Agenda - Council - April 21, 2004

Report - Executive Policy Committee - April 7, 2004

Item No. 2 The New Deal
File FR-2

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 7, 2004, the Executive Policy Committee submitted the following to Council:

1. That the New Deal for Winnipeg be comprised of the following five (5) components:

    A. A transfer of 2/3 of 1% of the current Federal Goods and Services Tax yielding approximately $62 Million annually; and

    B. A transfer of 3 cents of the current Provincial fuel tax collected in Winnipeg together with the introduction of a new 3 cents per litre fuel tax applied Province wide with the amount collected in Winnipeg transferred to The City of Winnipeg yielding approximately $66 Million in total annually or transfer six (6) cents of the existing Provincial fuel tax collected in Winnipeg ($66 Million); and

    C. The conversion of the grants that The City of Winnipeg currently receives from the Province of Manitoba to an income tax sharing formula resulting in no net increase in funding in the first year of implementation; and

    D. The provision of a 4% reduction in property taxes resulting a loss of revenue of $15 Million followed by 5 consecutive years of property tax freezes; and

    E. The implementation of infrastructure efficiencies amounting to $10 Million annually.

2. That the City of Winnipeg request legislation from the Government of Canada and the Province of Manitoba to provide the City with these, or equivalent fiscal tools to address the infrastructure and service deficit facing the City of Winnipeg.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 7, 2004, the Executive Policy Committee passed the following motion, namely:

WHEREAS Winnipeg has demonstrated national leadership in promoting a 'New Deal' for cities, one that would provide increased revenues to municipalities in order to address the nation's growing infrastructure deficit;

AND WHEREAS numerous influential and credible national research organizations support the case for a "New Deal" for Canadian municipalities recognizing, in particular, the need for municipal governments to have access to revenues that grow with the economy;

AND WHEREAS in September 2003, The City of Winnipeg launched an intensive 10-week public consultation process to consider its "Early Ideas" for a New Deal, a proposal that included significant reductions in existing revenues while introducing a number of potential new revenue sources leading to an overall annual increase of $120 Million to be directed to infrastructure improvements;

AND WHEREAS the public responded passionately to The City of Winnipeg's "Early Ideas" package leading to the following conclusions:

- That there is very strong support for change, with acknowledgement that the current dependency on property taxation is unsustainable and that the growing infrastructure deficit must be addressed; and
- That while the citizens of Winnipeg may be prepared to accept a modest increase in taxation to address infrastructure needs, The City of Winnipeg should, first and foremost, seek a greater share of existing tax revenue from the Provincial and Federal Governments; and
- That The City of Winnipeg should continue to apply pressure on its internal practices in order to find efficiencies, improve operations, and reduce costs;

THEREFORE BE IT RESOLVED that Executive Policy Committee's position with respect to a New Deal for Winnipeg be comprised of the following 5 components:

- A transfer of 2/3 of 1% of the current Federal Goods and Services Tax yielding approximately $62 Million annually; and
- A transfer of 3 cents of the current Provincial fuel tax collected in Winnipeg together with the introduction of a new 3 cents per litre fuel tax applied Province wide with the amount collected in Winnipeg transferred to The City of Winnipeg yielding approximately $66 Million in total annually or transfer six (6) cents of the existing Provincial fuel tax collected in Winnipeg ($66 Million); and

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DECISION MAKING HISTORY (continued):

- The conversion of the grants that The City of Winnipeg currently receives from the Province of Manitoba to an income tax sharing formula resulting in no net increase in funding in the first year of implementation; and
- The provision of a 4% reduction in property taxes resulting a loss of revenue of $15 Million followed by 5 consecutive years of property tax freezes; and
- The implementation of infrastructure efficiencies amounting to $10 Million annually;

BE IT FURTHER RESOLVED that the City of Winnipeg request legislation from the Government of Canada and the Province of Manitoba to provide the City with these, or equivalent fiscal tools to address the infrastructure and service deficit facing the City of Winnipeg.