

Business and community leaders continue to raise concerns over the consequences of BC's new "speculation tax". The Kelowna Chamber is right in the thick of the discussion.

The news sent shock waves across communities in BC and the rest of Canada, particularly Alberta. We asked the government to step back from implementation, and to explain how it will work; who will pay? And, how the tax will make housing more attainable in Kelowna.

We've been inundated with calls, emails and letters from business leaders, developers and homeowners, concerned about the direct and indirect economic impacts of this proposed tax. So have the City Halls in Kelowna, West Kelowna and Nanaimo (another city singled out for this punitive tax) – and nearly every other organization involved in housing, development or tourism.

We're all concerned about the total upfront lack of consultation on this proposed tax. Developers have customers who are canceling contracts; summering visitors are putting their homes on the market and investing in other jurisdictions without the tax (for now); business owners are re-examining their summer sales plans for air travel, boat rentals, entertainment, restaurant receipts and good old-fashioned groceries and services.

Will the proposed speculation tax increase accessible housing in the Okanagan? We give our elected officials the authority to tax but with that power also comes a significant responsibility to think long and hard about the direct and indirect impacts before wielding that authority and implementing a new tax. There is no evidence that the province has undertaken an Economic Impact Study on this proposed tax. It would be a good start. There are many business leaders that believe this new tax won't help the housing crunch and may actually have exactly the opposite effect.

This is "taxation without representation" which makes this a truly anti-Canadian tariff. There is no way a six month rental of a few homes will alleviate the housing pressures being felt throughout Kelowna, throughout BC and Canada. The government has also failed to take into account the response from the private sector which is about to bring online a substantial amount of new housing in the City of Kelowna. These new projects will play a major role in increasing the supply of rental accommodation while helping to cool the corresponding escalation in house prices.

Although the BC government has now addressed their initial forecasting of how the tax will be administered, we all know that once a tax is in place, it is nearly impossible to dislodge it. And the myriad of changes and exemptions really just means associated regulations and paperwork is going to put a phenomenal amount of busy work onto civil servants, home owners, City Halls, and others.

Why is the government penalizing Canadian taxpayers to almost the same degree as foreigners who pay absolutely no income tax at either level of government. Surely the spread between Canadians who are paying federal taxes for services that benefit all of us and foreigners should be far greater than 1%. Increase the foreign buyers' tax and give fellow Canadians a break.

Housing affordability and accessibility are definitely problems. The government's new moves don't fix or address those issues. They in fact may make it worse. The new costs being layered onto developments take new housing further out of reach. Who benefits? The government – the tax coffers. Not those seeking housing.

And speaking of tax concerns, the Kelowna Chamber is also hearing from our small business owners who are equally concerned about the government's new payroll tax. Our chamber supports the position and work of the BC Chamber which believes the government should have at least waited for the completion of the work of the MSP Task Force that was engaging with business as to how best to manage the transition from MSP payments to some sort of a payroll tax. Most Chambers understand that the MSP was a regressive, outdated and cumbersome tax but do not believe the introduction of this tax in its current form is the best path forward. One of the things our members would like to see adjusted is the threshold of \$500,000 for EHT exemption. They believe this is too low and should be bumped up. Manitoba's threshold for example is \$1.25 million. See BC Chamber President Val Litwin's OpEd piece in this issue of our newsletter.

If you're reading this, and you have a story to share with us, or a viewpoint you want to express, let us know. We're here to listen to our members, and take your concerns to our government representatives.

Dan Rogers, Executive Director  
Kelowna Chamber of Commerce