



**FREDERICTON
CHAMBER
OF COMMERCE**

— *The Voice of Business* —

364 York Street, Suite 200
Fredericton, NB
E3B 3P7



26 October 2017

Hon. Cathy Rogers, Minister of Finance
Province of New Brunswick
Chancery Place
PO Box 6000
Fredericton, NB E3B 5H1

Dear Minister Rogers:

Re: Machinery/Equipment Property Tax Exemption

On behalf of the Fredericton Chamber of Commerce's board of directors and nearly 1,000 member organizations, we are writing today regarding the City of Saint John's recent request to the Government of New Brunswick to change legislation to provide municipalities control over setting property tax classes and rates. We are particularly concerned with the possibility of ending the exemption of commercial machinery and equipment in the the provincial property tax system.

It is our position that acquiescing to this request for change would negatively impact New Brunswick businesses' competitiveness and as a result, the province's economy. Most jurisdictions in Canada have concluded that this exemption spurs investment and economic growth. Only in Alberta, the province that least needs incentives for investment - and only outside of Calgary and Edmonton - are machinery and equipment not exempt from property tax calculations. We submit that the drag on the economy caused by disincentivizing expansion, innovation and renewal, a change of this nature would mean diminishing returns for municipalities.

We would instead restate our position contained in our 16 May 2017 letter to your office calling for a task force to review New Brunswick's property tax regime in its entirety. Specifically, a task force should be struck to to:

- create a property tax system that is predictable and fair;
- develop a property tax system that by design avoid major spikes in assessment increases (anything more than 5% in one year);
- conduct a comprehensive review of the province's entire property tax structure, including relevant existing legislation, to ensure that New Brunswick follows best practices, and is competitive in a global marketplace with a fair and equitable property tax system. This should include a review of: (1) how Land Transfer Tax is calculated; (2) taxation on commercial and non-owner-occupied properties; and (3) property tax rates.



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It has been more than 30 years since our property tax laws have been updated, a comprehensive review is overdue. A task force should include a wide range of affected stakeholders, including chambers of commerce, the New Brunswick Real Estate Association and other business groups.

We appreciate your government's initial response to the City of Saint John's recent request and encourage you to maintain this position moving forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keir Clark'.

Keir Clark
Scotia Wealth Management
President, Fredericton Chamber of Commerce

A handwritten signature in black ink, appearing to read 'Krista Ross'.

Krista Ross, CEO
Fredericton Chamber of Commerce

cc: Mike O'Brien, Mayor, City of Fredericton
cc: Chris MacPherson, CAO, City of Fredericton
cc: Jamie Ryan, CEO, New Brunswick Real Estate Association