



POLICY RECOMMENDATION
August 10 2010

**Hamilton Chamber of Commerce
Service Rating**

This is a joint policy supported by all Chambers of Commerce in the City of Hamilton including: Flamborough Chamber of Commerce, Hamilton Chamber of Commerce (and its Ancaster, Dundas and Glanbrook Divisions) and the Stoney Creek Chamber of Commerce.

Issue:

In the spring of 2010 Hamilton City Council initiated a Citizen's Forum to bring forward recommendations for revising the current area rating policy. Any revisions to this policy will have an impact on the ability of businesses to compete successfully within the city and beyond the borders of the Hamilton area. As a consequence, any changes to this policy will have an impact on job creation / loss in the city. It is an application of the Hamilton - Many Communities, One Economy Policy and expands on the existing Area Rating Policy of the Hamilton Chambers of Commerce.

Definitions

HMCOE Principle (Hamilton – Many Communities, One Economy): The HMCOE Principle gives priority to policies that are beneficial to the economy of the city as a whole and also beneficial to the citizens / businesses in all communities.

Service Rating Policy: Under a Service Rating Policy, if a service is rated, all residents / businesses across the city would pay only for the services they receive and the rate that applied to the service would be consistent across the city.

Special Service Definition: Under the Municipal Act, a Special Service is a service or activity of a municipality that is, (a) not being provided or undertaken generally throughout the municipality, or (b) being provided or undertaken at different levels or in a different manner in different levels or in a different manner in different parts of the municipality". Note that Culture & Recreation and Slot Revenues do not qualify under this definition.

Background:

Whereas:

1. A recent survey by the Hamilton and Flamborough Chambers of Commerce indicated that taxes are the most important issue facing the City of Hamilton(35.2%). The survey also indicated that a majority (51.2% of all

- Hamiltonians and the majority of residents in all wards except one) felt that the City should continue with a variable property tax rate; and
2. The current area rating policy is in-equitable and contributes to animosity between communities (wards) across the city; and
 3. Revisions to the area rating policy that result in significant positive economic impacts for all communities (wards) will contribute in a positive way to “city building” and the over all economy of the city; and
 4. Any revised area rating policy will be beneficial to the city if the new policy encourages citizens to practice their civic responsibility and to act in ways that enhance the city’s image, that increases the overall economic benefits and that reduces overall environment costs to the city and to tax payers; and
 5. Changes in area rating formula / policies that are beneficial to our communities will also assist in narrowing the gap in taxation with neighboring cities, making our businesses more competitive; and
 6. It is good public policy to encourage goals that improve service to tax payers and greater municipal efficiencies, that enhance trust and collaboration between communities and that reflect transparency and forward thinking; and
 7. The “Hamilton - Many Communities, One Economy” (HMCOE) Principle promotes collaboration, city building, community building, economic development and job creation; and
 8. Any new area rating policy should not simply shift the tax burden from one tax payer to another. It should achieve a better rationale for taxation that is based on the principle that unless there are extenuating circumstances agreed upon by all communities, taxpayers pay for what they use.

Recommendations:

The Hamilton Chambers of Commerce recommend that the City of Hamilton adopt a service rating approach to area rating that is based on the following core principles:

- a) Economic development, job creation, community building and the “healing of the wounds of amalgamation” are among the highest priority objectives in drafting the new policy.
- b) Residents / businesses pay for services that they receive and they pay for these services at the same rate;
- c) Priority is given to solutions that are consistent with the “Hamilton - Many Communities, One Economy’ concept;
- d) Policy is revenue neutral to the City (i.e. no new tax revenue to the city), is fairly, equitably and consistently applied to all communities and is phased in over a minimum of four (4) years in order to mitigate the impact of tax changes to the ratepayer and the City;
- e) City services with the largest budget and that meet the Municipal Act / Special Service Definition are given first consideration for a service rating;
- f) Benchmarking with service rates in surrounding municipality is conducted every four years as a means of determining if tax payers are receiving good value for their tax dollars;

- This policy supports Private Sector Jobs and Prosperity Growth in Hamilton
- This policy is consistent with the HMCOE Principle.