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OF CANADIAN
MUNICIPALITIES

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MUNICIPALITÉS

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October 2, 2017

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister:

Each year at FCM's March and September Board meetings, and again at our Annual Conference in June, FCM's Board of Directors considers resolutions submitted by its membership. Resolutions adopted by FCM's Board of Directors help inform FCM's policy and advocacy priorities with the Government of Canada. Adopted resolutions represent municipal issues of national significance that fall within federal jurisdiction and therefore require a strong federal partner to help find a solution. The attached resolution, **Federal Budget Impact on Tax Exemptions**, was adopted by FCM's Board of Directors at its September 2017 meeting in Wood Buffalo, Alberta.

The proposed change in Budget 2017 to eliminate the 1/3 non-accountable allowance that is currently non-taxable to certain municipal office holders will potentially require an overall increase to the total remuneration provided to Councillors in certain communities. This would potentially require a tax increase by municipalities to fund an increase in salary and benefits, unless off-setting reduction could be found. Smaller and less well-resourced local governments could have difficulty providing an appropriate level of remuneration to elected officials. For example, for rural councillors who might make an annual remuneration of \$15,000 or less, an exemption like this helps to cover mileage, telephone and Internet use – expenses not always compensated fully in remuneration.

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This proposed change was announced without prior consultation with the municipal sector. FCM encourages the federal government to ensure meaningful consultation with municipalities when changes are made that impact municipal elected officials. In support of the attached resolution, FCM urges the Government of Canada to review and consider reversing the changes to the 1/3 non-accountable allowance for municipal elected officials.

We look forward to working with you to ensure that the municipal perspective is considered in consultations about future changes to tax exemptions relating to municipal officials or having an impact on local governments. With any questions or for further information, please have your staff contact Hardave Birk, Government Relations Advisor at 613-907-6331 or hbirk@fcm.ca.

Sincerely,

A handwritten signature in dark ink, appearing to read "J Gerbasi". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'G'.

Jenny Gerbasi
Deputy Mayor, City of Winnipeg
FCM President

Enclosure

May 15, 2017

Federal Budget Impact on Tax Exemptions

WHEREAS, proposed measures announced during the 2017 Federal Budget would remove the tax exemptions for the 1/3 non-accountable expense allowances paid to members of provincial and territorial legislative assemblies and to certain municipal office-holders,

AND WHEREAS no consultation with elected officials was conducted prior to the announcement,

AND WHEREAS impacts to public service compensation could discourage youth from seeking elected office,

RESOLVED, That the Federation of Canadian Municipalities urge the Federal Government to reverse this direction.

Capital Regional District, BC

September 2017 BOARD OF DIRECTORS DECISION: A – Concurrence. Resolution adopted
