



# A poor solution

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The UCP government's proposal to allow municipalities to defer property taxes for businesses could have been good legislation, but thanks to a lack of consultation with those same municipalities, it runs the risk of falling flat.

The government introduced Bill 7 last week, which once passed would give municipalities the power to offer up to 15 years of tax reductions, exemptions or deferrals for non-residential properties. It would also give municipalities the ability to create an application process and criteria for tax incentives instead of having those pass by way of individual council resolutions or bylaws.

It's billed as both a red tape reduction strategy and a way to empower municipalities to attract business, but the provincial government failed to ask municipalities what barriers their business sectors face. Without that dialogue in place, it's impossible to know if property taxes are the most significant issue that needs addressing.

Mayor Cathy Heron says they aren't. Heron told the *Gazette* serviceable land is more the issue in St. Albert – the type of feedback that might have been useful if the province had sought it out.

It isn't a bad thing for municipalities to be given greater power and flexibility over how they apply property tax incentives, especially in an increasingly dour economic climate. Business attraction and retention is vital for cities like St. Albert, which has traditionally struggled to reach a tax assessment split of 80 per cent residential and 20 per cent non-residential.

While Bill 7 could be a positive sign from a level of government that has been much criticized over the years for downloading costs onto municipalities, it risks missing the mark because the government failed to ask municipalities to weigh in on it.

"If they thought this was something that is worthwhile, I think the first phone call they should have had was to both RMA (Rural Municipalities of Alberta) and AUMA (Alberta Urban Municipalities Association) ... we could have given feedback and helped develop the bill," Heron said.

No one knows more about the pressures facing municipalities than municipal councils themselves. And while municipalities can often sound like a broken record ("more funding" tends to be their

answer to most ails, instead of looking at cost-cutting), they are in the best position to say why they have trouble attracting business.

Any tax revenue lost through the application of Bill 7 would need to be made up elsewhere, as governments tend to consume as much funding as they can and are always left asking for more. But as all levels of government seem to forget from time to time, there is only one taxpayer footing the bill at the end of the day.

Here in St. Albert, a capital deficit has been looming over the city's finances for years. The current city council has not been shy about introducing franchise fees and discussing the prospect of a municipal utility corporation – both intended to diversify St. Albert's revenue streams. While having the option for multi-year tax deferrals can't hurt, Coun. Ken MacKay said it best: "You can't just have all these tax holidays and be able to operate a city." In fact, the province must agree. After all, it doesn't intend to defer the education portion of the property tax.

Ultimately, Bill 7 is a poor solution to the actual pressures facing municipalities. If the provincial government truly recognizes the importance of local government, it must listen to those voices to find a solution that works.

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