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UNSM Dist. List  
J.C. Colwell  
HALIFAX REGIONAL MUNICIPALITY  
JUN 24 2002  
MUNICIPAL CLERK

By E-mail

# MEMO

**DATE:** June 21, 2002  
**TO:** Mayors/Wardens & Members of Council  
**FROM:** President Jerry Blumenthal  
**RE:** **POSSIBLE ELIMINATION OF BUSINESS OCCUPANCY TAX**

You may recall that in January 2001, the Provincial/Municipal Roles & Responsibilities Steering Committee agreed that municipalities and Nova Scotians should be consulted on the possible elimination of the Business Occupancy Tax. The consultation was held with twenty-nine municipalities providing input to the Roles & Responsibilities Committee. A majority of units favoured elimination of the tax. However, the issue was tabled as the Province and the UNSM focused on dealing with equalization.

I have recently learned that the Canadian Federation of Independent Business is actively pursuing, with the Province, the elimination of the tax. This Group understands that municipalities would recoup the lost revenue by adjusting the commercial tax rate.

At the June 10<sup>th</sup> UNSM Executive meeting, it was agreed that all Councils should be contacted and asked for their position on the possible elimination of the Business Occupancy Tax. A motion was passed seeking municipal input by **July 12, 2002**. The motion also indicated that **no response from a municipality by the deadline would be considered to be indicative of Council's support for the elimination of the tax.** ←

In your discussion, there are a number of points which should be considered:

- 1)The Federal Government does not pay Business Occupancy Tax. Elimination could result in increased Federal Grants-in-Lieu for Federal properties in Nova Scotia. In all other Provinces, elimination of the Business Occupancy Tax has resulted in increased Federal Grants-in-Lieu-Payments;
- 2)No other Province has a Business Occupancy Tax. Nova Scotia's Business Occupancy Tax is difficult to explain to businesses considering establishing here;
- 3)The elimination of the Business Occupancy Tax would save assessment services resources which could be better utilized doing commercial and residential assessments;
- 4)Commercial and/or residential tax rates would be increased to recover the amount lost. How the tax burden is re-distributed must be up to the municipal units;
- 5)The differentiation (25%, 50%, 75%, Business Occupancy Rates) between different classes of business would disappear; tax burden shifts would result;

- 6) Leases would need to be opened to allow landlords to recover increases in commercial rates;
- 7) A vacant building is not now assessed for Business Occupancy Tax. The elimination of business occupancy assessment and any corresponding increase in the commercial tax rate would probably increase taxes on the vacant building;
- 8) Eliminating the Business Occupancy Tax could effect Provincial grants and municipal funding programs which are based upon uniform assessments. Municipalities with relatively low Business Occupancy Assessments could see increased contributions to joint expenditure programs and reductions in equalization grants.

The Executive looks forward to receiving your input by our deadline of July 12. This will assist the Executive in determining if UNSM should actively press for the elimination of the Business Occupancy Tax.

Sincerely,

Councillor Jerry Blumenthal  
President, UNSM

JB/tv

cc: UNSM Executive Committee Members