

Good morning,

My name is Juanita Spencer and I am the Executive Director for the Spring Garden Area Business Association. My organization, which represents over 350 retail, corporate and professional businesses in Halifax, is one of 8 business improvement districts (BIDs) in our city.

I am very pleased to have been given the opportunity to appear before you to comment on Bill No. 52, amendments to the Halifax Regional Municipality Charter.

I would like to begin by applauding the government for the work they have done to bring forward this Bill. I was pleased to have been consulted as a stakeholder during this process and even more pleased to see some of what my organization and others have been advocating for reflected in it.

Approximately 16 months ago, my Association partnered with several of the other BIDs to examine the 2014 property assessments of our members, Dartmouth Crossing and Bayer's Lake. Not surprising to me was that Spring Garden area businesses are grappling with the highest average assessments per square foot of \$292.48. Downtown Halifax was a close

second at \$273.22. While we knew our assessments per square footage in the city's core would be higher than other areas based on our location and services, what we did not expect was just how much higher. Businesses, generally large multinationals, located in Dartmouth Crossing had average assessed values per square foot of just \$38.43 (Businesses in the Spring Garden area pay 7.6 times more to provide their services in the core) while in Bayer's Lake, just a 10 minute drive from our city Centre, businesses were benefiting from assessed values of just \$16.35 per square foot (Spring Garden business pay 17.9 times more than Bayer's Lake).

It is for this reason, and the obvious impact it has on such decisions as to where to locate a business or even if to start one in Halifax, the profitability and, in some cases, the viability of a business, that the Association has been advocating for change.

While for the most part the Spring Garden Area Business Association is supportive of the contents of Bill 52, in particular the ability for the Municipality to create tax zones (subsection 2A) and, with some hesitation, the ability to set tiered or escalating commercial tax rates (subsection 2C), we are unable at this point to fully endorse it as is currently written. We are seeking further clarification or explanation on subsection 2B, and all further references to this clause (ie. 2C) pertaining to setting of different commercial tax rates for commercial

properties based on length or proportion of frontage of a property on a street.

While we are of the belief that there could be a useful application for this tax tool in the design and implementation of a more equitable overall system for all commercial properties, we are also of the belief there is a potential for a tax system that could create undesirable and/or unintended consequences that would negatively impact the very businesses we are trying to support.

By way of example, as written, there is a potential for a property with 100 feet of frontage with 30,000 square feet of commercial space to pay less in taxes than a business with 200 feet of frontage and 3000 square feet of space. While most would argue that is an unlikely scenario, without further clarification and/or direction on how frontage can be used as a tax tool it is not without possibility.

We are asking this committee to seek that clarification before this Bill moves forward.

We only have to look at the residential tax system for an example of good intentions creating bad policy resulting in

negative unintended consequences. The CAP has distorted residential taxes and, as we are all aware, there is no easy, or palatable fix.

The famous economist, Adam Smith, believed that a good tax system is based on a set of principles or rules. He developed what he called the four cannons of taxation. While not to go down a long history lesson, these cannons are still widely believed to be the basis of a good system today. His first two cannons, Equity and Certainty are what we will be looking to the Municipality to use as the basis for whatever changes they bring forward. We are looking to this Bill to give the Municipality the tools to achieve this – to ensure the biggest burden is placed on those with the ability to pay and not shouldered by those struggling to survive; and to provide certainty and predictability for business owners, not a seemingly arbitrary and punishing tax system.

Our current assessment based system combined with the limited taxing authority of the Municipality does not support this and without further clarification from the government on how subsection 2B with regards to frontage can be used there is concern whatever structure the Municipality brings forward may be no closer to achieving this.

The current Bill also does not provide consideration of property height, density or square footage, all which impact the value of a property. I am hoping this committee will seek clarification on why these were not, or appear to have not been, given consideration as a tax tool for the municipality. While we understand that not all information is currently available for the Municipality to immediately use these tools, it is not unrealistic to expect the municipality to collect the data needed to effectively use these when designing the new tax structure.

Halifax, and indeed other municipalities who are most assuredly watching, has an opportunity with the passage of this Bill, to fundamentally change the way we tax our businesses. With proper consideration and implementation, the Municipality can use this to support growth plans and encourage investment across all sectors. With the support of the Province and the many in the business community, Halifax can be a leader in REAL, MEANINGFUL commercial tax reform.

In closing, I would like to once again acknowledge the work of the government on this Bill, the consultation that was put into informing their work and for their commitment to delivering good policy. I would also like to commend the Minister for his commitment to reviewing any commercial tax rate changes brought forward under this Bill after four years and thereafter as provided by regulation.

Our Association strongly encourages the government to continue with their review of commercial taxation by reviewing the very basis of our system – property assessments.

Thank you.