

A Competitive Abbotsford

PREAMBLE

The Abbotsford Chamber of Commerce believes the role of the City of Abbotsford, in economic affairs, is to ensure that a competitive, sustainable framework is in place within which businesses are encouraged to develop to their full potential. This framework needs to be transparent, fair, and defensible in order to provide a positive environment to support the private enterprise system.

The foundation of this framework is a tax and regulatory structure that is levied and applied in a manner that withstands a fairness test and meets the spirit and intent of the Abbotsford Charter of Sustainability.

A strong and vibrant local economy is one of the core elements of a sustainable community. The citizens of Abbotsford must be able to provide for the basic necessities of adequate food and shelter for themselves and their families. (Preamble; Abbotsford Charter of Sustainability)

A COMPETITIVE ABBOTSFORD – To the Future and Beyond

During a time of unparalleled worldwide portability of human and fiscal capital it is imperative that Abbotsford is attractive and competitive. It is essential that Abbotsford has a reasonable and fair tax and regulatory regime to make certain the City is competitive and viable.

Targeted fiscal incentives, in key sectors, is as equally important to ensure a strong, vibrant and sustainable Abbotsford economy as is the overall level of taxation and the distribution of the tax burden.

The key for the continued success, and sustainable growth, of the Abbotsford economy is to ensure a fair and efficient taxation structure. If taxes are levied at a rate, or in an unfair manner, that places Abbotsford at a competitive disadvantage, and creates a disproportionate negative effect on a business' bottom line, the result is all the citizens of Abbotsford suffer.

The Chamber believes the City of Abbotsford needs to remain aware and vigilant that it is essential for Abbotsford businesses to compete in regional, provincial, and world markets.

It is imperative that the City of Abbotsford create the most positive business climate possible to ensure the retention, and expansion, of existing businesses while aggressively seeking new economic opportunities.

PROPERTY TAXATION

With only a few exceptions taxes in Canada are levied based on your ability to pay or your voluntary consumption. Property tax is a demonstrable exception to the general principal of taxation. Property tax is an *ad valorem* (according to value) tax that an owner pays on the value of the real property not based on an ability to pay.

At its very core taxing individuals, or businesses, on the value of their assets, as opposed to their ability to pay, is regressive.

BUSINESS PROPERTY TAXATION

In the case of business property taxation, the disparity does not end with the ability to pay, or the level of services provided, not factored into taxes being levied.

Businesses that, by their very nature, require sizable physical assets pay significantly more taxes than ones that operate in a very modest space and subsequently pay quantum times less in property taxes. They are effectively punished by the nature of their business.

Business taxpayers face a further disparity in that they pay many times the rate per thousand dollar of assessed value compared to residential tax payers.

In 2010, Class One (residential) properties are taxed at a rate of \$4.60 per thousand dollars of assessed value while Class Six (business) pay \$12.21 per thousand dollars of assessed value and Class Two (utilities) pays an astounding \$38.59 per thousand dollars of assessed value.

The disparity in taxes charged between the different property classifications cannot be rationalized or justified. Business class properties do not receive a higher level of service than their residential counterparts.

At its very core, taxing businesses on the value of their requisite capital assets, as opposed to their ability to pay, at a rate many times more than that of residential properties, is regressive, unfair, and unjustifiable.

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A PROACTIVE PLAN TO BENEFIT ALL OF ABBOTSFORD

The City of Abbotsford has within their legislative powers the ability to implement positive changes within the municipal tax system in Abbotsford. These powers have been successfully utilized in the revitalization of the Historic Downtown District.

The Abbotsford Chamber of Commerce applauds the City for the soon to be implemented Industrial Revitalization and Commercial Tax Exemption Bylaws. These economic development initiatives, along with the current Downtown and Airport Revitalization Tax Exemption bylaws, and other City programs is a demonstrative, and positive, example of progressive and pro-active, initiatives by the City that will benefit all of the residents of Abbotsford.

While the *Revitalization Tax Exemption Bylaws* provides a real, and significant, competitive advantage for new investment and development, there exists an opportunity for the City of Abbotsford to create a further advantage against competing jurisdictions.

Improvements to the fairness, and equability, of the municipal property tax regime will further position Abbotsford as an economic leader in British Columbia and a great place to do business.

The Abbotsford Chamber of Commerce Recommends;

THAT THE CITY OF ABBOTSFORD FREEZE EXISTING BUSINESS CLASS PROPERTY TAX VALUES FOR FOUR YEARS

Starting in 2011 the City of Abbotsford freeze the gross dollar value of municipal taxes at 2010 levels for existing Class 2 (utilities), 5 (Light Industry), 6 (Business & Other), 9 (Farm) tax folios.

The benefits derived would extend to all tax payers and to the City of Abbotsford.

- The City of Abbotsford's competitive advantage would result in increased investment and development over current levels resulting in increased municipal property tax revenue.
- The City of Abbotsford would be an economic development leader in British Columbia which is already known to have one of the most competitive taxation regimes in North America.
- Business property folios, with a fixed dollar value of municipal taxation, would be paying a higher percentage of the decreasing capital debt for projects such as Plan A.
- There would be no reduction in revenue to the City from the existing business folios.

**FREEZE EXISTING BUSINESS CLASS PROPERTY
TAX VALUES FOR FOUR YEARS**

Fair • Progressive • Justifiable

MEASURING SUCCESS – Tracking the Positive Effects of a Competitive Abbotsford

The Chamber is confident that a competitive tax regime, combined with proactive economic development policies and practices, will provide significant, positive, results.

The Chamber recommends that the City establish benchmarks, based on 2010 statistics, in order to accurately, and transparently, track changes to key economic indicators.

The Chamber offers its unfettered support in participating in an open process to establish a benchmarking system that will be defensible and will withstand scrutiny.

INVOKING COLLECTIVE INPUT TO INITIATIVE – Inclusive and Effective

The Chamber further recommends that Mayor and Council garner input, and recommendations from advisory bodies and others within their sphere of influence to provide a response to this economic development opportunity.

This group should include, but not be limited to, the City Economic Development Commission (EDC), City Industry Development Advisory Committee (CIDAC) and the Abbotsford Downtown Business Association (ADBA)