

June 7, 2018

Mayor Don Iveson and Members of City Council  
2nd Floor, City Hall  
1 Sir Winston Churchill Square  
Edmonton, AB T5J 2R7

Dear Mayor Iveson and Edmonton City Council,

Prosperity Edmonton was recently formed by a group of businesses and non-profit business associations who share a common goal of ensuring that Edmonton has a competitive tax and policy climate where businesses of all sizes can grow and flourish. We are concerned that commercial property taxes requisitioned by the City of Edmonton, and paid by businesses, have more than doubled in the last ten years. This has affected Edmonton's competitiveness, small businesses confidence, attractiveness in national site selection, and overall employment. As the City develops the upcoming four-year budget plan, the business community is eager to work with Council and administration to achieve a winning strategy for delivering quality core services, while holding the line on both taxes and spending, in order to keep this City a great place to live and work.

Edmonton has been growing steadily, and there have been significant inflationary pressures in some years. However, while inflation and population together increased by an impressive 50.5% between 2006-2016, city operational spending more than doubled (a 103.4% increase in operating spending alone). This is roughly \$650 million more in our annual operating budget beyond our growth rates. During that period commercial property taxes rose 124%, or \$385 million. While other Canadian cities have decreased their commercial property tax rate (-4.3% Canada-wide), Edmonton's rate has continued to grow (8.54% YOY in 2017). Since property taxes for business are paid directly, or indirectly through leases, these increases have a direct impact on Edmonton businesses and entrepreneurs.

Tax hikes hit businesses particularly hard because commercial tax rates are more than double residential rates, and as a result we have seen far too many job-creators close, leave the region, or relocate to communities outside our city (Edmonton's share of taxable non-residential assessment within the region declined from 76.1 percent in 2001 to 72.2 percent in 2015). Every time we lose a business we lose not only the economic spinoffs from jobs and purchasing, but the tax base shrinks and the commercial tax burden increases for those who stay.

We must work together to reverse this cycle. With the carbon tax, corporate tax hikes, minimum wage hikes, labour reforms, and increased regulatory costs, Edmonton businesses have been hit by added burdens from every order of government during this prolonged recession. In this context, increasing commercial property taxes will lead to less investment and force many more local businesses to scale back jobs, or close their doors entirely as they relocate or shut down.

If Edmonton businesses struggle, Edmontonians struggle. The partnership between the City and entrepreneurs has been the cornerstone of building this community since its inception. This is a critical moment in Edmonton because our business community is struggling for many reasons – one of which is the heavy property tax burden that has grown due to the City’s significant spending increases.

Prosperity Edmonton looks forward to working with you over the next few months to make sure our next four-year budget manages our growth without relying on tax increases that damage our competitiveness. Ensuring we remain attractive as a destination for employers and investors is the best long-term investment we can make in our shared future.

Yours Truly,

## PROSPERITY EDMONTON

 <p><b>Edmonton Chamber</b> of Commerce</p>	 <p><b>NAIOP</b> COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION EDMONTON * CHAPTER</p>
 <p><b>Canadian Manufacturers &amp; Exporters</b></p>	 <p><b>RCC</b> the voice of retail Retail Council of Canada</p> <p><b>CCCD</b> la voix des détaillants Conseil canadien du commerce de détail</p>
 <p><b>UDI</b> Urban Development Institute EDMONTON REGION <i>Building communities together</i></p>	 <p><b>BOMA</b> EDMONTON</p>
 <p><b>Restaurants Canada</b> The voice of foodservice   La voix des services alimentaires</p>	 <p><b>CFIB</b> CANADIAN FEDERATION OF INDEPENDENT BUSINESS.</p>