2015 Preliminary budget Debate Notes

"Let's Be Fair and Safe!"

There are two motions to discuss in improving the fairness in the 2015 preliminary capital and operating budgets. One is the reversal of frontage levy to raise tax revenue in favour of property tax, and one is to slightly raise the business tax rate to avoid service cuts, raise the library materials budget and increase pool opportunities for Winnipeggers.

1. Frontage Levy Versus Property Tax

In my press release on property tax versus frontage levy, there was a small sample of residential "1" properties used to demonstrate the in equity or unfairness in using frontage levy for taxation in the current market conditions. Let me give you an idea what the situation is like in all of Winnipeg regarding residential "1" properties which make up family homes up to I believe 4 housing units. There are three main points to consider in the arguments thrown out without factual information which I submit are wrong. The following data comes from the City of Winnipeg's property tax assessment database.

First how many homes:

Before adding in all the new properties in 2014, there were 127, 355 residential "1" properties valued at $299,999 or below and 53,694 residential "1" properties valued at $300,000 or higher. Without having the data, an average property may have a 40 foot frontage or 50 foot frontage depending on various sources. At 40 feet of frontage and the value of a home at $299,999, the 60 cent frontage levy is equivalent to a 1.33% property tax increase and at 50 feet the equivalent property tax increase is 1.66%.

Therefore, 30% or 53,694 residential "1" properties valued at $300,000 or more benefit. I would also submit that the properties valued higher than $299,999 are the ones with more than one family unit, but make no mistake, it is the people who make high incomes who benefit the most from using frontage levies originally established for local infrastructure improvements. We all work hard for our money.

Submitted by Councillor Leadie

EPC - Mar 17/15

Second, does frontage levy inspire housing density:

Yes it is very true more family units per property comes out to less tax per home. However, let us be clear what drives the building of density in any city. Two essential facts amongst many underlie the building of density:

1) Profit for the builders and developers as has become clear in so many lot splits in the Mynarski Ward. More family units, more money upon sale of the properties.

2) Our Winnipeg dream of aspiring to open spaces and privacy for family versus the dream of living close and sharing a social life with culture and other important human experiences. I brought this thought to city hall many years ago when I became politically active. My young friends of the seventies and eighties wanted to have an open space with privacy because we grew up in homes so close together. We could hear what was going on next door in the North End. While it was great that families knew each other, nobody wanted to offend each other with noise. Many of my high school friends moved to suburbs or other municipalities to raise family and have a level of privacy to be ourselves. The Fort Rouge Yards and downtown still struggle to find those who want to live the dense urban life.

Third, why did the 25 year local street renewal plan put off raising the frontage levy:

The original local street renewal program called for a 1 percent or 0.5% increase per year until 2021 when the property tax goes up 0.5% and the frontage levy goes from 3.75 to 4.00. Starting in 2022, the frontage levy is proposed to go up $1.00 per foot until 2034. No property tax increases after 2021.

What you need to know is the frontage levy increases are a much smaller increase on homes after everyone has seen their property taxes rise to a level that means a percentage is more than frontage. We should not have played around with the recommendations of our excellent administrators who know what they are doing in context to the long term needs of Winnipeg.

So the motion is simply as follows:

Remove the 60 cent increase to the frontage levy, and increase the 2.3% property tax increase to 3.67%.

2. Making a slight increase to the business tax rate for fairness and safety.

In my press release on this issue of businesses benefitting from a lower share of the City's property tax revenue, it should be noted that this situation is a good news story for business. I don't understand why our economic development groups are not using this fact as a comparative advantage in bringing new business to Winnipeg. A city survey that came to my attention after the media release demonstrates this comparative advantage:

Winnipeg collects **$276** per capita from business

Calgary collects **$749** per capita from business

Edmonton collects **$659** per capita from business

Regina collects **$423** per capita from business

Saskatoon collects **$401** per capita from business

Just to remind you: If nonresidential property's share of the property tax revenue growth kept up with increases in the property tax budget, their share would have been $23 million higher since 2009.

In the proposed motion at the end of this section, the 2015 preliminary budget would still keep the increase to the business tax credit ceiling/threshold from $23,880 to $30,000 annual rental value (ARV). This increase means many more small businesses will not pay business tax. Being on the Selkirk Avenue BIZ board, I can tell you that 51 of 66 business taxable spaces will not pay business tax. This increase would be adding 10 new businesses receiving business tax credits to offset the tax bill. The highest ARV in the business improvement zone would pay an additional $45.00 in business tax for the year, hardly a problem for this business to absorb given its reduction in property taxes over the last five years.

Given service cuts, not efficiencies or effectiveness, please consider the need to raise the business tax by 50 cents per $1,000 in ARV. The motion or change to make to the 2015 preliminary budget reflect my perspective is as follows (calculated with the assistance of the CFO and Assessment):

Raise the business tax rate to 5.75% while maintaining the increase to the business tax credit ceiling/threshold to accommodate the following changes to the 2015 preliminary budget changes:

1) Getting rid of street cleaning at a value of $700,000 means private business will lose work and our streets in the spring will cause extra cost for Water and Waste. Businesses who use motor vehicles will experience more difficulties to make money. Most concerning to me, this service cut does not deal with real inefficiencies. Last fall in the Mynarski Ward, Inkster Boulevard was cleaned three times and Scotia St. was cleaned four times – NOT NEEDED!

2) Getting rid of image route flower planting at $177,000 will give our business streets a bleak look, bad for business. Businesses were just as appalled as residents along Main Street in 2011 due to the bleakness of old planters with weeds for plants. I get real tired of hearing from people outside of our city telling me how bleak Winnipeg looks. Let us have some pride please.

3) From 2014, Reinstating community resource coordinator and community development worker positions in areas outside of the inner city at $425,000 will inspire crime resilient, better neighbourhoods abandoned in 2014. The Winnipeg Police Service is following a strategy to reduce crime by partnering with community groups who need community development resources to make things happen for the good. Without the proper support, this strategy is going to go nowhere. Neighbourhoods in The Maples, Inkster, St. Boniface and St. Vital have similar issues to our inner city.

4) Cutting the Winnipeg Police Board's budget by $14,000 will seriously impede its ability to engage Winnipeggers in solving crime through a community led strategic plan. Like the previous $425,000, this initiative actually reduces business exposure to costly crime, and without engaging community, the Police Board and Winnipeg Police Service will be seen as giving lip services to being a partner with Winnipeggers to solve these difficult issues like missing and murdered indigenous women.

5) Getting rid of the grant of $5,000 to Mediation Services means 250 neighbour conflicts will not get resolved, saving on many issues related to city efforts such as neighbourhood livability and animal problems.

6) Restoring the reduction of pool services at $100,000 and adding $100,000 to expand hours of operations will serve young and old. There are not that many indoor pools with more than one tank, and offering more opportunity for pool recreation contributes to crime and health issues. Adding the community development people in the previously mentioned reinstatement will lead to more connection with potential groups of people who can benefit from this recreation. If in the day to day operations of the pools efficiencies can be found, we can expect potential surpluses at the end of the year.

7) Adding more library material at $35,000 will begin to take Winnipeg's library system to the national average. Both business and residents utilize library materials.