



Fair taxation a mere illusion

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Everyone loves a magician, especially children.

They squeal with delight when rabbits are pulled out of empty hats.

While the young are entranced, adults understand magicians are merely creating an illusion of these seemingly impossible feats.

Although they do not use bunnies or bandannas, Calgary's civic leaders also conjure up some impressively clever magic tricks.

Council has done an amazing job telling homeowners they pay the third-lowest property taxes in Canada. Copious data is available on residential levies, including the taxpayers' information website, yet there is scant information on how much it collects in municipal business and non-residential taxes.

If you dig deep enough, you discover that more than half of the \$1.1 billion in tax dollars city hall accumulated in 2009 came out of the pockets of those renting office and store space, the shoppers at local malls and anyone who purchases anything in Calgary. That's the illusion.

According to an Edmonton civic survey of 21 municipalities, Calgarians pay an average \$421 per capita in residential property taxes, just behind Surrey residents (\$347 averaged annually) and Winnipeggers (at \$408). Pity the people living in Fredericton who shell out \$1,040 every year. Last year, Edmonton collected \$408.5 million (\$522 per person) in residential taxes and \$423 million (\$541/capita) in taxes on business (\$360.8 million in non-residential tax and \$62.5 million in a separate business tax).

By contrast, Calgary homeowners paid \$449 million in property taxes in 2009 (\$421/person). The city also accumulated over \$646 million (\$606/capita) in business taxes -- made up of \$451.4 million from your local dry cleaner, food court, grocery store, car dealership and manufacturing plant in non-residential tax -- and \$195 million in an extra business tax.

Alas, out of the Canadian cities surveyed, Edmonton and Calgary are two of only seven still levying a separate business tax. Edmonton's is being phased out, while Calgary collects the most of any jurisdiction.

While some consumers believe the business community should shoulder half the tax load, most fail to understand these rates are added to the price of local goods and services. And small companies may hire employees at lower wages because of this tax burden.

The business community contributes almost 60% of total municipal tax revenues, so the magic of half-and-half doesn't hold up to scrutiny when the smoke clears.

Shops and offices also consume a smaller proportion of municipal services. If a company needs garbage removal, for instance, it is charged directly or has to hire it privately. Is it fair to charge



three times the residential tax rate, plus an additional 6.5% on the rental value of business properties, but deny access to the same services?

Maybe we would agree to disagree, but at the end of the day, there is only one taxpayer -- the resident -- and Calgarians long ago decided it was a bad idea to engage in taxation without representation.

More than 80% of Calgary Chamber of Commerce members support the consolidation of the business tax with the non-residential property levies, provided it reduces the overall tax burden.

Thanks to the ongoing advocacy work of the Chamber, the business tax rate has at least remained the same for the past 19 years.

City hall maintains the highest standards of transparency and accountability when it comes to residential homeowners.

The Chamber applauds that approach absolutely.

All that remains is to remove the illusion surrounding the taxation of business.

Then no one will be forced to pull rabbits out of hats to succeed -- even during tough recessionary years.