



MEMBER RELEASE

June 20, 2012

TO: Mayor and Council, Chair and Board, Senior Staff
FROM: Heath Slee, President
RE: **UBCM Presentation to Expert Panel on Business Taxation**

Earlier this year Finance Minister Kevin Falcon announced the appointment of an Expert Panel on Business Taxation http://www.fin.gov.bc.ca/experts_panel_tax.htm. The Expert Panel's mandate stated that the review would include a study of municipal property taxation of business and its impact on business competitiveness and investment. Yesterday I appeared before the Expert Panel along with Greg Moore, Mayor of Port Coquitlam to present on behalf of BC local governments. The report we submitted to the panel is now available on the UBCM website [shortcut link: <http://ow.ly/blww9>].

One of the goals for our presentation was to set the current state of business taxation in context. How does the cost for the bundle of service provided by municipalities compare with other operating costs like telephone and utilities? What percentage of a typical business's operating costs goes to municipal taxation? And how does the current level of property taxation stack up against provincial taxes and charges? The overall picture shows that municipal taxation is a small portion of the tax burden on business and may not represent a significant competitive disadvantage.

We also highlighted some trends in municipal taxation that are good news for business. Local governments are relying less on property tax for revenues, declining from nearly 60% of operating revenue in the mid-1980's to just over 45% in 2010. The proportionate share of the tax burden paid by businesses is also declining, dropping by 4% between 2000 and 2010. Our presentation also referenced a report on the impact of major industrial taxation on business decision-making. UBCM will invite local governments to a webinar in early July to highlight the findings of this separate study prior to its release.

We also acknowledged the common interests shared by Council, Boards and the local businesses. Economic development is at the top of Council and Board agendas around the province. With nearly half of all of the Mayors in BC having been business owners, local governments know first-hand the importance of local economies that are competitive and encourage investment.

In our concluding comments, we urged the Expert Panel to build upon the existing local government framework when drafting its recommendations, and to consider the importance of all levels of government working together to ensure that:

- The local government system has the right balance of responsibilities and authorities;
- Local governments have the right range of tax and revenue tools in light of the range of services they now deliver;
- Taxing tools are appropriate, efficient, and sufficiently diversified;
- Inter-governmental transfers appropriately deal with both equalization and local service externalities; and
- The benefits of improved federal and provincial regulations exceed their costs and local governments have the tools they need to implement these regulations.

On behalf of the UBCM, I want to extend my thanks to Chair Sarah Morgan-Sylvester and Expert Panel for the opportunity to appear and share the perspective of BC local governments on the important topic of business tax competitiveness.