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Mayor Rebecca Alty and City of Yellowknife Councillors
PO Box 580
Yellowknife, NT
X1A 2N4

November 19, 2020

Re: City of Yellowknife 2021 Budget

Dear Mayor Alty and City of Yellowknife Councillors,

The Yellowknife Chamber of Commerce takes pride in the positive relationship and successful partnerships that the City of Yellowknife and the Yellowknife Chamber of Commerce have developed. It is in this spirit that we bring forward our comments on the City of Yellowknife's 2021 draft budget.

As Council prepares to debate the 2021 budget with a proposed 11.92% property tax increase, we urge Council to recognize that moving to a biannual paving or water / sewer program is not a reasonable measure. Government infrastructure spending is an important economic driver, especially for local businesses who are typically awarded these contractsⁱ. In addition, research has found that deferring infrastructure maintenance can result in significant cost increases in the future and reduce the infrastructure's life cycle by as much as one-thirdⁱⁱ. We believe that essential services should always be a top priority during budget deliberations.

Our members are concerned because more of our community's tax burden has been gradually, but continuously, placed on Yellowknife businesses. For example, in 2012 the mill rate ratio between commercial and residential property classes was 1.83 and by 2020 the ratio was 2.26 – a 23.5% increase. Businesses are interested in more opportunities to engage with Council to discuss how the tax burden is shared between property classes and are seeking greater clarity on how property tax increases will impact them.

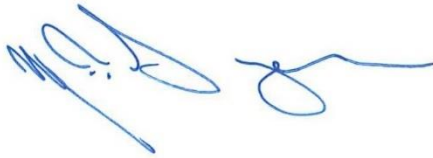
We recommend that the City of Yellowknife formally adopt a budget policy that ensures mill rate ratios can only be changed after consultation with stakeholders, that consultations on mill rates happen at the same time as budget consultations, and that information about the property tax implications for each mill rate class is included in budget communications. When reviewing the 209-page budget document, we noticed that mill rates are only mentioned once in a footnote on page 37.

As the GNWT prepares to reduce the Small Business Tax, we encourage the City of Yellowknife to explore opportunities to reduce the tax burden on small businesses. One option could be through a new small business mill rate class. In Bonnyville, Alberta, a Small Business Sub-Class tax rate was created to provide small business owners with fewer than 50 full-time employees with an opportunity to qualify for reduced property taxesⁱⁱⁱ. In Montreal, Quebec, a reduced tax rate for commercial properties on their first \$500,000 of value was introduced in the 2019 budget. This rate is 15% lower than the general commercial rate^{iv}.

The City of Yellowknife has \$10.039 million in reserve funds, including \$877,000 in the Downtown Development Reserve and \$2.416 million in the Revitalization Initiative Reserve. As originally recommended in our April 9, 2020 submission to Council, we ask that the City of Yellowknife outline a plan to deploy these funds as soon as possible. One option could include preparing an investment package (tax incentives, land and financial contributions, etc.) that outlines how the City will contribute to the upcoming polytechnic university.

The COVID-19 pandemic has been devastating for the Yellowknife business community and our 383 members. A property tax increase for 2021 will not be sustainable for many businesses who have been struggling throughout the past 8 months. In closing, we would like to recommend that the City of Yellowknife establish an external Finance Committee, which would report to Council with a goal of exploring operational efficiencies and cost saving measures.

We look forward to continuing this discussion with you during our public meeting on Tuesday, November 24th, 2020.



Tim Syer, President
Yellowknife Chamber of Commerce



Deneen Everett, Executive Director
Yellowknife Chamber of Commerce

Distributed via email to:

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ⁱ City of Yellowknife. (2020,2019,2018). *Bid Opportunities Website*. Retrieved from:
<https://yellowknife.bidsandtenders.ca/Module/Tenders/en/Home/BidsHomepage>

ⁱⁱ CHT. (2018). *11 (Costly) Dangers of Deferred Maintenance in Facilities*. Retrieved from:
<https://www.chthealthcare.com/blog/deferred-maintenance>

ⁱⁱⁱ Municipal District of Bonnyville. (2018). *Bylaw No. 1686*. Retrieved from:
<https://www.md.bonnyville.ab.ca/DocumentCenter/View/1767/Small-Business-Tax-Sub-Class-Bylaw-PDF>

^{iv} Altus Group. (2019). *Canadian Property Tax Rate Benchmark Report*. Retrieved from:
https://wfpquantum.s3.amazonaws.com/pdf/2019/50210_Altus_Group_19_CanadianPropertyTaxRateBenchmarkReport_Final_ForWeb.pdf