



**Presentation on Harmonization of Non-Residential and Business Taxes
To the City of Calgary Standing Policy Committee on Finance and
Corporate Services Wednesday, May 14, 2008**

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Thank you Mister Chair, and members of the Committee, for the opportunity to speak to you today on an issue of primary importance to the business community.

And thank you, Alderman Lowe, for your diligence in bringing this important, and long standing issue forward. A competitive and efficient municipal tax system is consistently identified by upwards of 70% of our members as one of the top 3 issues of concern to the business community at large, as reflected in repeated annual and semi-annual surveys.

That is the reason I am here to speak to the motion today.

The Motion as Worded, and Process as Currently Outlined:

As the leading voice of the business community in Calgary, the Chamber of Commerce is a volunteer-based organization that represents over 3,200 members.

The vast majority of our members are small and medium-sized enterprises (under 100 employees), and through the active participation of our membership - the Chamber operates a range of policy advisory committees, many of which focus on civic affairs issues – including tax & economic affairs.



The objective of the Calgary Chamber’s policy, research and advocacy role, therefore, is to propose and promote policies and process reviews that lead our city to an improved economic environment - one that enables greater diversification, greater investment, and greater opportunity – a goal that we feel our proposed amendments to the process would help us achieve.

In that regard - while there is inherent logic in the concept of harmonizing tax collection, and while we are sympathetic and supportive of Administration’s efforts to bring it about – the Calgary Chamber of Commerce, unfortunately, cannot support the process for harmonization as proposed - unless it is led by, and occurs in the context of a substantive discussion of municipal taxation policy reform, which we propose be added explicitly to, or as a new ‘Stage 1’ of the process, concurrent with extended consultation timelines.

Recommendations and Conditions for Support:

In speaking to an amended process - the Report of the Calgary Tax Review Committee, also known as the Laycraft report, issued the following advice:

“The Committee recommends that revenue from the non-residential sector be capped, and revenue from growth in the assessment base be applied to reduce the present ratio of non-residential mill rates to residential mill rates.”

The Chamber would be prepared to support the process, therefore if Council is willing to preface changes to the current taxation scheme with the competitiveness principle called for in Laycraft – that Calgary reduce the ratio of non-residential and business tax rates to that of residential tax rates.



In particular, we recommend that Council, and this process focus first and foremost on bringing Calgary's ratio, which was at 6.1 in 2007, into a competitive position with Edmonton, whose ratio is a whopping 30% lower – at 4.3.

Moreover, the timelines proposed in the Report before us today are insufficient to allow for a level of consultation with the Chamber's membership that an issue of this level of importance requires – especially when we consider that the consultations are scheduled to occur over the summer months.

Summary

In closing, the Chamber recommends that Council revisit the process, and revise the recommendations to harmonize the business tax and the non-residential tax, so that they include a 'front-end' substantive review and consultation on municipal taxation policy reform, and extend the consultation timelines, with the stated goal for the process being the achievement of a much more competitive position with our sister city to the north.

Thank you for the opportunity to appear before you today, and I would be happy to answer any questions.