

March 31, 2009

---

### **Financial Task Force Tables Interim Report to Council**

Campbell River's financial task force on major industry tax revenue loss recommends continued reduction of reliance on major industry taxation in its interim report to Council.

*"The task force was unanimous in stating that it has no interest in giving a tax break to any one taxpayer,"* emphasizes task force chair Kent Moeller. *"Our objective is to seek solutions that benefit all taxpayers on a fair and equitable basis."*

The report, presented March 31 as Council begins its financial planning session, outlines recommendations for adapting to major loss in revenue from Class 4 (major industry) taxation.

*"The task force took a comprehensive look at our local economy, the provincial economy, the City's previous dependence on major industrial taxation and important future directions,"* explains Moeller. *"We recognize the City has made efforts to reduce reliance on major industry taxation through the five-point plan adopted in 2004. Now is the time to further adjust taxation policy to reduce the impact of the continued decline, or even elimination, of major industrial assets and to establish a more competitive tax rate."*

Interim report highlights:

- Proposed tax reduction for Class 4 Industrial: \$2,000,000 in 2009; \$1,000,000 in 2010; \$500,000 in 2011 – a \$3.5 million reduction over three years
- Reduce City operating costs by \$1,000,000 in 2009; \$500,000 in 2010; \$250,000 in 2011 from budget items funded by taxation;
- Tax shift: \$1,000,000 in 2009; \$500,000 in 2010; \$250,000 in 2011 from Major Industrial taxation without affecting the Business class of property

The report recommends maintaining, at a minimum, the current balance in the City's major industry tax adjustment fund as a reserve, to spend only to bridge loss of tax revenue in the event of future major industry closures. As part of expenditure reductions, the report encourages Council to take a leadership role and reduce its pay by up to five per cent.

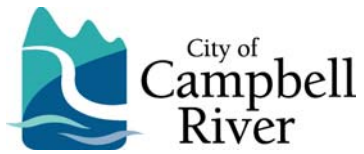
*"The City must continue to strive to operate more efficiently,"* Moeller emphasizes. *"And, of course, as legislated in the Community Charter, the City will hold all taxpayers responsible for taxes owing and ensure that appropriate penalties and interest will apply."*

The task force also recommends the City should work to ensure public understanding of major industrial taxation, past and future and explain the necessity of a tax shift, and any related tax increases.

*"The City must send the message to new and existing businesses that Campbell River is taking the lead and ensuring fair taxation of major industrial and business properties,"* Moeller says. *"For residents, the City should share information about existing and new tax deferment programs,"* he adds.

The task force reviewed the City's current financial bylaws, policies, and guiding documents; examined the City's current user fees and other sources of revenue; identified long-term

---



taxation issues and trends that will affect the City's fiscal sustainability; reviewed comparability of the City with other similar communities through the use of appropriate indices, benchmarks, performance indicators, taxation levels, and service levels; and made every effort to talk with members of the public during daily life for feedback on options.

Members of the task force are: Lyle Boyce, Marc Crane, Jim Dobinson, Francois Egan, Jim Harris, Bill Howich, Doug Lang, Bill Matthews and Kent Moeller. Councillor Mary Storry is the Council liaison to the task force, and Doug Chapman, the City's general manager of financial services is the administrative liaison.

– 30 –

Contact: Kent Moeller

250-286-0631