

It shouldn't surprise *OBJ* readers that urban homeowners will get walloped in 2009 due to property assessments that will drive municipal tax bills up by 30 to 50 per cent. In a few media outlets, this was headline-grabbing news last week however, we covered this ground during my last intervention on these pages on Dec. 17. To recap, city finance staff appraised council of the coming assessment headaches back in mid-November.

The perplexing question is: why hasn't any political party really worked to fix Ontario's property tax mess in the last decade? The only party that has come close was Ontario's NDP a few years back with their study and province-wide consultations on the issue. As for a reasoned discussion of property tax reform in a provincial election, you'll have better luck putting your money on the Leafs winning another Stanley Cup sometime this century.

During my years as a national taxpayer advocate from 1997 to 2003, it wasn't income taxes, damning auditors general reports or spending decisions that raised the greatest ire and angst, it was property taxes, 10 times out of 10.

From prairie farmers who had drained their income stabilization accounts to pay whopping property tax bills, to fixed-income seniors seeking the dignity to stay in their paid-for home in spite of a crushing tax bill, to suburban yuppies – pick any city – railing against the cost of social engineering schemes at their local city hall, everyone had an opinion on the evils and unfairness of property taxes.

And Ontario taxpayers, with the downloading of social services onto the property tax base like no other province in our federation – a 40-year trend not all the fault of Mike Harris – are without a doubt the most livid and passionate on this issue.

But is there an answer to the property tax morass? Yes there is, but it requires a sustained demonstration of that rarely seen combination of political will and multi-partisan political consensus ... and it will take time.

To start, uploading social services off the property tax base must occur. To be fair, the Ontario government is moving in this direction with the uploading of some land ambulance costs, some public health costs and Ontario Disability Support Program payments. Yet more work remains.

Secondly, a proper resourcing and accounting of downloaded services, like regional roads, needs to be finalized. The Harris Tories rightly downloaded responsibility for the regional roads network across the province during their tenure, but the consequent funds did not flow to local governments.

Next, municipalities need to truly engage their citizens in a core versus non-core services debate. And this will differ from city to city. For example, in large cities local governments may well determine that immigrant settlement services are a core function of local government. And in smaller jurisdictions, local councils may determine that funding of key festivals and institutions is essential to the local economy, as compared to larger centres that may have the capacity to fund such activities through long-term corporate sponsorships, etc.

Part and parcel of this debate is the need to define what truly is a public good that we all pay for regardless of use (policing, fire, ambulance, snow removal, etc.) and what should be billed like a utility as a function of use or on a user-fee basis (garbage collection, community centre programming, and so on). And then the contentious services such as rink and field usage for kids sports teams (do we subsidize or not?) and local transportation (bus fare subsidization versus toll roads) also merit full debate.

Fourthly, new systems of local taxation must be employed – after democratic debate and decision – in different jurisdictions. Our present system of current value assessment that ascribes an arbitrary, computer-generated value to one's residential property based on an array of regional inputs is medieval. It has no relation to your ability to pay or the amount of local services you consume.

Alternative property tax systems include: actual price acquisition (the value of your house at time of purchase compounded with an annual inflation rate multiplied by the tax rate); property unit bands (based on square footage and a sliding scale of local service consumption within that band multiplied by the tax rate); or something akin to a poll tax – yes, Margaret Thatcher lives – that ascribes a taxable level of local service consumption to each member in a household.

Others advocate a municipal income tax, which was en vogue during the 1920s and '30s. Advocates of this option contend that another "at source" deduction on your paycheque might compel greater local issue interest and voter turnout. As well, they note that with the rise of highly mobile knowledge workers, this could be the wave of the future and ensure that the city captures a greater percentage of the wealth that taxpayers earn while they are here.

Finally, cities, if they can get their own houses in order through the core versus non-core debate described above, have a compelling case to make to other orders of government about being the engines of growth, and the need for a more predictable and substantive revenue base from which they can sustain and accelerate this growth.

It all starts with debate and a commitment to find a solution, which comes back to political will and consensus. This is the way forward.

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