



**HALIFAX REGIONAL COUNCIL
COMMITTEE OF THE WHOLE MINUTES
NOVEMBER 10, 2015**

PRESENT:

Mayor Mike Savage
Deputy Mayor Lorelei Nicoll
Councillors: Barry Dalrymple
David Hendsbee
Bill Karsten
Gloria McCluskey
Waye Mason
Jennifer Watts
Linda Mosher
Russell Walker
Stephen Adams
Reg Rankin
Matt Whitman
Brad Johns
Steve Craig
Tim Outhit

STAFF:

Mr. Richard Butts, Chief Administrative Officer
Mr. John Traves, Municipal Solicitor
Ms. Cathy Mellett, Municipal Clerk
Mr. Andrew Reid, Legislative Assistant

The following does not represent a verbatim record of the proceedings of this meeting.

A video recording of this meeting is available: http://archive.isiglobal.ca/vod/halifax/archive_2015-11-10_live.mp4.html

The agenda, supporting documents, and information items circulated to Council are available online: <http://www.halifax.ca/council/agendasc/151110cow-agenda.php>

The meeting was called to order at 10:00 a.m. and recessed at 11:00 a.m. Committee of the Whole reconvened at 11:05; recessed at 12:11 p.m. and reconvened at 1:00 p.m.; recessed at 2:19 p.m. and reconvened at 2:30 p.m. Committee of the Whole adjourned at 3:02 p.m.

1. CALL TO ORDER

Mayor Savage called the meeting to order at 10:00 a.m.

2. APPROVAL OF THE MINUTES – October 6, 2015

MOVED by Councillor McCluskey, seconded by Councillor Watts

THAT the minutes of October 6, 2015 be approved as presented.

MOTION PUT AND PASSED.

3. 16/17 Recommended Priority Outcomes

The following was before Council:

- A staff recommendation report dated October 30, 2015
- A staff presentation dated November 10, 2015

Mr. Richard Butts, Chief Administrative Officer, introduced the 2016/2017 Priority Outcome Discussion and Direction. He indicated that the staff presentations would provide an update for 2015/2016 and set priorities. Mr. Butts described the background of the report, stating that the strategic priorities enabled development of tactical action to be considered in the budget.

Mr. John Traves, Municipal Solicitor, presented the Governance and Communication 2015/2016 updates and 2016/2017 priority outcomes as described in the staff presentation dated November 10, 2015 and report dated October 30, 2015.

Mr. Eddie Robar, Director Halifax Transit and Mr. Bruce Zvaniga, Director Transportation and Public Works presented the Transportation 2015/2016 updates and 2016/2017 priority outcomes, as described in the staff presentation dated November 10, 2015. Mr. Zvaniga noted page 24 of the presentation, which states \$5 million has been requested for 2016-2017. He explained that this figure was forecasted through the consultants review, noting that the capital budget report would be coming to Council in early December.

Mr. Brad Anguish, Director Parks and Recreation, presented the Healthy Communities 2015/2016 updates and 2016/2017 priority outcomes as described in the staff presentation dated November 10, 2015. Mr. Anguish described the 2016/2017 Recommended Priority Outcomes, noting changes to the Energy and Environment recommended priority outcomes in terms of building city resiliency and Pedestrian Safety outcomes in terms of shared responsibility.

The Mayor recommended that the Committee of the Whole defer the remaining presentation and discussion until item 4 could be addressed due to the interest of the audience in the gallery.

The Committee recessed at 11:00 a.m. and reconvened at 11:05 a.m.

Councillor Brad Johns entered at 11:06 a.m.

4. Commercial Tax Options for Small Business

The following was before Council:

- A staff recommendation report dated October 15, 2015
- An extract of Regional Council minutes from April 28, 2015

- A staff presentation dated November 10, 2015
- Correspondence from Mr. Tristan Cleveland dated November 9, 2015; Mr. Mike Hase dated November 9, 2015; the Quinpool Road Mainstreet District, North End Business, Downtown Halifax Business, Spring Garden Road and Area Business, Sackville Business, The Village on Main Business, and Bedford Business Associations dated November 9, 2015; Mr. Marvin Moore dated November 9, 2015; Ms. Margaret Armour dated November 9, 2015, Mr. Paul MacKinnon dated November 9, 2015; Ms. Matina AuCoin dated November 9, 2015; Ms. Patricia Cuttell Busby dated November 9, 2015.
- A handout dated November 10, 2015 re: Summary of Possible Tax Options

Mr. Bruce Fisher, Manager Financial Policy and Planning, reviewed a presentation regarding the report dated October 15, 2015, outlining options currently provided for under the Halifax Regional Municipal Charter and limitations the current legislation placed on the options available to Regional Council.

MOVED by Councillor Mason, seconded by Councillor Watts

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.

MOVED by Councillor Mason, seconded by Councillor Watts,

THAT the motion be amended so that Halifax Regional Council direct the Mayor to write the Minister of Municipal Affairs to:

1. **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.
2. **And to request amendments to the Halifax Regional Municipality Charter that would provide Council with greater legislative authority in setting taxes and charges respecting the general tax rate and area rates for both residential and commercial properties including**
 - a. **The authority for Council to determine and set rates and charges that are different for:**
 - i. Different areas of the Municipality
 - ii. Different categories and size of businesses, and
 - iii. Different classes of building and size of structures, and
 - b. **The authority for Council to determine and set:**
 - i. A rate or charge for frontage on a street
 - ii. A uniform charge or amount of tax that is payable per property or per dwelling unit
 - iii. A maximum and minimum charge or amount of tax that is payable, and
 - iv. A surtax or graduated rates.

Councillor Mason stated that substantial changes indicated in the report would require legislative change. He suggested that Council focus on obtaining greater powers and autonomy to set their own taxes. Councillor Mason outlined a number of challenges with the current system. He highlighted that the Halifax Charter constrains the tax rate structure to geographic considerations (urban, suburban or rural) and

commercial and residential. He stated that taxes are a concern, noting survey findings regarding the implications of taxes in general on page 22 of the presentation. He stated that there was an opportunity to address stability, fairness, and efficiency for property taxes especially in regard to small businesses. Councillor Mason stated that the intent of the motion would be to obtain the tools to align tax rates with the goals in the Regional Plan and Economic Strategy. He stated that efforts should be focused on continuing general tax relief and also pursue legislative change to enable more innovative ideas such as those proposed in the report.

Councillor Mosher entered at 11:54 a.m.

Councillor Whitman requested a friendly amendment, which included conducting an audit of the Property Valuation Services Corporation (PVSC). The Mayor indicated that it would be a separate motion following consideration of the motion on the floor. Discussion continued on the proposed amendment.

Councillor Walker questioned the definition of small business, stating that clarity was required. He also stated concern for the suggestion that assessments would not occur every year as that was previously the case and led to big spikes in the assessment year. He noted that the report did not clarify whose tax rate would increase and that more research was required.

Councillor Karsten questioned the intention of the motion, if Council was looking for ways to shift the tax burden within the commercial tax frame or more broadly. He stated that more detail was required in the request for legislation in terms of what was to be accomplished by the Municipality.

Mr. Traves responded that responsibility for the tax regime rests with the Municipality to develop. He stated that the difficulty was that the Municipality was currently prohibited in ways to find creative solutions beyond those set out in the Halifax Charter. Mr. Traves highlighted that the direction to seek greater flexibility was contained in the HRM Charter Review report that was before the Executive Standing Committee on March 24, 2014. He highlighted that the ability to influence development patterns, the possibility of creating a tax base besides assessment, and creating classes of taxes were fiscal tools outlined in the March 24, 2014 report. Mr. Traves stated that the amendment would support conversations currently underway in terms of looking for more fiscal tools. He noted that the tools would be predicated on information and data that staff would then come forward with based on Council's direction.

Councillor Karsten added that in general, although not defined as specifically as the amendment, Union of Nova Scotia Municipalities (UNSM) is asking for the same kind of flexibility with respect to the Municipal Government Act (MGA).

Councillor Adams stated the issue was not predictability but the increase in rates and additional cost to small business owners such as waste collection, and rising power and water rates. He questioned if there were other expenses such as these that would affect the benchmark which compares the Halifax tax rate against other cities on slide 19. Councillor Adams also questioned the method through which the properties were assessed.

Regarding the benchmark, Mr. Fisher responded that he only had those specifics on the Halifax case, but confirmed there were other variables such as waste collection for which to account. Regarding assessment, Mr. Fisher highlighted the role of the PVSC in attempting to track the commercial market. Councillor Adams suggested that a certain tax amount be charged to commercial properties, and assessments be discontinued.

Council recessed at 12:11 p.m. and reconvened at 1:00 p.m.

Councillor Watts stated that legislative clarity was required to move forward. Regarding the effect of property taxes, she noted that although many small businesses lease, property tax increases were passed on from the property owners. Councillor Watts highlighted the desire for residents to work and live in their community, but noted that certain businesses were no longer feasible because of rising

assessments due to upgrades or investments. She questioned if the Canadian Revenue Agency definition could be used as the benchmark to define small business and requested clarification regarding Council's ability to set different tax rates, noting the rate given to Irving Shipbuilding.

Regarding definition of a small business, Mr. Fisher responded that the Municipality did not possess information on ownership or income that is available to Revenue Canada under the Income Tax Act. He noted the difficulty that a company cannot be linked to property because of disparities in ownership and leasing. Regarding the current ability to set different tax rates, Mr. Traves responded that Council has limited ability, specifically the ability to set a commercial and residential tax rate in respect to rural, suburban, and urban areas. He also noted the exception is the recent Charter changes allowing Council to set a unique rate for specific and unique industrial properties of \$5 million or more assessed value by a single occupant.

Councillor Craig stated support for the amendment. He pointed out that part one of the motion assisted in determining predictability for businesses. Referencing slide 24, he noted the challenges inherent in the matter in terms of providing services and setting the tax rate. Councillor Craig suggested that Council take a long term, methodical approach so that the next Council would have the factors and consequences before them to address the problem.

Councillor McCluskey disapproved of the amendment. She stated issue with the possibility of determining classes and categories of buildings, rate of charge of frontage on the street, small businesses in large buildings, and equitability according to the Assessment Act. She did not see that the amendment would mitigate current concerns and noted that the proposal would burden staff. Councillor McCluskey suggested adjusting the tax rate for businesses, highlighting that earlier Councils had shifted the tax burden from residential to commercial.

Deputy Mayor Nicoll stated concern for obtaining the accurate data. She agreed on giving businesses predictability, stating the example that businesses who renovated their interiors should not receive a higher assessment. She stated that the rate had to be tied into land use in some fashion. She questioned what the motion attempted to achieve.

Mr. Traves responded that the motion would build on existing direction already received by Council regarding changes for flexibility on the tax rate.

Councillor Hendsbee agreed that legislative amendments were required; however, questioned how much detail was required by the Province. He suggested that tax structures be categorized and identified by the nature of their business. He further suggested that tax be charged by square foot and not based on the value of the property.

Mr. Traves responded that discussion with the Province centers in part around what Council would intend to do with the discretion if given. Mr. Traves stated that the Municipality's response has been that discretion will rest with Council and be subject to staff review and input before Council begins to focus on how to construct the new tax arrangement. He highlighted the need for Council's request to remain flexible. He highlighted the difficulty of too detailed or specific a request for legislative change as it may result in tax legislation favoring one party over another.

Councillor Dalrymple agreed with Councillor Hendsbee regarding tax restructuring. He stated support for the amendment; however, voiced concern with part 2 b(i) for using a frontage charge, stating that many rural properties were currently forced to have large frontages due to servicing. He was also concerned for part 2 a(i) regarding different areas of the Municipality, as much work had been done to equalize different tax rates in urban, rural, and suburban areas. He commended the Municipality for work done over the past number of years in reducing the commercial tax burden and keeping taxes stable.

Councillor Rankin highlighted that the challenge before Council was similar to that of the previous tax reform with regards to identifying the problem. He noted that in addressing one tax reform problem, another may be created. Councillor Rankin stated agreement with the amendment in the sense that it

would ask for further delegation of power. Nevertheless, he stated that the requested powers were a means and not an end. Councillor Rankin questioned why large businesses were not being considered. He stated that Council must identify who is going to be subsidizing whom. He highlighted that a balance was required for all classes of taxpayers.

Councillor Outhit stated that a clear rate for small businesses was required, which would require dividing commercial rates out by category, ensuring the residential rate would not be impacted. He stated support for the amendment and commented that the Municipality can help grow businesses in accordance with implementing the Regional Plan.

The Mayor stepped down and the Deputy Mayor assumed his seat.

The Mayor stated that property tax was an imperfect system. He also underscored that the Municipality was only able to provide services to the extent that residents and businesses pay for them. He stated that work must be done to ensure the tax rate structure adhered to and supported the Regional Plan and Economic Strategy.

The Deputy Mayor stepped down and the Mayor assumed his seat.

Councillor Watts stated she would not support further changes to the residential-commercial tax rate at this time. She raised issue with mandatory payments to the Province, stating they were based on property assessment. She commented that there may be positive implications for small business if these payments were taken over by the Province and funded through an income based system such as provincial income tax. Councillor Watts stated support for the amendment.

Councillor Hendsbee stated if more flexibility was desired as per the amendment, it would need to be based on data. He questioned if the data was available and how to engage with PVSC in collecting the required data. Mr. Fisher responded that the square footage of property value was provided by PVSC; however, they only have that information for approximately 45% of properties. He highlighted that certain data could be obtained through Geographic Information System (GIS) analysis, such as frontage.

Councillor Mason responded to Councillor Rankin's comment, noting that the request was important specifically because assessment spikes were causing significant hardships for small businesses on main streets that do not have the same capacity as large businesses to absorb the increase in taxes. Regarding the definition of small business, he stated that staff would create a definition if and when given the opportunity to execute the request. He noted the Hayward Report, stating that it was the Municipality's responsibility to have control over its tax regime. Councillor Mason stated that the request would increase the autonomy of the Municipality to act effectively and match the tax rate with plans such as the Economic Strategy and Regional Plan.

Councillor Outhit questioned part 1(a) and (b) of the motion on the floor and whether it was in reference to residential and commercial as a whole, or just to small businesses. He indicated that the potential changes should only apply to small businesses. Mr. Fisher responded that the residential assessment was not considered in report and that the recommendation by implication would be focused on the commercial properties as a whole.

Councillor Mason agreed to the suggestion of a friendly amendment by Councillor Outhit that "Commercial properties" be included. Part 1 of the motion now reads: "Request that the Provincial Government, in order to increase predictability for taxpayers, consider making changes to the legislation governing the assessment process for commercial properties so that..."

THE AMENDMENT WAS PUT AND PASSED.

Councilor Mosher questioned the effectiveness of the reform, stating that principles were required to be examined. She questioned timelines and how the Committee would move forward to create a fair taxation system.

The Mayor highlighted that the debate had been fulsome, stating that principles such as fairness, adherence to the Regional Plan and creativity had been expressed. Mr. Traves added that the motion gave direction to staff regarding what was being requested by way of legislative amendments and, should the Charter be amended staff would need to return to Council to seek their priorities.

The question was called on the main motion.

THE MOTION AS AMENDED WAS PUT AND PASSED.

Council recessed at 2:19 p.m. Council reconvened at 2:30 p.m.

The following matter was discussed at this time:

3. 16/17 Recommended Priority Outcomes

Mr. Bob Bjerke, Director, Planning and Development and Ms. Maggie MacDonald, Managing Director Government Relations and External Affairs, presented the 2015/2016 updates on priority outcomes for Economic Development.

MOVED by Councillor Karsten, seconded by Councillor McCluskey

THAT the matter be deferred to a November 24, 2015 meeting of Committee of the Whole.

MOTION PUT AND PASSED.

5. ADJOURNMENT

The meeting was adjourned at 3:02 p.m.

Cathy J. Mellett
Municipal Clerk