



Subject: Municipal business vote – process proposal

This is a joint submission from the BC Business Council, BC Chamber of Commerce and the Canadian Federation of Independent Business

The proposal is in response to a request from the provincial government to help define a working process for the proposed municipal business vote.

Basis for the proposal

We have a somewhat unique situation in British Columbia where municipalities have a disproportionate amount of power around property taxes compared to the rest of Canada. Additionally, and some say the result of which, is that the municipal property tax charged to licensed businesses in BC is by far the highest in Canada. BC has the worst difference between the average business municipal tax rate (commercial, light and heavy industrial) and residential rates, on same value property, in all of Canada. Business in BC pays an average of 4.59 times more than residents and in some municipalities as much as 7 times more, despite the fact that study's show businesses use fewer services than residents. A January 2007 study by MMK Consulting for the City of Vancouver shows that businesses use only 24 per cent of municipal services while residents use 76 per cent.

Both of these factors exist in a system where business owners and operators do not have any voting rights in municipal elections despite the fact that the law in BC says that an incorporated business is recognized as a person under the law. Hence, an incorporated business is afforded all the rights of a person and indeed is liable under law as a person. In addition, the business pays tax in basically the same manner as a person. Every right and law then recognizes the corporation as a person except the right to vote.

This proposal is based on the principle of 'no taxation without representation'.

The principle of our right to vote is to ensure every citizen has a say over who is governing and taxing them. As businesses are being taxed by municipalities more than citizens are, and as businesses are recognized by the law as people with the same rights, and as citizens have been granted the right of no taxation without representation; the right to vote, then businesses should be granted the same right.

Principles of the business vote process

Consistency and Simplicity are the guiding principles we suggest for the proposed business vote. We must have a business vote system that makes the process to register and vote as close to the ease of the residential voter system.

The common denominators for a system to track individual businesses is the Canada Revenue Agency (CRA) assigned Business Number (BN) and the property assessment roles maintained by the province of BC. Every business property that pays a business class of municipal property taxes, whether imbedded in their rent, through a triple net lease or as a result of property ownership or strata title, should qualify for one vote. - Just as residents qualify regardless of whether they own, lease or rent a home. In each case they are directly or indirectly paying municipal property taxes. The difference is that residential properties, in many cases, have a number of votes representing the taxes on that property where we are proposing that business properties only get one vote per property being taxed. As well, businesses pay on average 4.5 times more tax on same value property than residents despite the fact they consume only 24% of the services those taxes pay for.

In addition the partner organizations would like to present the following recommendations and observations.

- The CRA assigned Business Number assures that the business is receiving over \$30,000 a year in revenue and is thus a going concern and not a parking spot or storage locker.
- The BN list is checked and maintained by the province of BC
- Municipal property taxes are profit insensitive. That is, a business must pay them whether they make money or not opposed to provincial and federal income tax where the business only pays if they are in a profit situation. Therefore, the business vote as discussed in this proposal would only pertain to municipal government or regional district elections and not provincial or federal elections. As well, we do not propose to extend the business vote to school board elections.
- In order to be eligible and register for a business vote, an entity must have a BN number associated with an owned, leased or rented property on which a business class tax is paid. This could be a partnership, sole proprietorship, corporation, society, union or any other entity with a BN and paying a business class tax.
- The business representative or the individual business voter must fulfill citizenship/residency requirements the same as a resident voter would have to.
- Multiple businesses associated with a single property would generate a vote for each of the individual businesses as each business represents a portion of business class taxes paid on that property. The owner of that property would only receive a vote if they held a portion of the property, requiring them to have a unit number on that property and thus pay a portion of the property taxes.
- An individual may only vote once for a business in any given municipality.
- In the case where one business pays tax on multiple properties in the same municipality, an eligible vote will exist for each property. However, the individual business owner would

personally only be entitled to one “business vote”, and would have to appoint a representative for each additional business in that municipality.

- A business owner would be eligible to vote in multiple municipalities if they have a business associated with a business class taxed property in each.
- An individual with separate business and residential property in the same municipality would be eligible to vote twice in their residing municipality, once as a resident and once as representative of a business separately taxed at a business class rate.
- Business owners working out of the same address as their residence would not be entitled to have two votes as they are only paying a residential class tax on one property.
- Under this system, businesses would have to register a proxy voter with the province of BC. All business votes would be cast at the business vote table available in every voting location in the municipality.
- The provincial government should ensure a remuneration process of sorts is undertaken prior to the first election with the new business vote system. This would ensure businesses understood their rights to vote.

For the purposes of the business vote these principles should be followed:

1. The business must have a government issued business number (BN)
2. The business must have a real property address.
3. However, the business cannot be a home based business paying residential property taxes at their BN registered address.
4. The business must be paying a business class municipal property tax.
5. The business must appoint a designated proxy to vote on its behalf.
6. A registered business voter may only be registered to vote on behalf of one business in any given municipality.
7. A registered business voter may be registered and be able to vote once in any number of municipalities.
8. A business with a single BN may be registered to vote in any number of municipalities as long as they pay a business class property tax rate at an address in that municipality.

The following are our answers to the questions posed to us by the ministry.

A number of eligibility issues have been raised by the Task Force that we provide responses to below.

1. What types of corporations should be eligible?
 - Any business with a BN paying a business class municipal property tax rate at their address would get one vote.
2. Should publicly traded corporations be eligible?

- Yes, if they have a BN, and pay a business class municipal property tax rate, they should get one vote.
3. Should all corporations registered in BC be able to vote? Should corporations/businesses from outside of BC be excluded from voting?
 - Yes, if they have a BN, and are paying a business class municipal property tax rate, all businesses and corporations should get one vote, including those from outside BC. If a business is paying BC municipal business property tax they should have representation.
 4. Should businesses – not just corporations – be eligible? If so, what types of businesses should be eligible (sole proprietorships, partnerships, co-operatives)? Are there any types of business that should not be eligible?
 - If they have a BN; a sole proprietorship, corporation, partnership, co-operative society and a union should all have one vote as long as they are also paying a business class tax to a municipality. The key is that they would need to rent, lease or own property where they are taxed separately from a residential property. Thus, a home based business would not get a vote in the municipal election. We are suggesting that a cross reference be done with the municipal assessment authority to determine whether the business is paying a rate from one of the business class tax brackets. If so, they would clearly not be home based, and would not be paying lower residential taxes, and should then receive a vote.
 5. Should the right extend to some or all incorporated Societies?
 - If they have a BN, and are paying a business class municipal property tax rate through their rent, lease or property, they should get one vote. If they are paying residential or non profit property tax rates they should not get a vote.
 6. Businesses that have a municipal business licence do not necessarily pay property tax in each municipality in which they operate (e.g. mobile construction contractors). Should only businesses that actually pay property tax be eligible?
 - Yes, that is correct. The business should get a single vote in each municipality for each property where they pay a business class municipal property tax rate. A mobile business would get a vote in each municipality where they pay business class property tax. However, in practice they would likely have only one “home base” municipality where they rent, lease or own a non residential taxed property. If a mobile business operates from a residential property, as in the case of a home based business, the business would not get a business vote because the business owner is not paying property taxes at a business class property tax rate.
 7. Should a person with businesses in multiple municipalities get to vote in each place?
 - A business with a single BN should get a vote in every municipality where their business address reflects a business class property tax rate. However, the person that the business registers and assigns to vote for the business could only vote on behalf of one business in any given municipality.
 8. Should corporations that own or hold property – but do not necessarily conduct business – be eligible?
 - Yes, as long as they have a BN and pay a business class municipal property tax rate. The determination of eligibility is based on the BN and paying business class municipal tax rates.
 9. Resident electors can only vote once, even if they own multiple properties. Non-resident property electors may only vote once, and only in relation to one property. If a person owns a business in the same municipality that he or she resides in, is it fair for that person get two votes (i.e. one as a resident and one on behalf of the business) in the municipality?

- It is important to make the distinction that it is the business that gets the right to vote, not the individual voting.
 - It is also important to note that residential properties often have two, three or more resident electors voting for the taxes that property pays. We are simply asking that businesses get one vote representing the 4.5 times more property tax they pay compared to residents.
 - It is this high level of business municipal taxation that needs to be addressed. If non-resident electors were paying a business class tax at each residential property they owned in a municipality then we would suggest they get a vote for each one as well.
 - The person voting is merely the designate charged with exercising the proxy for the business the same as someone who is blind, can't read, is in need of a translator or unable to mark a ballot for any reason can designate a proxy to vote for them at the ballot box. The business would have to ensure that they are reasonably comfortable with the voter casting a ballot and that they will represent the interests of the business and not those of a resident, just as a residential voter needing someone to assist them with their vote must do. Still, it is a secret ballot and there will be no way for a business to determine how the ballot was cast, just as a blind person has to trust their designate. People voting as residents will likely have very different interests in a municipal election than businesses do, including some business owners.
10. In the case of a corporate vote, should businesses that lease property be eligible, or should property ownership be required as in the rules for non-resident property electors?
- Property ownership should not be a requirement for voting just as a residential voter who rents or leases is allowed to vote. It is presumed that a resident who rents or leases is paying toward the property taxes through their rent or lease. A business that rents or leases a property where they are responsible for paying a business class tax should be allowed one vote as well.
11. Should a corporate vote be established for all local elections (e.g. boards of education), or just local government (i.e. municipal & regional district) elections?
- The business vote should just be for local government elections. School boards do not have the ability to increase or decrease the provincial school portion of municipal taxes that a business has to pay.

Administrative issues raised by the Task Force

12. How would a corporation prove its eligibility to vote? What kind of criteria could be used to determine who is eligible?
- They would require a BN number as assigned by CRA and must be paying a business class rate of municipal property taxes in each municipality they register to vote in. Then they would be required to register a designate to cast their proxy and that designate would be required to show eligibility as any other voter would at the voting place.
13. If businesses that aren't corporations are eligible, how would the business prove it is eligible? What kind of proof (e.g. documentation) might be required?
- They would first have to have a Business Number (BN) that is issued by CRA. The business has to have this number if they have sales over \$30,000 a year. This list is then maintained by the province. The BN is then cross referenced to the business class property tax paid to show that they are not a home based business. The business would then have to assign a

designate voter. The BN list including assigned voters would be sent to the municipalities in advance of the election.

14. How would businesses actually exercise the vote? Via a representative (like an agent, as was the case in the past), or in some other way?
 - Yes, they would assign an agent or representative to vote for the business. This person would have to be registered a certain amount of time prior to an election. And each designated business voter would be required to show proof of eligibility at the poll. A cost effective online registration process, perhaps through “BC One Stop” should also be implemented to make the registration process easier.
15. Should there be citizenship/residency requirement on the representative?
 - Yes, the same BC election act rules, regulations and voting requirements would apply to a business vote voter as would apply to a residential voter.
16. If lessees are eligible, how would lessees prove their eligibility?
 - Renter’s and lessee’s addresses would have to appear on the property assessment roles as an address paying business class property taxes. This would ensure that whether they rent or lease they are paying the higher business class taxes. A BN list, showing the registered, assigned business vote voters would be available to all municipalities and regional districts. Presumably, this list would be duplicated and available at a business vote desk in each voting place in the municipality.
17. How much property should a lessee have to lease in order to qualify?
 - Qualification should be based on a business with a BN paying a business class property tax rate in the municipality no matter how much. This means that a small baker will get one vote just the same as a large company like Alcan gets only one vote.
18. What kind of property? Land, improvements, real property, or any of the above?
 - Any of the above as long as the stated criteria are met.
19. What might happen if multiple owners owned a business or corporation? Should each owner get a vote in relation to that business?
 - No, the business would be able to assign one person to cast one ballot in each municipality where they are paying a business class municipal property tax rate.