

see revised agenda

LAW AMENDMENTS COMMITTEE

Red Chamber, Province House

Monday, November 7, 2016

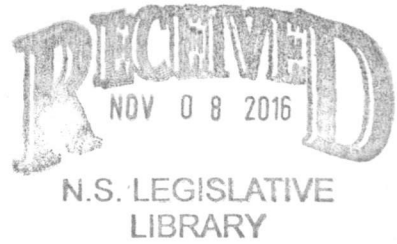
10:00 a.m.

Bill #62 - Municipal Government Act (amended) and  
Halifax Regional Municipality Charter (amended)

No representation

Bill #59 - Accessibility Act

10:00 a.m. 1. Parker Donham



Bill #52 - Halifax Regional Municipality Charter (amended)

10:15 a.m. 1. Patricia Cuttell, Executive Director  
North End Business Association  
2. Andrew Murphy  
3. Karla Nickerson  
Quinpool Road Mainstreet District Association

11:00 a.m. 4. Paul MacKinnon, Executive Director  
Downtown Halifax Business Commission  
5. Juanita Spencer  
Spring Garden Area Business Association

6. Bruce Fisher, HRM

Bill #59 - Accessibility Act (cont'd)

11:30 a.m. 2. H. Archibald Kaiser  
3. Sheila Wildeman

12:00 noon

4. Paul Vienneau
5. Lois Miller
6. Pat Gates  
*Barrier-free Nova Scotia and Canadian Council of the Blind*
7. Gerry Post
8. Barry Abbott

**Bill #61 - Construction Projects Labour Relations Act**

1:00 p.m.

1. Joey MacLellan, *International Union of Operating Engineers*  
~~Mel Gillis~~, *Cape Breton Island Building and Construction Trades Council*  
Gordon Forsyth, Q.C., Counsel for above unions plus *UA Local 244*
2. Ben Chisholm

**Bill #55 - Municipal and Other Authorities Pension Plan Transfer Act**

1:30 p.m.

1. Corinne Carey, Pension and Benefits Officer  
*NSGEU*

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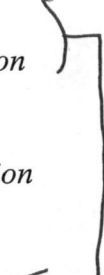
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Dianne Pothier

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*NSGEU*

# n<sup>o</sup>rthend

**BUSINESS ASSOCIATION**

November 7, 2016

Dear Members of the Law Amendment Committee;

I am here today on behalf of the North End Business Association, representing 250 commercial properties and over 400 businesses in the north end of Halifax. The majority of the businesses I represent are small, locally owned operations, including a number of businesses where the operators still own the buildings they work out of.

The North End, like many mainstreet commercial districts in the Halifax Regional Municipality and throughout the province, is where small businesses locate. They are attracted to areas like the North End because of smaller, more affordable commercial spaces; a sense of community or place; and/or the critical mass of other businesses that together make the area a destination for people looking for goods and services. Mainstreet districts are integral to the communities they serve and are also being recognized as essential structures for creating more walkable, transit friendly neighbourhoods; nurturing the local economy; and adding life and vibrancy to our city. They are, in essence, the types of areas we want to see more of; the types of areas we want to see succeed and flourish. The types of places great urbanists, like Jane Jacobs, site as important contributors to healthy, sustainable, resilient urban centres.

The importance of mainstreet and central business districts is reflected in Halifax's Regional Plan, and recently drafted Centre Plan. However, the city's current tax system does not align with the goals and visions outlined in these documents. Instead, areas where small business growth and development is desired are the areas being hardest hit by massive assessment hikes — driven primarily by a real estate market that has little to no connection to what is happening in the local economy; as well as a structural issue with the city tax system where there is no connection to cost to service and no accounting for the massive differences in land values — particularly with the less expensive-higher cost to service greenfield development. This is having a serious impact on property taxes in mainstreet and central business districts, which has resulted in an unlevelled playing field between different areas of the city and different business classes.

Bill 52 is an essential piece of legislation that would allow Halifax to set differentiated tax rates. Differentiated tax rates will enable the city to more equitably distribute the tax burden, as well as use property taxes as a tool for supporting the type of development it would like to encourage.

In this spirit, the North End Business Association would like to go on record as supporting Bill 52, with the exception of clause (2)(b). We do not believe frontage is an effective method taxation, and could result in further inequity. We are therefore asking for an amendment to item number (2)(b) to have it change from "*set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road;*" to

*"set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the square footage of property, and/or square footage of building."*

We believe square footage of property and/or building is a more relevant measure for taxation, as the size of the building and lot reflect the use better than frontage, which could be easily manipulated.

We also ask that the Bill be passed and proclaimed as quickly as possible to enable Halifax Regional Municipality to commence work on the next phase taxation reform. The tax issues we speak of are affecting small businesses as we speak, and there is a real need to act now.

I would like to thank the Members of the Law Amendment Committee for listening to me this morning. And I would also like to thank all the elected members of the provincial government who have taken the time to understand this issue and support this Bill coming forward. I believe an economically successful and resilient city is in the best interest of all of Nova Scotia, and will require continued cooperation between the province and city. This is great step forward in what we hope will be a positive new direction.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patricia Cuttell', followed by a period. The signature is written in a cursive, flowing style.

Patricia Cuttell  
Executive Director

Andrew Murphy

**An Act to Amend Chapter 39  
of the Acts of 2008,  
the Halifax Regional Municipality Charter**

Be it enacted by the Governor and Assembly as follows:

1 Section 94 of Chapter 39 of the Acts of 2008, the Halifax Regional Municipality Charter, is amended by

(a) adding "(1)" immediately after the Section number; and

(b) adding the following subsections:

(2) The Council may

(a) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the assessment of commercial property under the Assessment Act;

**(b) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the square footage of a property or the square footage of a building or any combination thereof;**

(c) set additional tiered or escalating commercial tax rates based on the factors set out in clauses (a) and (b) that are in excess of the rates set in clauses (a) and (b); and

(d) set additional or different commercial tax rates using any combination of clauses (a) to (c).

(3) Commercial tax rates set by the Council under subsection (2) apply in place of the commercial tax rates set under subsection (1) in the areas designated by the Council.

(4) A commercial tax rate set under subsection (2) must be reviewed by the Minister four years after its coming into force and thereafter as provided by regulation.

(5) The Minister shall determine the process for the review under subsection (4) and may review more than one application of the commercial tax rate options set under subsection (2) at the same time.

(6) The Municipality shall participate in and co-operate with the review under subsection (4) as required by the Minister, including by providing reports, records or other documents requested by the Minister.

2 Chapter 39 is further amended by adding immediately after Section 121 the following Section:

121A (1) The Minister may make regulations providing for the review of commercial tax rates pursuant to subsection 94(4).

(2) The exercise by the Minister of the authority contained in subsection (1) is regulations within the meaning of the Regulations Act.





November 5, 2016

Good Morning. Thanks for giving me the opportunity to speak here today on behalf of the Quinpool Road Mainstreet District Association, an association that represents more than 100 businesses on the peninsula.

Let me begin by commending and thanking you for the hard work that all of you have put into tax reform, specifically Bill number 52. I am sure I am not the only one speaking here today who realizes just how much elbow grease has to go into researching and writing law amendments that will affect how commercial taxes will be collected in our city for years to come.

You have listened to our concerns and shown a clear understanding that the commercial taxation in this city absolutely has to change if our commercial main streets and targeted growth areas are to survive and thrive.

The Quinpool Road Mainstreet District Association would like to go on record to support **item number a)** *(a) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the assessment of commercial property under the Assessment Act; We also support **Item number c** (c) set additional tiered or escalating commercial tax rates based on the factors set out in clauses (a) and (b) that are in excess of the rates set in clauses (a) and (b); and finally, we support **item number d** set additional or different commercial tax rates using any combination of clauses (a) to (c).*

We are asking for one amendment to item number b) to have it change from “*set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road;*” to *2(b) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, **based on the square footage of a property, or square footage of building or any combination thereof.***

We are asking for item number b to be amended because we strongly believe that applying square footage of property and/or square footage of the building will be a stronger, less random and more equitable way to collect taxes than just using frontage.

Frontage would be an arbitrary way to tax properties. It would be far better to use the actual square foot area of the building lot, perhaps also taking into account the size of the building. A good example of the tax inequalities is the parking lot for the Athens Restaurant located at 6273 Quinpool Road. This lot with no building on it, is assessed at \$59.99 psf. The Walmart at 220 Chain Lake Drive is assessed at \$30.69 psf with a building on the lot. If the 130,000 sq ft building is valued at \$100 psf then the Walmart land, without the building, is assessed at \$7.30 psf, leaving the locally owned restaurant parking lot assessed approximately 8 times higher than the multi-nationally owned retail store. The cost of providing municipal services is lower on Quinpool road as well.

As such, we strongly believe that the use of frontage as a tax tool will not have much merit, but square footage taxation would be extremely useful. The square footage taxation could support the regional economic plan, encouraging commercial development in efficient growth areas and commercial main streets, rather than encouraging the retail use of industrial parks which are more expensive to service.

In conclusion the Quinpool Road Mainstreet District Association strongly supports Bill Number 52, with the one amendment that I just outlined.

We hope that this legislation can be adopted quickly, so that the Business Improvement District Leaders, and the city can get to work on modelling the quickest way forward towards a fairer distribution of the tax burden in Halifax. It is imperative that this happens now. For the Economic Growth of our city, Tax Reform Is All of our Businesses.

Thank you for your time.

Karla Nicholson



Executive Director

Quinpool Road Mainstreet District Association

902 209 2210

Karla@Quinpoolroad.ca

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.





November 7, 2016

Good Morning. My name is Paul MacKinnon, the Executive Director of the Downtown Halifax Business Commission, representing 1,600 businesses in the urban core of Nova Scotia's capital city.

As we all know Halifax, as our capital city, is a very significant economic engine for our province. It is certainly not the only one, but I believe it is a safe statement that without Halifax functioning well, the province would not be functioning well. The same can be said for the downtown area of HRM. It is the heart of the city and the heart needs to beat strongly.

Over the past number of years we have seen new life in our Downtown. Large infrastructure investments from all three orders of government into the library and convention centre, our post-secondary institutions, and most recently streetscape improvements, are all contributing to this direction. The private sector is responding to this with their own investments. But there a couple of significant red flags. A 2012-13 study of 17 cities across Canada was conducted by the Canadian Urban institute, comparing Canadian downtowns on various key metrics. Halifax fell short on two major ones: The first was the percentage of office space located in downtown. While cities like Toronto, Calgary, Vancouver, and even London, all had the majority of their office space located downtown, Halifax sits at about 43% - this was the lowest of the 17 cities. Halifax is in the midst, as every city is, of trying to improve their transit system. But whereas Calgary's challenge is transporting 73% of their office workforce into the downtown on a daily basis, Halifax has the challenge of, even if they crack that, figuring out how to best service the 57% of the office workforce who works somewhere other than downtown. From the city's tax base perspective, what it means is that Halifax actually draws less of its commercial tax base from the downtown than most other cities. Currently it sits at 8%, when a more normal amount would be 10-15%.

The city has a Regional Plan and an Economic Strategy that call for clustered commercial growth in its downtown. In a knowledge economy, clustering of this sort is essential. Yet, it has a tax system that encourages businesses to locate in ar-

areas where assessments are lower, due to the building form. Not only does HRM get less tax revenue from those areas, but they are actually more expensive to service, due to the nature of the building and road form. Downtown is a very efficient area to service.

We can't do anything about assessments. Buildings that are multi storey and located downtown have high assessments because they're worth a lot of money. There are probably things we could do to tackle assessment issues, and we would encourage you to pursue that, beyond what's in this bill. But in the meantime, the only tool within the existing tax system HRM has to help encourage business location in the downtown and in its commercial corridors – as called for in the Regional Plan and Economic Strategy – are differentiated tax rates.

We believe Bill 52 allows HRM to look at a suite of zones and tax rates in a thoughtful way, that would not impact residential taxes, but which would encourage business activity, at least a little bit, to follow the plans they have set. The end result will actually be a stronger tax base overall, with a more vibrant urban core and main streets.

With the passage of this bill, we, along with the other Business Improvement Districts, are committed to working with the Mayor and Council, as well as city staff and the Halifax Partnership, to adopt a new tax rate system which will achieve these goals. On behalf of my members, I would like to thank you for responding to the city's request to open up the Halifax Charter to allow this. Now it is up to the city to use this power to create a new tax system which will strengthen the city's, and ultimately, the province's, financial future.

Thank you.

Respectfully submitted,

Paul MacKinnon  
Executive Director  
Downtown Halifax Business Commission  
1546 Barrington Street, Suite 104  
Halifax, NS, B3J 3X7

**LAW AMENDMENTS COMMITTEE**

**Red Chamber, Province House**

**Tuesday, November 8, 2016**

**10:00 a.m.**

**Bill #52 - Halifax Regional Municipality Charter (amended)**

*Deferred from previous meeting*

**Bill #61 - Construction Projects Labour Relations Act**

*Deferred from previous meeting*



NEW LEGISLATIVE  
LIBRARY

# n<sup>o</sup>rthend

**BUSINESS ASSOCIATION**

November 7, 2016

Dear Members of the Law Amendment Committee;

This morning I presented at the Law Amendment Hearing on Bill 52. During my speech and in my notes that were submitted I asked that (2)(b) be changed from:

*“set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road;”*

to:

*“set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, **based on the square footage of property, and/or square footage of building.**”*

While I still believe that frontage is not an effective way at apply taxation measures, I would like it to be known that the North End Business Association would not be opposed if “frontage of a property on a street, including a private road” remained in the bill, along with the addition of **“square footage of property, and/or square footage of building”**. In this scenario, (2)(b) might read:

**(b) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road or based on the square footage of a property or the square footage of a building or any combination thereof.**

As with any of the proposed changes in Bill 52, it will be how the city applies them that matters. And right now the city needs the tools and flexibility to address taxation issues.

Again, I would like to thank the Members of the Law Amendment Committee for listening and for the due diligence they are putting into Bill 52. Tax Reform remains a timely issue, and we hope this Bill is passed before the fall sitting of the legislature ends.

Sincerely,



Patricia Cuttell  
Executive Director



November 7, 2016

Dear Members of the Law Amendment Committee;

This morning I presented at the Law Amendment Hearing on Bill 52. During my speech and in my notes that were submitted I asked that (2)(b) be change from:

*“set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road;”*

to

*“set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, **based on the square footage of property, or square footage of a building or any combination thereof.**”*

While I still believe that frontage is not an effective way at apply taxation measures, I would like it to be know that the Quinpool Road Mainstreet District Association would not oppose the addition of *“square footage of property, or square footage of building or any combination thereof”* to clause (2)(b).

In the above scenario, we would suggest clause that read:

**(b) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road or based on the square footage of a property or the square footage of a building or any combination thereof.**

As with any of these changes, it will be how the city applies them that matters. And right now the city needs the tools and flexibility to address taxation issues.

Again, I would like to thank the Members of the Law Amendment Committee for listening and for the due diligence they are putting into Bill 52. Tax Reform remains a timely issue, and we hope this Bill is passed before the fall sitting of the legislature ends.

Sincerely,

Karla Nicholson  
Executive Director  
Quinpool Road Mainstreet District Association  
902 209 2210  
Karla@Quinpoolroad.ca

CARRIED

**Bill #52**  
**Halifax Regional Municipality Charter (am)**

CHANGE RECOMMENDED TO THE LAW AMENDMENTS COMMITTEE  
BY THE MINISTER OF MUNICIPAL AFFAIRS

**PAGE 1, paragraph 1(b)** - delete proposed clauses 94(2)(c) and (d) and substitute the following:

(c) set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the number of square metres in a property, the number of square metres in all commercial buildings on a property, or the combined number of square metres in a property and all commercial buildings on that property;

(d) set additional tiered or escalating commercial tax rates based on the factors set out in clauses (a) to (c) that are in excess of the rates set in clauses (a) to (c); and

(e) set additional or different commercial tax rates using any combination of clauses (a) to (d).

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