

Walter, Penny

From: City Council
Subject: FW: Email - Communication - SeoRhin Yoo - Canadian Federation of Independent Business - Property Taxes - CK 430-72
Attachments: CFIB Letter to City of Saskatoon re Property Taxes.pdf

From: SeoRhin Yoo <[REDACTED]>
Sent: Wednesday, June 14, 2023 2:28 PM
To: Councillor's Office <Councillors.Office@saskatoon.ca>
Cc: Brianna Solberg <[REDACTED]>
Subject: CFIB letter to City of Saskatoon re Property Taxes

Dear Mayor Clark and Council,

On behalf of the Canadian Federation of Independent Business (CFIB) and our 4,000 small and medium-sized businesses in Saskatchewan, including over 800 members in Saskatoon, we are writing to you about the City's recent funding gap, a pressing matter concerning many of our small business members. As the City deliberates this issue, we are calling on the Council to take immediate action without raising property taxes.

Please find attached our open letter with recommendations. The letter will be shared with media in the coming days.

SeoRhin Yoo (*S-uh-rin You*)

Policy Analyst
[REDACTED]

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Open Letter

June 14, 2023

Mr. Charlie Clark, Mayor of Saskatoon
Office of the Mayor
222 Third Avenue North
Saskatoon, SK S7K 0J5

Re: CFIB recommendations to address funding gap without harming Saskatoon small businesses

Dear Mayor Clark and Council:

The Canadian Federation of Independent Business (CFIB) is Canada's largest grassroots, non-profit, and non-partisan business association representing over 97,000 small- to medium-sized businesses across the country, including over 800 members in Saskatoon. We are writing in response to the City's announcement of a \$75 million deficit over the next two years, and to express serious concern regarding the significant property tax hikes being suggested to help cover this funding shortfall.

As you know, the past three years have been very challenging for small business owners who are still dealing with the lingering effects of the pandemic. According to recent CFIB data, 17 per cent of Saskatchewan small businesses are considering closing. Around half are still below normal sales, and 72 per cent are still carrying pandemic-related debt at an average of over \$70,000. Given the additional challenges stemming from inflation, labour shortages, supply chain disruptions, and rising interest rates, many are left to wonder whether they will ever recover.

Property taxes are particularly harmful because they are profit insensitive, meaning businesses must pay them even if they are not bringing in any revenues. In fact, 53 per cent of Saskatchewan small businesses have indicated property taxes are the most harmful tax to their operations. Not to mention, commercial property owners pay a disproportionate share of property taxes. Despite making up only 25 per cent of the municipal assessment in Saskatoon, commercial property owners pay 33 per cent of all property tax revenue – totaling nearly \$93 million.¹

Given the current state of the economy, businesses and residents need cost relief, not additional taxes and cost increases. Small business owners will struggle to incorporate *any* property tax hikes at this time, not to mention the absurdly high increases that may be necessary based on the numbers recently presented.

¹ Saskatchewan Government, Mill Rate Survey Results (2016-2022): <https://publications.saskatchewan.ca/#/products/72573>

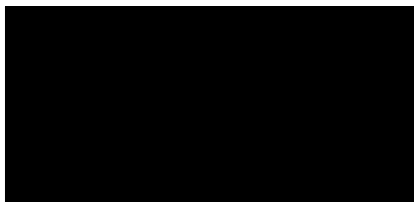
Therefore, CFIB is calling on the City of Saskatoon to take immediate action to narrow the funding gap without raising property taxes by:

- Immediately limiting operating spending growth to no more than the rate of population growth;
- Reducing operating hours for non-essential services and facilities;
- Prioritizing spending on essential services over discretionary areas;
- Implementing a temporary hiring freeze;
- Freezing compensation increases until the funding gap is closed;
- Evaluating existing City positions and adjust roles;
- Having Council and executive staff lead by example by taking pay reductions and curbing discretionary spending;
- Increasing revenues from alternative sources (i.e., sponsorships, user fees for public facilities, etc.); and
- Reviewing city assets to determine opportunities to raise capital.

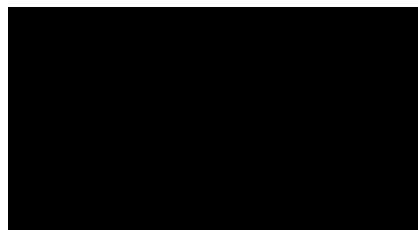
During this difficult time, we encourage Council to think like a small business. While making decisions to cut back are never easy, keep in mind these are the same trade-offs small business owners have been forced to make in order to survive the last three years.

Regardless of how Council chooses to rectify this unfortunate situation, it is imperative that the solutions do not land on the backs of already struggling small businesses. We hope we can work together on this matter to ensure an environment where local small businesses thrive. If you have any questions or wish to discuss this further, please do not hesitate to contact us at (306) 713-8071 or Brianna.Solberg@cfib.ca.

Sincerely,



Brianna Solberg
CFIB Legislative Affairs Director



SeoRhin Yoo
CFIB Policy Analyst