

Property tax policy often misunderstood

'Shift' redistributes tax burden

BY ED DES ROCHES AND BOB LAURIE, GUEST COLUMNISTS, SPECIAL TO VANCOUVER COURIER NOVEMBER 17, 2010
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It is clearly time to take politics out of taxation discussions, something Tom Sandborn fails to do in his Nov. 9 column "City's tax burden policy could be the new HST."

Unfortunately, most property tax policy is mired in detail, complexity, and as a result, difficult to understand--but easy to condemn. Mr. Sandborn's article and many like it are short-sighted, overly simplistic, factually incorrect, and ignore some important fundamentals.

In Vancouver, our elected political leaders have openly recognized the historical unfairness and imbalance between residential and business property taxes. Past and current councils have supported a gradual correction with an annual tax shift between property classes. This is smart policy. At considerable political risk, Mayor Gregor Robertson and the majority of city councillors have taken a principled stand which will clearly benefit all Vancouverites.

Important facts we all need to remember about Vancouver property taxes:

The "shift" is not a grant or a tax freeze on business taxes. The shift is an effort to redistribute taxes broadly between property classes. It is a gradual shift of one per cent of the total property tax bill paid by all commercial property owners. Let's keep this in perspective. A one per cent shift of the tax burden was \$5.68 million in 2010. Even with the shift, city budget increases meant that property taxes still went up for most commercial properties.

Property tax is not taxing a business's profit. Most business owners are renters! Property tax has absolutely nothing to do with income of the corner grocery, your favourite coffee shop or credit union. Property tax is based on the value of the property owned by a commercial property owner, just like it is for a residential property owner. Property tax inequity has reached a serious imbalance. Commercial property owners who represent eight per cent of Vancouver's property tax base are paying 50 per cent of the property taxes.

For every dollar of city services consumed, businesses pay \$2.42 and residential taxpayers pay 56 cents. This means residents are receiving city services at almost half their actual cost.

Economic sustainability is as important as social and environmental sustainability. We can't have the "greenest city" in the world without a strong economy and growing commercial tax base, which underwrites necessary social programming. This means healthy, vibrant and growing employers who keep jobs in our city close to where we live.

Fundamentally, the tax shift is all about jobs and economic sustainability in the future. We have a growing population and a younger population that needs employment opportunities in our city, not an

hour commute elsewhere.

All taxpayers share a common concern--spending and value. Residential and business taxpayers pay more taxes resulting from annual increases in city spending. Is the spending justified? As taxpayers, are we getting the best value for our tax dollar?

Discussion and debate on the merits and impact of municipal tax policy changes and city spending should be encouraged, but without the rhetoric and emotion.

Ed des Roches and Bob Laurie are co-chairs of the Vancouver Fair Tax Coalition.

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