



**NEWS RELEASE
FOR IMMEDIATE RELEASE
December 9, 2008**

Personal tax cut stimulus needed in 2009 federal budget

(Calgary, AB) – In a pre-budget submission sent today to the federal Minister of Finance, the Calgary Chamber of Commerce recommends personal tax cuts to stimulate the economy. The Chamber also calls for federal elected officials to place the public interest above all else, including partisan politics, and focus on measures to improve investor and consumer confidence.

“The current economic situation requires all federal parties to work together and institute bold measures,” says Geoff Pradella, Vice-President of Public & Government Affairs with the Calgary Chamber of Commerce. “Personal tax cuts have the potential to place more dollars in citizens’ pockets to spend and invest, providing a boost to the economy.”

The Chamber recognizes that personal tax relief will make it increasingly difficult for the government to balance the books. Therefore, prudent fiscal management will be equally important. Chamber recommendations include adhering to a ‘smart spending bandwidth’ to limit annual program spending increases (between 2.0 and 2.7 per cent for 2009), continuing with the current Expenditure Management System to find program savings and creating a new deficit limitation policy.

“Canadians are clearly concerned with deficits and growing debt,” says Pradella. “Too severely constraining spending during an economic downturn, however, may prevent government from investing in much needed fiscal stimulus. The Chamber’s deficit limitation policy attempts to strike the right balance.”

The new deficit limitation policy would allow deficits on rare occasions when GDP growth is forecast to be negative (since 1962, negative GDP growth has occurred only twice, in 1982 and 1990). The proposed approach would limit the size of the deficit, as a proportion of total government expenditures, to the percentage decrease in GDP. If GDP is forecast to contract by one per cent, the size of the deficit should be a maximum of one per cent of total government expenditures (which would be approximately \$2.5 billion based on 2009 total expenditures of \$250 billion). Government would not be able to run a deficit when GDP growth occurs.

In other recommendations to increase economic opportunity, the Chamber urged the government to follow through on its pledge to eliminate all interprovincial trade barriers by 2010.

“The B.C.-Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) is a great example of two provinces working together to create enhanced business opportunities,” says Pradella. “There is no reason for interprovincial trade barriers to exist within our country.”

Specific tax measures recommended include raising the income threshold in which citizens pay tax (basic personal amount) to \$12,500, reducing the middle two tax brackets (22 and 26 per cent) by



two percentage points and lowering the highest tax bracket (29 per cent) by one per cent and raising the threshold to \$200,000.

The Chamber's recommendations are based on a pre-budget survey of membership.

The full pre-budget submission is available at the Chamber's website: www.calgarychamber.com

About the Chamber

The Calgary Chamber of Commerce is a volunteer driven, not-for-profit, and non-partisan advocacy group whose mission is to lead and serve the Calgary business community, valuing its diversity.

On critical and emerging issues in public policy, the Chamber acts as the leading forum for debate, and advocates public policy solutions that improve the business climate on behalf of our members.

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