

Councillor Robert Canning
Chairperson of the Governance Standing Committee
2013 Budget Address
March 19, 2013

Mr. Mayor, in recent weeks the Town received feedback from the business community regarding the adjustments made to the 2013 business tax structure. In short, some feel the increases are restrictive to economic development because they serve as a disincentive for business growth.

As reported in January 2013, the Town's analysis regarding the business taxes, conducted during the budget planning process, was flawed. Unknowingly, the invoicing system was calculating taxes based on a percentage, whereas the analysis was predicated on mill rates. In light of this error, Council revised the business tax structure, but the rates adopted in January 2013 are still deemed to be unreasonably high by the business community. In this context, the Governance Standing Committee, during a recent sitting, decided to launch a review of the budget to determine if anything could be done in the circumstances. Subsequently, a plan was devised that allows Council to return the business taxes to the rates that existed in 2012. This amendment will facilitate an economic environment that, hopefully, encourages business growth or, at the least, removes a potential constraint.

What does this change mean to the budget? Mr. Mayor, the budget has decreased by approximately 3% from the initial estimates. To accommodate for the reduced business tax revenue, the Town adjusted the spending plan moderately. For example, equipment acquisition (i.e. Zamboni and Flyer) was deferred until November, and other non-critical expenditures were eliminated. It is important to note that the Town's allocation for this year's capital works project still remains (approximately \$61,000). Our goal to build such things into the budget was still achieved.

Mr. Mayor, I want to take this time to address a statement that I made in the December 2012 budget presentation. At the time, based on the Town's analysis of the business taxes, which we now know was flawed, I stated "...the businesses of Bishop's Falls have become accustomed to [an] extremely low level of taxation". Mr. Mayor, it was never the intention of the Town to impose unrealistic levels of taxation on the business community, and the comment at that time was founded on our comparisons of the mill rate. Since then we learned differently. The Town Manager has written the businesses that formally raised this issue and apologized, and I would like to do so as well. No one is beyond mistakes, but the important thing is to acknowledge when one is made and to implement corrective measures. We have done so, Mr. Mayor, by amending the budget and returning business taxes to the 2012 rates. This Council listens to the concerns of its residents, and accommodates where it can.

To summarize, Mr. Mayor, the amended revenue and expense estimates for 2013 are as follows:

Revenues

		<i>% of Revenue</i>
Property Taxes	1,334,213	42.90%
Business Taxes	103,063	3.31%
Water and Sewer Taxes	833,822	26.81%
Poll Taxes	65,250	2.10%
Utility Taxes	157,000	5.05%

Sale of Goods and Services	109,203	3.51%
Other Revenue	30,500	0.98%
Provincial Government Transfers	261,589	8.41%
Federal Government Transfers	148,462	4.77%
Other Transfers	66,981	2.15%

Expenses

		% of Expenses
General Government	556,231	17.88%
Protective Services	87,604	2.82%
Transportation Services	720,657	23.17%
Environmental Health	361,385	11.62%
Recreation	249,811	8.03%
Fiscal Services	1,134,394	36.47%

Resolutions

Adoption of the Budget

Be it resolved that Council shall adopt the 2013 Municipal Operating Budget as revised.

Amendment to s. 2.3 of the Budget Tax Schedule and Policy

Be it resolved that Council shall amend section 2.3 of the 2013 Municipal Operating Budget Tax Schedule and Policy by deleting

“A general business tax of 2.0% shall apply to all businesses save the following:

- (a) 1.8% shall be applied to farms and resource based industries.*
- (b) 2.0% shall be applied to manufactures.*
- (c) 3.5% shall be applied to drug stores.*
- (d) 2.0% shall be applied to funeral homes.*
- (e) 3.5% shall be applied to doctor offices.*
- (f) 1.8% shall be applied to senior/retirement homes.”*

and replacing it with

“A general business tax of 1.25% shall apply to all businesses save the following:

- (a) 1.0% shall be applied to farms and resource based industries.*
- (b) 1.75% shall be applied to manufactures.*
- (c) 1.25% shall be applied to drug stores.*
- (d) 1.25% shall be applied to funeral homes.*
- (e) 2.5% shall be applied to doctor offices.*
- (f) 1.25% shall be applied to senior/retirement homes.*
- (g) 2.5% shall be applied to franchise restaurants.*

Amendment to s. 2.4 of the Budget Tax Schedule and Policy

Be it resolved that Council shall amend section 2.4 of the 2013 Municipal Operating Budget Tax Schedule and Policy by replacing \$350 with \$300 where it is written.