

**FOR IMMEDIATE RELEASE**

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**Moore Says Innovation, Not Higher Taxes, Needed**

Saskatoon is facing record debt and a significant infrastructure deficit due to reckless spending and neglect under the current leadership. “Investment is needed to prevent further degradation and bring our assets up to proper service levels”, says Kelley Moore, candidate for mayor in the October 26 municipal election.

Both Don Atchison and Charlie Clark have voted for record residential property tax increases over the last 10 years. They propose to keep doing more of the same. “Property taxes are a poor, regressive funding model for cities, punishing those on fixed incomes disproportionately. Better, smarter approaches are needed, based on evidence of performance”, says Moore.

One strategy suggested by the Chamber of Commerce and the North Saskatoon Business Association is to gradually, over many years, reduce the commercial tax rate to encourage investment and grow tax revenue as a result of increased wages, salaries and business property tax.

Charlie Clark has said that this is a zero sum game – if the business property tax rate decreases it automatically shifts the burden to residents. That is not the case. This strategy is proven to increase overall revenue to the city because it causes business to invest. This revenue increase, in turn, protects residents from tax increases.

City Council chose to add additional levies onto taxes, not because of this tax strategy, but to pay for over-expenditures and infrastructure deficits.

In 2001, the commercial property tax rate was 140% more than the residential. This was the case in many municipalities. Part of the rationale was that businesses make money and can use property taxes as a business expense, therefore they should pay more but the impact of that is minimal when it applies to small business. The Chamber proposed reducing this over 10 years to a 75% premium. They made the case that it would increase business investment which increases employment and wage growth. Council approved this policy which resulted in the second fastest growing employment rate, wage growth, and business investment (\$1.7 B) in the country according to a study published by the Chamber.

“This investment provided additional business tax revenue, which had the effect of protecting residential tax payers from tax increases”, says Moore.

Based on the success of this change, the Chamber proposed a further, albeit smaller change, from 75% to 43% premium for business taxes over a period of 16 years. By reducing the rate slowly, the increase in investment is higher than the tax reduction, resulting in a net increase to tax revenue. This is forecast to result in an estimated further \$1.4 B in business investment according to the study. The property taxes paid by business would still be 43% higher than residential taxes, but would more accurately reflect the service levels they receive from the City.

“Doing this grows the city, increases local ownership of commercial property, including small businesses which make up 99% of our economy, increases wages and salaries, increases investment and as a result, protects



residents from tax increases. The move is supported by empirical data; it is not a theory. This allows us to do more for roads and other infrastructure than the regressive residential tax increase that Mr. Clark has been voting for and wants to continue”, says Moore. “Mr. Clark is willfully ignoring the evidence that supports this practice and in fact offering an inaccurate definition of the tax ratio proposed change.”

Instead of adopting a proven tool for keeping taxes lower, Mr. Clark and Mr. Atchison supported a 17.9% tax increase over the past three years.

“It’s the job of the mayor to seek better ways to finance a city”, says Moore. “It’s more than the tax and spend approach that Clark and Atchison have been using for so long. And by dismissing the business growth approach that is already proven to work, they are showing that they are, simply put, out of ideas.”

In the longer run, municipalities need to find even more ways to protect residents from tax increases. Property tax is by its nature regressive. The only advantage it has for municipalities is a more consistent income stream. “But experts have long said we need to work with other levels of government to change municipal taxes towards more of an income tax base. This would allow payment to be made based on ability to pay, and protect working families and those on fixed incomes like aging adults. Those are the fundamental changes that I will be supporting as your mayor”, says Moore.

Moore represents a clear-thinking alternative to the incumbents. A professional planner. An experienced senior administrator. A business owner. A new action-oriented vision for our city.

For more information or to discuss this further with Kelley please contact: Campaign Manager Sara Wheelwright or Campaign Coordinator Haven Rees | 306-291-5303 or 291-4449.

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