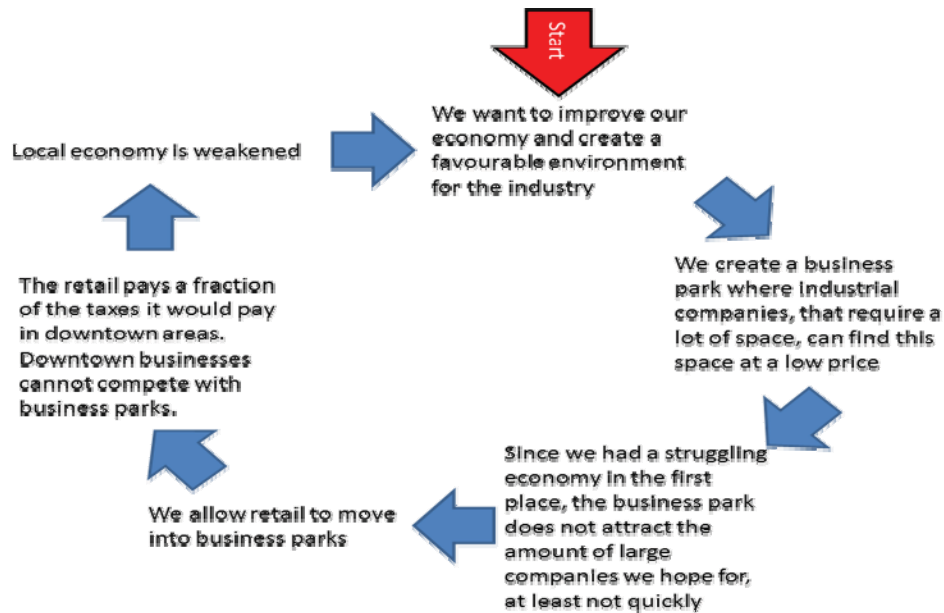


Chart 3: Circle of retail promotion in industrial parks

The recent major expansion of the Bayers Lake business park during a time of two digit commercial vacancies in downtown areas, is another example of land use policy supporting large (often foreign) corporations over small and medium local enterprises. All business parks in Halifax are located in industrial “I” zones. It is our recommendation that they be restricted to this original purpose to break the cycle of retail sprawl that weakens the tax base of the Municipality.

Conclusion and suggestions

The Stantec report has clearly shown the advantages of development in central locations and triggered an important change of policy in the city. The Regional plan has confirmed these findings and established clear growth targets for development in central locations. Furthermore, centrally located BIDs accommodate more local enterprises than outlying areas and, as initially explained in this report, play a crucial role for both Halifax and the province. The One Nova Scotia report clearly stresses the role of local entrepreneurs in improving their communities (Ivany et al., 2014). If status quo remains, we fear that our local owners successfully improving their properties and the district, would have legitimate concern that they be taxed out of the district that they have helped to improve. Furthermore, competitors that operate on cheap industrial land have an unfair advantage; and these large businesses are rseldom local.

In conclusion, the Main Street Dartmouth Business Improvement District requests that the city revise its current taxation practice and consider:

- a) A higher taxation rate for commercial properties and especially retail that occupies cheap industrially zoned land
- b) A tax break for small businesses
- c) A freeze of tax assessments for small business property owners in times of redevelopment, as long as they do not sell their property for profit.

References

Brown, M. (2015) *How Important Are Small Businesses to Local Economies?* from:
<http://smallbusiness.chron.com/important-small-businesses-local-economies-5251.html>

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Village on Main, 2015



September 17, 2015

Andre MacNeil

Halifax Regional Municipality
P.O. Box 1749
Halifax, NS
B3J 3A5

Dear Mr. MacNeil,

The Quinpool Road Mainstreet District Association (QRMDA) and the North End Business Association (NEBA) have been diligently working together on a Tax Reform position paper that looks at issues of inequity in the current tax system and identifies ways in which a fairer distribution of the tax burden may be created.

Throughout the past year, many hours have been spent researching and understanding all of the factors that go into setting the Commercial Tax Rate, and the subsidual effects the assessments have on area businesses including those owned locally, nationally and internationally.

Through this research we have put together the accompanying position paper which both the QRMDA and the NEBA support in principle, the findings within, and we strongly encourage Halifax Regional Council and Staff to review these findings and to take action on this issue immediately. No deferrals.

Sincerely,

Original Signed

Patricia Cuttall Busby, Executive Director, North End Business Association

Original Signed

Karla Nicholson, Executive Director, Quinpool Road Mainstreet District Association

THE NEED FOR COMMERCIAL TAX REFORM TO ADDRESS EQUITY AND A FAIRER DISTRIBUTION OF THE TAX BURDEN IN THE CITY OF HALIFAX

Prepared by Patricia Cuttell Busby
Executive Director, North End Business Association
September 17, 2015



What Are The Issues?

1. Small Businesses Being Taxed to Death Due to Assessment-Based Tax System.

Small businesses in the urban core, particularly in areas of redevelopment, are punching way beyond their weight in terms of how much they pay in commercial tax relative to the size of their business and their cost to service. Over the past three years, small businesses on Quinpool Road and in North End Halifax have seen their commercial property taxes increase significantly [Fig.1.] — in many cases more than 30%, and in some cases as high as 50%! It is expected the taxes in the North End will increase significantly next year, similar to what was experienced on Quinpool Road. The largest assessment increases are happening to properties valued between \$100,000 to \$1 million. These are the properties that are primarily support owner-operated businesses and small local business tenants.

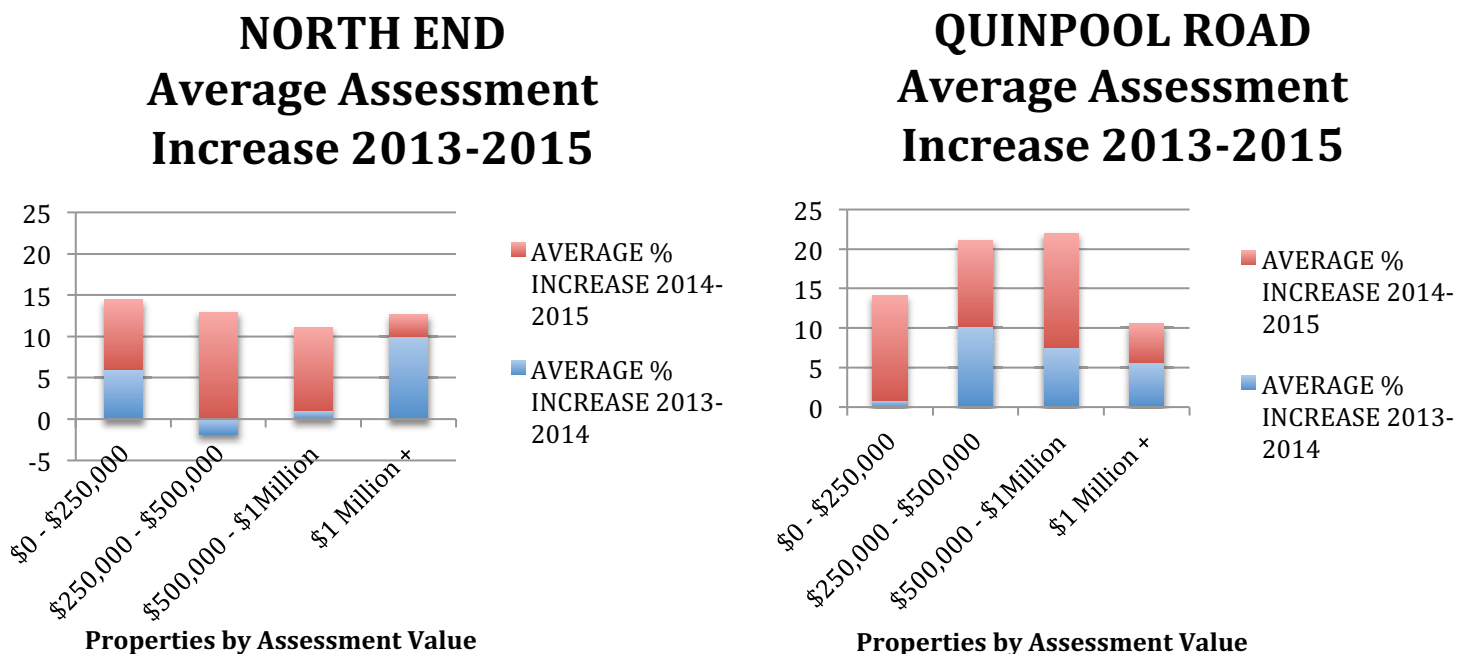


Figure 1. Average Assessment Increases for North End and Quinpool Road 2013-2015. Numbers based on assessments information received by the BID associations for levy purposes. Assessment data is calculated 2 years prior to release. Increases are expected to continue to grow at a rate above inflation.

The increases are being driven by local land sales, often related to redevelopment opportunities (in-which we are seeing the conversion of commercial property into mixed use or residential property — which has its own set of implications on the future tax burden placed on commercial properties.) This trend can be expected to happen anywhere redevelopment is occurring, like Mainstreet Dartmouth or Fairview. While the city argues that the commercial property owners enjoy an

increase in the value of their property asset, for most business owners the issue becomes whether or not they are able to stay in business. When increases in assessment out pace the rate of inflation, it is difficult, often impossible, for businesses to make up the difference. Most property owners in these mainstreet districts are either “in business” — running and operating small locally owned businesses that create local jobs and service local communities (like Aerobic First, or Robertson’s Computers), OR, are acting as landlords of small commercial buildings renting space to small locally owned businesses [Fig. 2.]. These commercial property owners are not in the real estate business of making money from flipping or developing properties. Massive tax increases of 30% to 50% cannot be absorbed by the businesses through increases sales. This has left many with some tough choices: stay in business, or sell the property. ***We do not believe this should be the intended consequence of the commercial property tax system.***

Many business owners are considering a tough choice: try to stay in business, or sell the property.

We do not believe this should be the intended consequence of the commercial property tax system.

Percentage Breakdown of Small vs. Large Business by Area

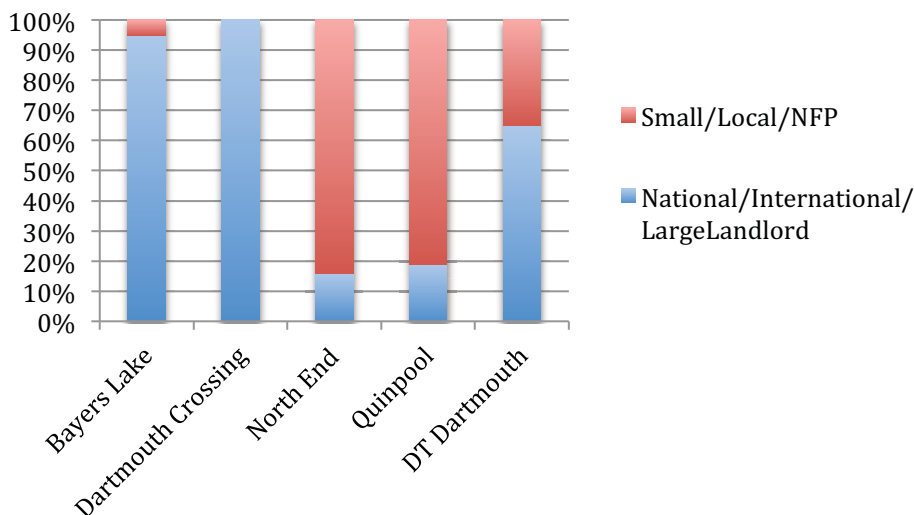


Figure 2. Small/Local/NFP is defined by a) commercial property owners that operate a small business out of their commercial property (think Aerobics First, Robertson’s Computer Equipment, Carlos Auto), b) local independent land lords renting to primarily small locally owned businesses and not-for-profits (think Creative Crossing, Don Hunt), and c) not-for-profits that own their own buildings (NECHC, MNFC). Some corrections required for Dartmouth — it was determined there are more small/local/not-for-profit properties than originally counted.

Both of these scenarios (owner-operators and small local landlords) are critical components to “complete communities” and the stated goals of the Halifax Regional Plan: “Design, plan and build with respect for economic, environmental, social and cultural sustainability.” If the plan does not consider existing businesses and the people who have invested in this community and economy, than whom is the plan for? ***There is a need for the city to align its plans and policies, so efforts like the regional plan are supported by progressive and responsive tax policies and tax systems.***

“Design, plan and build with respect for economic, environmental, social and cultural sustainability.”
Halifax Regional Planning Strategy 2014, pg 8

2. Urban Areas Carry a Much Heavier Tax Burden in Comparison to Suburban Areas.

Commercial properties in the urban core pay a great deal more in taxes than commercial properties in the suburban periphery [Fig. 3]. The reason for this is the **single rate assessment-based property tax system** used by the city. By using the single rate assessment system, properties located in higher assessed areas pay significantly more despite a) their ability to pay more (impacted by everything from freak weather systems to a poor economic climate), or b) the cost to service them (water/sewer, roads, snow plowing, police and fire, etc.). **Highly taxing commercial properties in the urban core is not fair to business, particularly when the city is not working to support those mainstreet businesses by driving customers to them.** Instead, the city is doing the opposite — approving cheap green field development, allowing retail in industrial parks, discouraging people from driving downtown through aggressive ticketing, and allowing for an abundance of free (because it is so cheaply taxed!) parking in the suburbs. Something seems not fair!

If the plan does not include existing businesses, than whom is the plan for?

Average Commercial Assessment PSF of Land by Geography

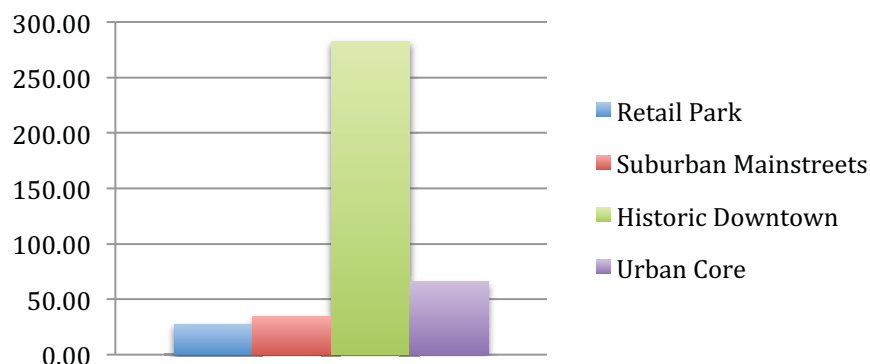


Figure 3. Average Commercial Assessment Per Square Foot By Geography was determined by taking the property assessments and dividing them by the area of lot. PSVC uses building size to determine assessment per square foot, but that information is not available to the public. Nonetheless, using land area also provides an interesting comparison — as it more closely correlates to cost to service. Compact urban form is cheaper to service and generate a higher tax yield (even at a less rate!) than sprawled suburban development.

On Quinpool Road, more than 50% of assessments have doubled or tripled since 2010, but there has been little to no investment in the area. As assessment values continue to soar, it is ultimately the large real estate developers that will benefit — which begs the question, where does the city see small business fitting in the overall economy and plan for the city?

3. Current Structure Favours Large National and International Businesses Rather Than Small Independents

BUSINESS AREAS	AVERAGE ASSESSMENT PER SQUARE FOOT	AREA (SQUARE FOOT)
BAYERS LAKE	\$16.35	13,413,382
DARTMOUTH CROSSING	\$38.43	7,344,948
MAIN STREET DARTMOUTH	\$34.20	3,046,904
QUINPOOL ROAD	\$98.70	808,187
DOWNTOWN HALIFAX	\$273.22	3,897,896
DOWNTOWN DARTMOUTH	\$31.84	2,711,898
SPRING GARDEN ROAD	\$292.48	517,588
NORTH END	\$67.04	1,451,501

Figure 4. Average Assessment Per Square Foot Comparison. When looking at Average Assessment Per Square Foot of Land, retail parks pay a lot less based on the single rate commercial tax system. Data based on assessment information released in 2014-2015, and values researched from Property On-Line, 2015.

Highly assessed areas are most often mainstreet commercial areas where small mom and pop shops, unique small independent retailers, and the offices of book keepers and small service providers like web-designers, are located. These small businesses have sometimes been in these areas for years — providing jobs, supporting families, and enhancing the culture and diversity of our city. In many cases mainstreet commercial districts have influenced where people have chosen to live and work. By contrast, retail parks like Bayers Lake and Dartmouth Crossing are where large national and international businesses are located [Fig. 2]. These businesses support mostly minimum wage part-time work and their considerable profits go outside of the province [Walmart, Costco, Loblaws, Gap Inc.]. Their buildings are cheap by design, they build on cheap land, and they have little

investment in well-being and economic sustainability of the city — but benefit considerably from costly municipal infrastructure and services. The single rate assessment system the city uses to determine commercial taxes ultimately favours greenfield development on cheap land, and results in big box retailers paying a lot less per square foot [Fig 4.] than the more efficient compact development in the urban core that supports small businesses.

The consequence is small businesses are paying a bigger proportion of the tax burden, relative to what they are — small. These small businesses have the lesser ability to carry this bigger piece of the tax burden.

An extreme example is the assessment of the former Mills location on Spring Garden Road. Three years ago its assessment was \$2.2 Million, two years ago \$4.4 million, now it is assessed at almost \$7 million. Per square foot value of land is \$267.67. When compared to Costco in Bayers Lake which is assessed at \$17.94 per square foot, — any ability for small businesses located in downtown to compete is destroyed. The impact is that this location, home of a very prominent locally owned business in existence since 1919, has now been taxed out of existence. No local business could afford to locate in this building. It again begs the questions: who are we managing this city for? And how do we explain that businesses from here pay expenses for those from away who are taking their profits out of our region?

4. Tax System Based on Real Estate Market Only — Does Not Encourage Economic Diversity!

The notion that property owners whose assessments increase are benefitting from an increase in their asset value is a little misguided. It uses the notion that economic development is based solely on real estate market. It does not consider the idea that many people — like owner of Starboard Wealth on Agricola, or the owner of Garden of Eat'n, chose to locate their business in a particular area because that is where they want to live and work. Starboard Wealth owner Laurie Stephenson purchased a run-down property on Agricola and renovated it into a small commercial office building because she wanted to live and work in North End Halifax. She is a community-minded individual. She rents out five small offices to local small businesses (like a massage therapist.) The renovations to her building increased the appeal of the North End as a place to live, work and play. As a result of her investment, her taxes have increased to almost \$14,000 year — and her tenants do not pay enough for to see any return on her investment. She wishes to continue to have the building as her company head-quarters, where she employs 4 people, and provide office space that affordable for small businesses, but if the economics don't work she will be forced to sell or convert her building to residential. Essentially it is not a viable or profitable endeavour for landlords to own and make improvements to small commercial buildings in the urban core. This has many consequences — not only for providing space for other small businesses and start-up, but by discouraging people from fixing up their buildings. Why bother? It is the

year-to-year operations which most ‘tax’ her ability to keep the office building viable. It was never her intent to fix it up and flip it — which is what the current commercial tax system is based on. Again, the city needs to align its plans with its policy if it wishes to encourage ‘complete communities’ and a diverse economy.



Figure 5. Before and after photos Starboard Wealth Building

Knowing that the city needs to raise revenues to support municipal operations and administration, what are the other objectives of the commercial tax system? How is the methodology of taxation explained and justified? And how are the unintended consequences being measured and mitigated?

5. Historic Downtown is Hollowing Out and Is In Need of Intervention.

The historic downtown used to be this region's economic hub. In that role, it supported the surrounding areas. But as the region sprawled, the role of the downtown as an economic hub has changed. The tax system has not recognized this change, and continues to use revenues generated from downtown commercial properties to subsidize activities throughout the region. As a predominately commercial district, an intervention is required to bring it back to its historical prominence. The city has created highly assessed areas [Fig. 3 and 4], but is not directing or encouraging business to the areas they are taxing the heaviest. Other commercial districts in the urban core are impacted by the health of the historic downtown. It is in all of our interests, in the urban core and beyond, to support the investment in our downtown.

6. What Is The Real Cost To Service?

We have done a search of available information and cannot find any primary research on cost to service commercial areas. We do know based on Residential Patterns that urban forms with higher densities cost less to service [Fig. 5]. Extracting from that, we could assume the same for commercial. Yet urban commercial areas pay much much more in taxes compared to their suburban counterparts. If taxes are not based on services and are suppose to be more about distribution of wealth — well how does that theory apply in the case of small businesses being whacked with massive assessment hikes drastically increase their while the big national and international businesses in the business parks pay comparatively less?

Another question, for which we have received no clear answer, is: Knowing that the

city needs to raise revenues to support municipal operations and administration, what are the other objectives of the commercial tax system? How is the methodology of taxation explained and justified? And how are the unintended consequences being measured and mitigated?

Residential Patterns

SUMMARY ESTIMATED ANNUAL COSTS PER HOUSEHOLD (LISTED ACCORDING TO DENSITY)

	Pattern A¹ Rural Commutershed Low Density 1.2 people/acre	Pattern B¹ Rural Commutershed Low Density 2.2 people/acre	Pattern H¹ Rural Commutershed Low Density 10.4 people/acre	Pattern C¹ Suburban Low Density 16 people/acre	Pattern D¹ Urban Low Density 22 people/acre	Pattern E² Suburban Mid Density 36 people/acre	Pattern F² Urban Mid Density 36 people/acre	Pattern G³ Urban High Density 92 people/acre
Common Services:								
Roads (no curbs)	\$1,053	\$621	\$339	\$280	\$184	\$76	\$124	\$26
Solid Waste	\$200	\$200	\$200	\$185	\$185	\$185	\$185	\$185
Libraries ⁴	\$72	\$72	\$72	\$72	\$72	\$48	\$48	\$38
Parks/Recreation ⁴	\$129	\$129	\$129	\$129	\$129	\$86	\$86	\$69
Police ⁴	\$360	\$360	\$360	\$360	\$360	\$240	\$240	\$192
Fire ⁴	\$324	\$324	\$324	\$406	\$379	\$231	\$248	\$177
School Bussing	\$186	\$186	\$186	\$87	\$25	\$58	\$17	\$13
Culture/Economy	\$36	\$36	\$36	\$36	\$36	\$24	\$24	\$19
Governance	\$297	\$297	\$297	\$297	\$297	\$198	\$198	\$158
HRM to Province	\$435	\$435	\$435	\$435	\$435	\$290	\$290	\$232
Subtotal	\$3,092	\$2,660	\$2,378	\$2,287	\$2,102	\$1,436	\$1,460	\$1,109
Other Services:								
Curbs&Sidewalks	\$0	\$0	\$0	\$194	\$128	\$52	\$86	\$27
Transit ⁴	\$171	\$171	\$171	\$171	\$171	\$114	\$114	\$91
Water	\$425	\$425	\$425	\$197	\$176	\$77	\$146	\$42
Waste/Stormwater	\$625	\$625	\$625	\$613	\$514	\$235	\$364	\$147
Subtotal	\$1,221	\$1,221	\$1,221	\$1,175	\$989	\$479	\$710	\$307
extended ⁵ Water/Wastewater	\$927	\$234	-\$219					
Total	\$5,240	\$4,115	\$3,380	\$3,462	\$3,091	\$1,914	\$2,170	\$1,416

1) Household size estimated at 3 people per household

2) Household size estimated at 2 people per household

3) Household size estimated at 1.6 people per household

4) Costs allocated simply on "per capita" basis

5) incremental on-going (annual) costs, only; does not include remediation/installation (capital) costs

Figure 5. The city has attempted to calculate the service costs for residential development. If they same methodologies hold true for commercial development, then commercial districts in the urban core cost a lot less to service than businesses in the suburban and rural areas. As business districts "intensify", like what is being proposed for Mainstreet Dartmouth, then the cost of delivering services should start to decrease as the urban form becomes more compact and efficient.

https://www.halifax.ca/regionalplanning/documents/HRMInfrastructureChargesStudy_FinalReport_Oct24_06.pdf

Why This Matters So Much: The Ripple Effect

In summary, the current tax system is having, perhaps unintended, negative consequences on existing businesses in the urban core. Unless something is done to address this, the adverse effects that we will continue to experience are:

- Conversion of commercial to residential
- People not investing in urban core properties (Starboard Wealth example)
- More businesses leaving the urban core (Service Nova Scotia!)
- Loss of small affordable office space in urban core which is critical for start-ups, young entrepreneurs, and local independent businesses
- Small local businesses selling or closing their doors
- Continued disconnect between regional plan and the creation of complete communities
- **Large national and international businesses not paying their fair share!**

Small businesses are an integral part of our economic eco-system. The wealth they create stays in the communities — and in return supports other aspects of our economy (like real estate and property values!) and is tied in (directly and indirectly) to other initiatives being championed by all levels of government. “A study done in 2003 in Austin, Texas, by the American Independence Business Alliance found that out of every \$100 spent at a nationwide chain store, only about \$13 stayed in the local economy. However, **out of every \$100 spent at a locally owned and operated business, about \$45 stayed in the local economy.** This provides a huge boost to other local businesses, workers and families in the local area” (Writing, Alexis, Houston Chronicle). We need more small businesses — not fewer. And we need to align all our goals and objectives.

The Solutions

The economic health and vitality is a critical piece of the overall health and well-being of the municipality. There is a role for the municipality to play and steps they can take to mitigate the perhaps unintended consequences of a tax system that has lost it relevance as a tool for directing and encouraging the kind of economic growth our city needs. Solutions include:

Keeping Money in the Area

*Another advantage of local businesses is that more of the money spent at a local business stays in the local area. A study done in 2003 in Austin, Texas, by the American Independence Business Alliance found that out of every \$100 spent at a nationwide chain store, only about \$13 stayed in the local economy. However, **out of every \$100 spent at a locally owned and operated business, about \$45 stayed in the local economy.** This provides a huge boost to other local businesses, workers and families in the local area.*

Alexis Writing,
<http://smallbusiness.chron.com/benefits-businesses-local-economy-265.html>

1. Creating a Small Business Tax Break.

To stop small business from paying a disproportionate share of commercial property taxes a special small business rate could be developed with eligibility criteria set to match existing federal income tax regulations for access to the small business corporate tax rate. Under federal and provincial income tax rules a corporation like Walmart pays 50% of its profits in corporate tax, a small business 14%. Use of a small business rate could reverse the imbalance we see now where the small business on a local street is paying 3 or 4 times more taxes per square foot than the non-locally owned large national and international businesses. Small business should contribute reasonably to the costs of the municipal services associated with their locations, the tax relief provision would apply to taxation levels above a set per square foot base amount.

2. Differentiated Tax Rates

The immediate solution to address issues of decline downtown and to support small business as a viable option in Halifax's urban core is to simply refine the existing assessment based system through the use of multiple commercial tax mill rates.

Rather than the single rate we use now we could use multiple rates which adjust the tax collected from the assessments to achieve more rational and fair economic outcomes. For instance there could be a lower mill rate used in the downtown to reflect the lower cost of service and to reflect the economic objective that a healthy downtown creates for any community. **In the Canadian context there is established precedent for the use of multiple mill rates. For instance both Toronto and Vancouver have multiple mill rates with ten and nine different mill rates respectively.**

3. Current Use

Assessments could be based on the present use of a building not the speculative possible use of a building based in its land converted to a different use.

The Challenge

Tax reform is a perplexing challenge. There are many things to consider including the roles of municipal and provincial government, the legal authority to make changes to the existing system, political understanding and will to make informed decisions around changes, and understanding the impact changes will have — including impacts on property owners of all sizes and their tenants. But one thing is clear: There is an issue around tax equality. Good tax policy should consider the following things:

- Taxation that reflects the recovery of the cost of providing municipal services;
- Ability of businesses to pay;
- Not interfering with economic competitiveness;
- Respect for governments;

The fear [...] is that property owners will be forced to either sell their buildings or raise rent to a point that prices out current tenants, which would chip away at the independent nature of the shops and eateries along Quinpool.

“What, in turn, happens is people leave the area and go ... somewhere else that’s more affordable. So what you’re left with is empty buildings.”

<http://thechronicleherald.ca/business/1265525-quinpool-road-businesses-blast-%E2%80%98ridiculous%E2%80%99tax-increases>

- Simplicity, stability, transparency and accountability.

The current system is not based on recovery of costs — at least not the recovery of costs consumed by different business types located in different geographic regions with different service uses. It does not reflect the reality of a business’s ability to pay. It is not equitable — in that some areas are subsidizing others beyond their own ability to thrive. And it does not promote efficiency in terms of how the city manages growth and its ability to sustain that growth.

These are complex issues — but serious issues that need to be addressed, even if it is challenging. The status quo is challenging for small business owners — and impacts not only individual lives and livelihoods, but also the economic health and sustainability of our city and region.

We commend and support the efforts of the City of Halifax for looking into these issues and working toward a solution. We encourage council and staff to accept our recommendations.

North End Business Association
Quinpool Road Mainstreet District Association

September 2, 2015

Halifax Regional Municipality

PO Box 1749

Halifax, NS

B3J 3A5

Dear Andre,

Thank you for taking the time to speak with Chamber staff on August 14th about Halifax's ongoing study of commercial taxation and options for reform. We appreciated the opportunity to hear your point of view, and to have the chance to present the Chamber's position on municipal taxation. We also applaud the attention staff and Council is paying to commercial taxation, as it is a very important issue for our members.

We reviewed the taxation options Council asked you to consider with great interest. While many of the proposed options are interesting, it is not clear that any of them represent a clear improvement over the status quo for the business community as a whole. Attempting to target tax reforms at specific business sizes and sectors is fraught with difficulties and the proposed reforms risk causing as many problems as they solve.

We represent businesses of all sizes and industries and would find it difficult to support tax reforms that trade lower taxes on one sector in exchange for higher taxes on another. Reducing the tax burden is one of the Chamber's main priorities under our 2013-2018 Strategic Plan. We will continue to urge Council and staff to reduce the overall tax burden on the business community in Halifax and to ensure that the commercial tax burden is in line with services received. Continued attention of expenditure management is critical for creating a more affordable tax system and savings from expenditure restraint should be put toward lowering taxes for all businesses.

Please do not hesitate to contact us if you have any questions, we look forward to reading your report to Council.

Sincerely,

Nancy Conrad

Senior Vice-President, Policy

A small business vision for HRM

Recommendations on Reducing Taxes and Red Tape

Nick Langley, Director of Provincial Affairs

Halifax Regional Municipality (HRM) is the largest municipal unit in Atlantic Canada and understandably requires a significant public service to administer its programs and deliver its services. However, in order to pay for services and the employees of HRM, the municipality collects a considerable amount of property taxes from commercial properties charging a rate substantially higher than residents pay while delivering fewer services. Given that most small businesses operate with narrow margins, increases to their property tax bills are a serious concern.

In addition to high property taxes the city's regulatory environment creates disincentives for growth. Red tape takes on many forms including complicated and prescriptive by-laws, duplication, and poor customer service.. While red tape costs businesses time, money and productivity, it also hurts HRM by creating an oppressive business climate pushing businesses underground, out of the city or out of business.

Introduction

CFIB represents over 5,200 small- and medium-sized businesses (SMEs) in Nova Scotia 1,800 of which are located in HRM operating in all sectors of the economy. Policy positions are developed at the direction of our membership through surveys and discussions with members. This submission was completed using data gathered from CFIB's membership.

HRM's website states, "In Halifax, rich history meets progressive thinking to create opportunities and conditions for residents and businesses to thrive." In fact, the majority of small business owners in Halifax feel the municipality is not creating the opportunities and the conditions for their business to thrive. CFIB's *Communities in*

Boom report ranked Halifax as one of the least entrepreneurial cities in Canada¹. Halifax was ranked 109 out of 121 Canadian Cities in CFIB's 2014 report. The main reason for the dismal rating for Halifax was the taxation and regulatory burden placed upon small business compared to other Canadian cities.

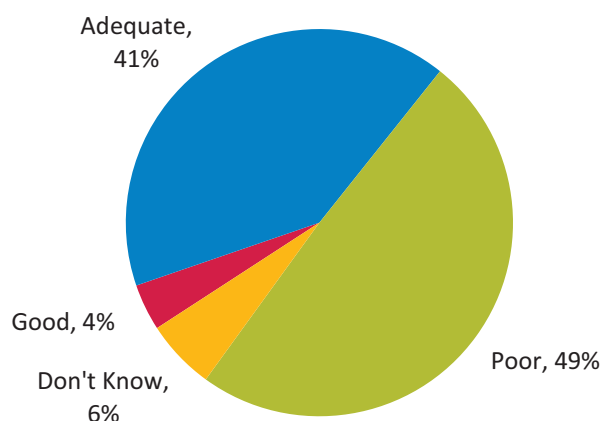
This report will highlight the primary areas of taxation and regulation, two areas inhibiting the opportunities and dampening the economic conditions for small business growth in HRM. Our hope is our recommendations will support the municipality in improving its business climate by creating the conditions for businesses and residents to thrive.

Small Business Views of HRM

We asked members to rate their local government's overall awareness of the small business sector. 49 per cent felt the overall awareness was "poor", 41 per cent stated "adequate", 6 per cent "don't know", with only 4 per cent indicating overall awareness was "good". (see Figure 1).

Figure 1:

Local Government - Overall awareness of small business sector



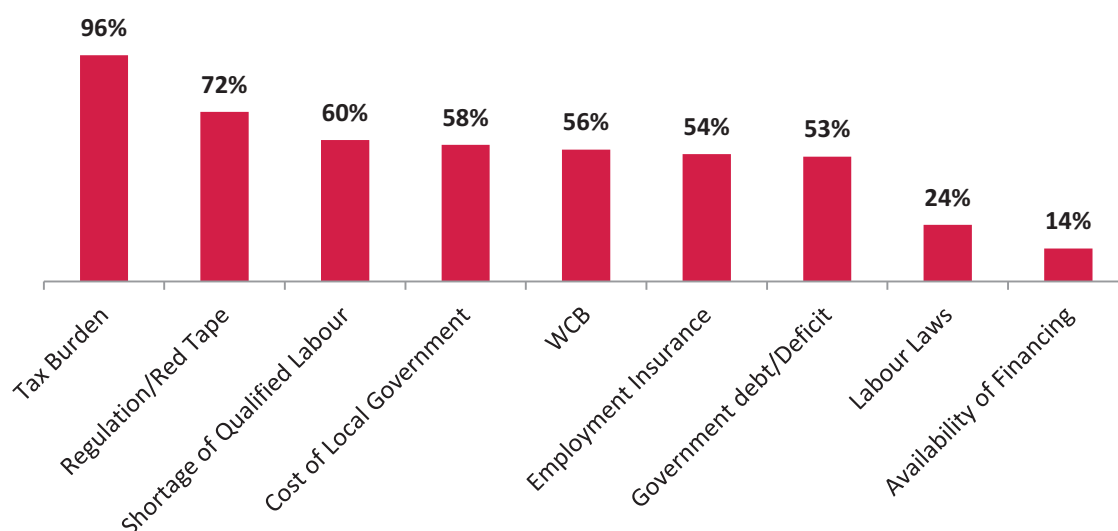
Source: CFIB Internal Data, Our Members' Opinion Survey, Nos. 73-74, July 2013-June 2014: Results for Halifax, n=205.

When small business owners in HRM were asked to state their top concerns, tax burden was identified as the top concern at 96 per cent, regulation and red tape came in at second position at 72 per cent, and cost of local government followed at 58 per cent (see Figure 2).

Figure 2:

Which of the following are serious concerns to your business?

¹ CFIB, *Communities in Boom*. May 2014



Source: CFIB, *Our Members' Opinion*, July – December 2014, n=110

Taxation

On April 28, 2015, Councillors Wayne Mason and Tim Outhit proposed a motion relating to commercial taxation and assessment in HRM.

The motion proposed for a HRM staff report:

Request a staff report and recommendations for changes to the commercial tax structure and for implementation approaches that shall:

- *address concerns regarding small and independent businesses in the central business district and main street & commercial corridors*
- *outline options to address these issues*
- *contain pros and cons of various courses of action*
- *be returned for Council consideration no later than October 2015 so consideration can be given by Council prior to the 2016/2017 budget.*

CFIB was pleased to see this motion put forward because small and independent business face challenges when inflicted with large spikes in assessed value driving up their commercial tax, especially when the assessment increases are based on market value of the property rather than current use.

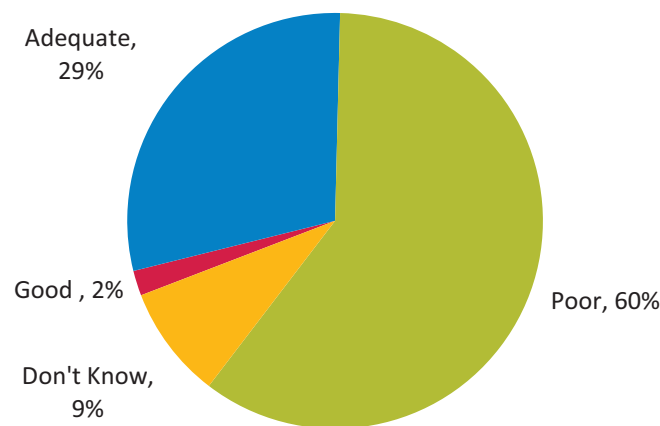
We are concerned however that this work is to be done in the context of maintaining the same overall level of commercial to residential tax ratio. As shown in Figure 2, CFIB members have placed the overall level of taxation as their number one concern. The tax burden is placed by all three levels of government, but property tax is certainly a major cost to local small businesses. While it is important to recognize there have been measures over the last two years to control spending by HRM Council and slight reductions have been applied to the commercial tax rate, property

tax bills have been continuing to increase due to issues around how the properties are being assessed. This increase in property taxes has reduced margins for small business and made the business environment even more challenging.

In a CFIB survey of SMEs in Halifax, we asked how they rate the local government on the reasonableness of property tax levels. Nearly 60 per cent of business owners in Halifax rated the tax levels as 'Poor'. (See Figure 3).

Figure 3:

How would you rate your local government for reasonable property tax levels?



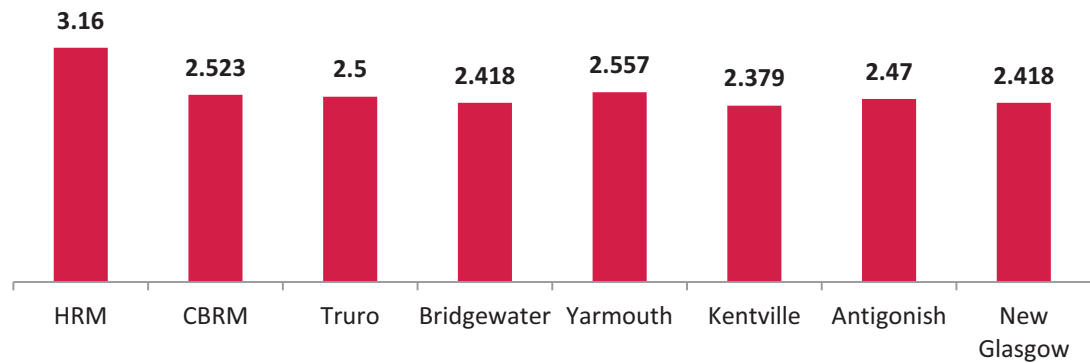
Source: CFIB Internal Data, Our Members' Opinion Survey, Nos. 73-74, July 2013-June 2014: Results for Halifax, n=205.

A possible contributing factor to these sentiments is the considerable gap that exists between the rates paid by commercial properties and residential ones. Independent business owners in various municipalities across Nova Scotia pay between two and five times what residents pay on equally assessed property, identified as the “property tax gap” (see Figure 4).² Halifax currently has the largest gap of all Nova Scotia municipalities. It would be impossible for HRM to address the issue of fairness and competitiveness in their approach to commercial property taxes without addressing this gap.

Figure 4:

Property Tax Gap in Selected Nova Scotia municipalities

² To calculate the property tax gap, add the commercial property tax rate to the general business tax rate and divide the total by the residential property tax rate.



Source: CFIB analysis of 2014 data obtained from Nova Scotia municipal websites

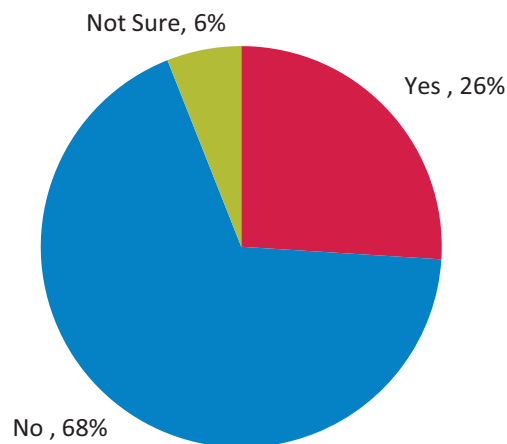
Under the current system, the amount of property tax is calculated using assessed value of a commercial property based upon the Property Valuation Services Corporation (PVSC) assessment and applied to the commercial tax rate. In HRM, there are three tax rates. The three tax rates reflect the level of services provided in urban, suburban, and rural areas of the municipality. Although, HRM commercial tax rates have stabilized or decreased, the assessment valuation increase has caused tax bills to be higher for small business.

For this reason, CFIB is very supportive of HRM examining alternative ways to determine the assessed value of properties. One solution may be assessing the value of the building as opposed to including the value of the land it sits on.

Notwithstanding the higher taxes they pay, businesses generally receive fewer services as well. When asked to rate the fairness of the current tax system, members in the municipality did not rank HRM well with 68 per cent of members saying that they did not think HRM was doing a good job of achieving tax fairness (see Figure 5).

Figure 5:

Does your local government do a good job on Fairness of Taxes?

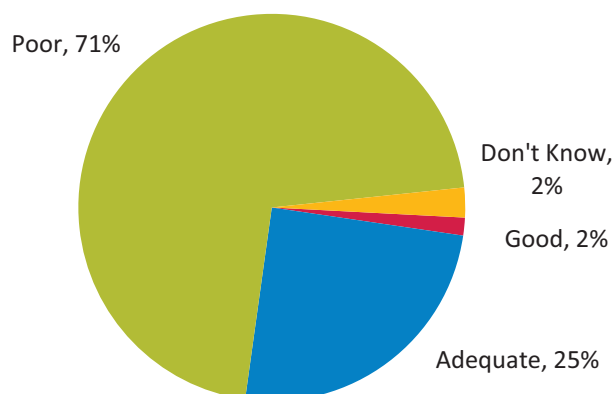


Source: CFIB, *Our Members' Opinion*, July – December 2014, n=31

Members were asked to rate their local government on the value-for-money of public services. 71 per cent said it was “poor” 25 per cent considered it “adequate”, and 2 per cent described it as “good”. (see Figure 6).

Figure 6:

How do you rate your local government where your business is situated on: value-for-money of public services?



Source: CFIB Internal Data, Our Members' Opinion Survey, Nos. 73-74, July 2013-June 2014: Results for Halifax, n=201.

Like any other level of government, it is important that HRM focus on providing quality, sustainable services for the tax dollars it already collects before it aims to boost revenues and expand programs and services outside its core responsibilities.

CFIB makes the following recommendation on the property tax system:

- ▶ To improve fairness, a cap on the gap between residential and commercial property taxes should be imposed at both the provincial and municipal level at a maximum of 2 to 1. Given that commercial properties receive fewer services than residents, it is unfair to tax them at such significantly higher rates. Municipalities should aim to have a gap of 2 to 1 and those that have already achieved that target must continue to monitor and control their gaps.
- ▶ Examine alternative ways to assess property values such as assessments based on the value of the building rather than the land.
- ▶ Continue to focus on controlled spending to ensure core responsibilities can be provided in a sustainable and quality manner.

Red Tape

Filling out paperwork, finding the right information about government rules and programs, waiting for approval of a permit, even waiting on hold to speak with a municipal representative all take time and money. While some regulations are obviously necessary to create a safe environment and level playing field, CFIB members estimate that 10 to 25 per cent of government's red tape could be eliminated without sacrificing important public policy goals like health and safety.

Furthermore, efforts to improve customer service, through actions such as using plain language in government literature and providing examples of compliance could reduce some of the headaches that small business owners experience when dealing with government (see Figure 7).

Figure 7:

What would help your business better comply with regulations?

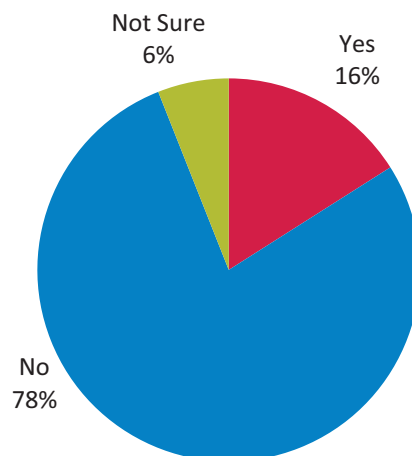


Source: CFIB, *Paper burden and Regulation Survey*, 2008. N=10,566

The cost for HRM to administer red tape and its ability to enforce all its regulations effectively is another factor that also must be addressed.

Figure 8:

Does HRM do a good job on fair by-laws and regulations?



Source: CFIB, *Our Members' Opinion*, July – December 2014, n=31

There is no one issue that burdens small business, but the problem lies in the cumulative effect of these regulations. CFIB is pleased to see some momentum gaining within municipal government to address this issue.

Specific Regulatory Issues in Halifax

As part of HRM's effort to reduce the significant regulatory and red tape issues, CFIB has gathered examples from some of our 1,800 members in HRM.

- ▶ **Signage:** CFIB members understand the need for signage to be unobtrusive for others, aesthetically pleasing, and safe; however, By-law E-200 creates nuisance financial fees and unnecessary paperwork. This by-law needs to be improved by starting new consultations from local business improvement districts (BIDs) with the goal of being less burdensome and more appropriate for the BIDs.
- ▶ **Construction Mitigation:** CFIB has been very supportive and has worked collaboratively with HRM Council on adoption of a construction mitigation strategy. Construction mitigation provides some protection for small business from prolonged, disruptive construction activity, while giving clear guidelines for developers and construction firms.. This proposed policy would create some certainty and predictability by clearly defining expectations for all affected parties in the same way *HRM by Design* has provided guidance for developers.
- ▶ **Inspections:** CFIB members have long complained that inspections are too subjective. Problems emerge when rules are applied differently by different inspectors or by-law officers. A good example of this was after 20 years of erecting a patio on Argyle Street a local restaurant and bar owner was told he could no longer fasten his fencing to the concrete sidewalk. This was a new inspector who applied the rules differently. As a result, the fencing of the patio was less secure and new costs were associated with compliance. Inspection officers need to operate objectively and apply common sense to reduce confusion and frustration.

- ▶ **Permits:** The permit process is fraught with unnecessary complication and red tape.. Permits for small business require an in-person visit to an HRM centre taking time that most small business owners can't afford away from their business. The permit process is overly prescriptive and the amount of paperwork is overwhelming for most small businesses. CFIB recommends more services for permits be conducted on-line to create efficiency for small business owners and HRM.
- ▶ **Fairness:** Many small businesses do not understand or feel they have little recourse in dealing with some regulations. An example of this is Halifax Water's application of stormwater fees based upon permeable surfaces, which has caused concerns and frustration among many businesses. The process of determining permeable surface and what constitutes a ditch often places the utility and small business at opposite positions. Some instances have created higher costs and a regulatory paper burden.

Regulatory Action Plan for HRM:

Following our established criteria for red tape reduction, CFIB recommends the following steps be taken in HRM:

- ▶ **Plain Language:** Small business owners appreciate direct unambiguous language from government. HRM should adopt a plain language policy in its approach to regulations for ease of understanding and to facilitate better compliance.
- ▶ **Measureable Results:** CFIB has been a strong advocate for metrics on red tape. Benchmarks must be established and publicly reported in order to show transparency and progress. Restraints are helpful in reducing the red tape burden placed by municipal government such as a one-for-one rule, where when a new regulatory obligation is created one is removed.
- ▶ **Political Leadership:** Real regulatory reform starts at the top of any organization. Nova Scotia premier, Stephen McNeil, has shown political leadership with his pledge to "make Nova Scotia the best regulatory environment in Canada." CFIB calls on the Mayor to show the same level of political leadership in regards to red tape reduction in Halifax.

For further consideration, CFIB also recommends HRM examine the city of Calgary's Red Tape Initiative implemented in 2010. The initiative has been very successful and has resulted in meaningful savings for government and the business community.

- ▶ **Structure:** A Red Tape Advisory Panel mixed of officials and members from the business community. The advisory panel's members can represent a diverse range of businesses in Halifax with some members from Council and an ex-officio member such as Deputy CAO.
- ▶ **Process:** Consideration should be given to a Business Advisory Group that meets on a regular basis to discuss where process improvements could be made and to work on these solutions together. Calgary's business advisory group also reached out to other businesses to solicit ideas on how to cut red tape and as a result,

more than 200 ideas were generated. Every one of these ideas was reviewed, evaluated and grouped by the advisory group. Relying on their expertise, the advisory group was instrumental in determining which ideas should be implemented in order to provide the greatest impact for the business community.

- **Results:** The City of Calgary has made significant savings as a result of this initiative and has fostered a better business environment in the city. Since 2010, the City of Calgary has saved over \$2.7 million and the citizens and businesses of Calgary over \$11.9 million.



Source: The City of Calgary website

Conclusion

Small business is big business in Halifax and makes up the largest employment block in our municipality. Small businesses employ thousands of Haligonians and their owners take risks every day to maintain and grow their business. Given their economic importance, HRM must take a different approach on small business issues. We appreciate the opportunity to provide their insight and feedback into the review conducted by HRM staff on the motion submitted by Councillors Mason and Outhit on April 28, 2015.

Summary of recommendations

Municipal Taxation

- ▶ A cap on the gap between residential and commercial property taxes should be imposed at a maximum of 2 to 1. This initiative should be multi-year.
- ▶ HRM needs to advocate for a removal of the assessment cap on residential properties as a means to create fair taxation based upon service usage.
- ▶ Property assessments for commercial properties upon the value of the structure, not the land value.

Municipal Regulation

- ▶ Create a red tape advisory panel with membership from different private sectors, two councillors, and the Deputy CAO.
- ▶ Create a Chief Regulatory Officer for HRM to monitor and manage regulatory and red tape issues for the municipality.
- ▶ Create a plain language policy for regulations and by-laws for better adherence.
- ▶ Measure, record, and report red tape on an annual basis to gauge improvement of the red tape burden in HRM.
- ▶ Reduce subjectivity levels from inspectors and by-law officials in order to create fairness and predictability for small businesses.
- ▶ Adopt a construction mitigation policy that not only reduces dirt and noise, but consults with local business improvement districts (BIDs) on issues that could affect them during a prolonged construction project.
- ▶ Reform nuisance by-laws such as E-200.

Attachment 11: Halifax Business Location Study, 2013 – Executive Summary

Study of Commercial Taxes as a Driver for Business Location Decisions



Effective: July 1, 2012

Final Draft: February 15, 2013

EXECUTIVE SUMMARY

We have contacted 300+ office and retail tenants located throughout suburban and downtown areas of HRM for participation in our study. Downtown areas of HRM include the Halifax Central Business District and surrounding areas, Quinpool Road, Agricola Street, the Spring Garden Road area and Downtown Dartmouth. The remaining areas of urbanized HRM are identified as suburban.

We have conducted approximately 100 tenant interviews with office and retail tenants within suburban and downtown locations. We have further interviewed a number of leading office and retail property owners, managers, leasing agents, local business persons and property developers.

Tenants were asked to explain and score what factors contributed to their decision to locate in either a suburban or downtown location. The real estate professionals interviewed were asked to comment on their experiences in the retail and office market as well as explain and score what factors contribute to business location decisions.

Suburban office tenants consistently rated parking availability and parking cost as the most significant factors contributing to their business decision to locate in the suburbs. These factors equated to an average score of 4.6 and 4.5 on a scale of 1.0 to 5.0 (where a score of 5.0 represents the strongest considerations). The lowest ranked considerations were proximity to general retail and green building initiatives (1.9 and 1.9). **Property tax as a consideration was ranked 8th of 16 scored factors with an average score of 3.1.** The responses of the tenants were generally supported by the interviews with real estate professionals.

Downtown office tenants consistently rated employer preference and image/profile and perception as the most significant considerations at 4.1 and 4.0. Similar to suburban office tenants, green initiatives and proximity to general retail were rated as the lowest considerations at 1.9. **Property tax as a consideration was ranked 13th out of the 17 factors with a score of 2.2.** The responses of the tenants were generally supported by the interviews with real estate professionals.

The interview process indicated that there are generally two profiles for HRM office tenants: those who choose to locate in the suburbs for lower overall costs (particularly the free and increased availability parking) as well as for employee lifestyle/accommodation reasons, and those tenants who prefer to locate in downtown areas for business reasons including servicing clients and company image.

Property taxes per square foot were estimated for HRM office buildings and compared between the suburbs and downtown. A premium in downtown Class A space over suburban Class A space was evident. However, a discernible premium between downtown and suburban Class B/C space was not observed.

Suburban retail tenants consistently responded that parking availability was the most significant location consideration with an average score of 4.4, with the cost of parking as the second most significant consideration (3.9). The lowest considerations were green initiatives and employee preference with scores of 1.6 and 1.9 respectively. **Property taxes were ranked as the 9th most significant consideration out of 17 factors, with an average score of 2.9.** These views were generally supported by discussions with real estate professionals.

Downtown retail tenants consistently responded that proximity to clients and image / profile and perception were the most significant considerations with scores of 4.5 and 4.3. The least considered factors were green initiatives and parking cost, at 1.4 and 1.6 respectively. **Property taxes were ranked 13th out of 17 factors with a score of 2.1.** These views were generally supported by discussions with the real estate professionals.

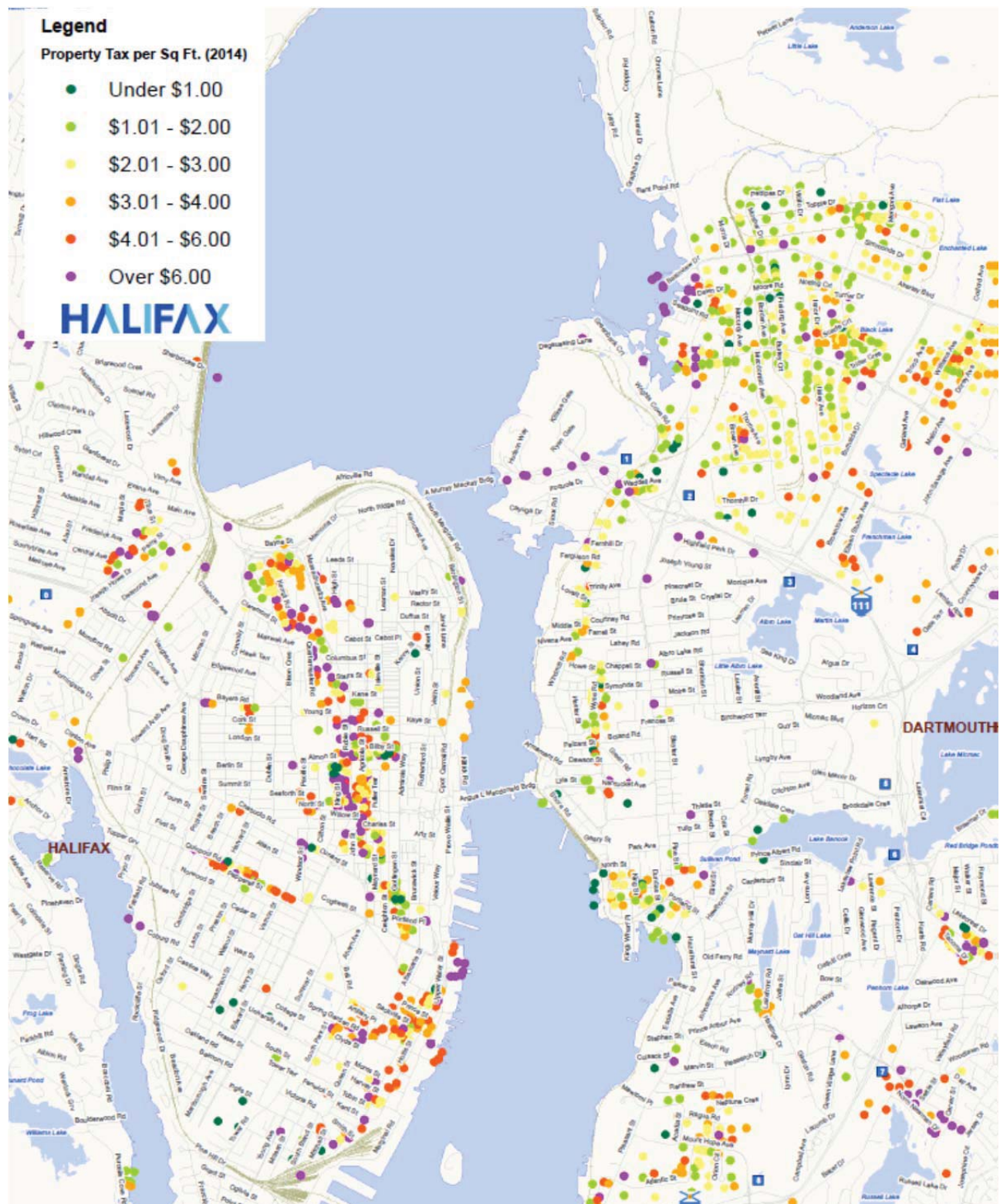
The interview process indicated that downtown retailers are generally positioned to either service a niche market, which may be seasonal in nature or come from all areas of HRM, and to service the surrounding community. Suburban retailers generally located where parking is available and are clustered with complimentary stores and shops in order to benefit from the draw of shoppers.

Based on the interview responses and data collected it is indicated that property taxes are not one of the most significant considerations for office or retail tenants when determining where to locate within HRM.

The most significant considerations for suburban office tenants **were parking cost, parking availability and commute time** (top three factors). Downtown office tenants are most concerned with **preferences of the employer and company image, profile and perception.**

The most significant considerations for suburban retail tenants **were the availability and cost of parking.** Downtown retailers placed most significance on **proximity to clients/customers and image/profile and perception of their location.**

Attachment 12: 2014 Commercial Tax Intensity Map



Attachment 13: Summary of Commercial Tax Programs in other Canadian Cities**1. Lower Tax Rate (on a portion of assessed value)****City of Toronto**

Toronto City Council endorsed two bands of assessment of property for the purposes of facilitating graduated tax rates for the “residual commercial” class.¹ Residual commercial refers to the tax class that excludes shopping centres, large office buildings, parking lots, vacant land and large sports facilities based on property classification as determined by the Municipal Property Assessment Corporation (MPAC). For properties in the residual band, a lower tax rate applies to the first \$1 million dollars of a property’s assessment, and the portion above this is taxed at the commercial general rate.

Property Type	Total Tax Rate	Percentage Difference
Commercial General	2.766%	0
Residual Commercial (Band 1)	2.511% (on initial \$1 million of assessed value)	9.22%

2. Assessment Averaging**City of Vancouver**

Vancouver institutes a land assessment averaging structure which gives property owners temporary tax relief by phasing in tax increases due to changes in land values set by the Provincial assessment corporation.² Properties which are eligible for averaging are class 1 residential, light industrial and business. In 2015, if commercial properties experience a 24.1675% increase year on year for light industrial and business, they are eligible for averaging. The assessment average threshold is set by council every year; in 2015 the benchmark rate is 10% above the average increase for each property class. After re-assessment, the new tax burden is “phased in” over three years to provide some degree of easement and predictability for firms who experience such volatilities. With averaging, to calculate a property's taxable value, Vancouver:

1. Adds the assessed land value for the current and past two years.
2. Divides the result by three for an average.
3. Adds the result to the building value for the current year.

Only the land value is averaged, not the building value.

Property Class	Average Increase over 2014	Benchmark	Threshold for Averaging	Current Rate as a Percentage (%)
Class 1 Residential	8.77%	10%	18.77%	.35353%
Class 5 Light Industrial and Class 6 Business & Other	14.22%	10%	24.22%	1.504% (Business) 1.5671% (Light Industrial)

¹ City of Toronto, Enhancing Toronto’s Business Climate: Update, June 7, 2007.

² City of Vancouver, Property Tax Specifics, <http://vancouver.ca/home-property-development/land-assessment-averaging.aspx> August 21, 2015.

3. Multi-Year Assessment Cycle

Ontario

Unlike Nova Scotia, Ontario follows a four- year assessment cycle, carried out by the Municipal Property Assessment Corporation (MPAC). MPAC has no formal attachment to the Ontario Provincial Government and instead functions as a not for profit corporation as outlined in the MPAC act (1997).³ However, similar to British Columbia and Nova Scotia, Ontario municipalities do not provide assessment services but rely on not profit-arms-length organizations to provide independent assessment of the real property base.

The reassessment cycle occurs every four years, with a mandatory phase in for residential, farm, managed forest, commercial, industrial and multi-residential properties that increase in value over the subsequent four years, preceding the next reassessment cycle. Under this structure, if the current market value (CVA) of a property increases as a result of a general reassessment, the CVA is to be reduced by 75% of the eligible increase in the first year, 50% in the second year, and 25% in the third year.⁴

Historically, Ontario has endured significant policy inertia on municipal tax policy, assessment reforms and a general approach to equitable municipal taxation. As things currently stand, the four-year assessment cycle with phase-ins has the advantage of providing taxpayers with a degree of predictability than under annual reassessment.⁵ Reassessments will occur every fourth year after 2012 based on a valuation date of January 1st.

Importantly, Ontario provincial policy legislates a reassessment phase in structure, removing some of the burden on cities to deal with volatile growth in property values. In the case of Toronto, there is concerted policy pressure to ensure greater predictability for the business sector through MPAC's reassessment policy and the city's graduated tax rate system and sector-targeted programs for business competitiveness.

The structure and diversification of Ontario's economy and polity have necessitated experimentation with balancing the needs of the residential and commercial sectors. Predictability and stability are widely accepted as key principles in tax policy, though how to ensure these principles are met has been subject to vigorous debate within Ontario.

Saskatchewan/City of Regina

Regina's tax policy setting focuses on maintaining the relative share of tax between different classes of property during each reassessment cycle, occurring every four years.⁶ The stated goal of this policy is to ensure predictability of taxation through a "phase in" period whereby in the three years after reassessment, increases are limited to one third of the change in property tax in the first year, two-thirds in the second year, and the full amount in the final year.⁷ In theory, this allows for a degree of predictability through giving firms time to plan for tax increases over a three year period, as set out in the City of Regina's tax policy by-law.

Commercial properties are subject to more variation in reassessments due to the wide variance in values and market influences. The distribution of values also makes this group susceptible to large shifts. Fifty percent of the commercial levy is carried by the 125 largest properties and seventy-five percent of the commercial levy is carried by 481 properties out of the 4,075 commercial accounts. The Regina and District Chamber of Commerce has suggested that phase-in discussion be based on principles established before the results are known. This approach has widespread support and reduces potential

³ Special Purpose Business Property Assessment Review & Recommendations,

http://www.fin.gov.on.ca/en/consultations/par/spbp.html#_Toc374983307, Ontario Ministry of Finance, 2013.

⁴ Property Taxation in Ontario: A Guide for Municipalities, Municipal Finance Officers of Ontario (MFOA), 2012.

⁵ Ibid;

⁶ City of Regina, Recommendation of the Executive Committee: 2013 Reassessment Tax Policy, February 19, 2013.

⁷ Ibid.

divisive debate that can occur after individual results are communicated. Such principles are aligned with the strategic theme of economic sustainability through a predictable policy framework.⁸

4. Targeted Program (through Business Occupancy Tax)

City of Winnipeg

The City of Winnipeg has a small business tax credit program (SBTC) which is approved by regional council each year. The SBTC is based on an annual rental value (ARV) which is equal to the net rent per square foot as determined by the market. Firms which have an ARV of \$30,000 or less receive an offsetting credit equal to their full taxes in the current tax year.⁹ However, if firms are in applicable business improvement zones (BIZs), the appropriate BIZ levy is applied against the business regardless of its ARV. In 2015, roughly 6,025 businesses (or 48.6% of all business tax accounts) will receive an offsetting SBTC thereby reducing their current year business taxes to zero.

⁸ Ibid.

⁹ City of Winnipeg, Commercial Assessment, <http://www.winnipegassessment.com/AsmtTax/English/Business/Arv.stm>, September 1, 2015.

Attachment 14: Summary of Commercial Tax Benchmarks, 20 North American Cities, 2015

