

Leonard, Jessica FIN:EX

From: Leonard, Jessica FIN:EX
Sent: Tuesday, April 24, 2018 1:54 PM
To: Minister, FIN FIN:EX
Subject: The District of Squamish - Mayor Patricia Heintzman
Attachments: The District of Squamish - Mayor Patricia Heintzman.pdf

Jessica Leonard

Administrative Assistant to the Honourable Carole James
Minister of Finance and Deputy Premier
250-387-3751
jessica.leonard@gov.bc.ca



HARDWIRED for ADVENTURE
April 12, 2018

The Honourable Carole James, M.L.A.
Minister of Finance and Deputy Premier
Room 153 Parliament Buildings
Victoria, BC V8V 1X4

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **APR 24 2018**

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

Dear Minister James,

Re: Employee Health Tax

The District of Squamish is generally supportive of the move to the new Employee Health Tax (EHT) as it removes the burden of health care premiums from individuals and small business.

However, as an employer with a payroll in excess of \$500,000, the District will be subject to an overall lift in employment benefit costs. This will translate to property tax increases. Based on the available literature, it is our understanding that, in 2019, employers with payrolls in excess of \$500,000 will be responsible for both the MSP employer premiums as well as the new EHT until 2020 when only the EHT will apply.

Based on current payroll costs, the potential payroll lift to cover both EHT and MSP for the District in 2019 is estimated at \$320K over 2018 representing 1.65% of total payroll costs. When the employer portion of MSP is removed in 2020, there is an overall lift from 2018 of \$206K, still representing a 1% lift in total wage and benefit costs for the Municipality.

The District of Squamish respectfully requests that the Province carefully consider how the EHT is implemented to phase in the cost impacts being absorbed by local governments and all employers with payrolls over \$500,000.

Sincerely,

Patricia Heintzman, Mayor

District of Squamish

Minister, FIN FIN:EX

From: Lisa Helps (Mayor) <mayor@victoria.ca>
Sent: Sunday, April 29, 2018 9:39 AM
To: Minister, FIN FIN:EX
Subject: Impact of Health Tax on City of Victoria
Attachments: Report_Direction for 2019 Financial Plan.PDF; ATT00001.htm
Categories: FYI

Good morning Carole,

Here is the staff report outlining the impact of the health tax on the City of Victoria. For the past four years we have been able to keep our property tax lift to no more than inflation plus 1% - focussing on affordability for our residents and businesses. With the implementation of the employer health tax we will need to lift property taxes by between 4.5 - 5% or lay off staff and cut services. We strongly feel that property taxes should not fund health care as the local government share of taxes that people pay - 8 cents on every dollar - is already stretched far enough!

Thanks as always for your consideration.

Take care,

Lisa

Committee of the Whole Report
For the Meeting of May 3, 2018

tax cannot be accommodated without impacting service levels. Staff could prepare a draft budget to maintain existing services and increase property taxes to fund the impact of the new health tax (estimated overall tax increase ranging 4.5-5%). Bringing forward a draft financial plan on this basis does not prevent Council's consideration of using new assessment property tax revenue from new construction to lessen the tax impact. Alternatively, staff could bring forward options for service level reductions to accommodate the new health tax. In order to develop budgets that meet Council's expectations, staff are requesting Council's direction for 2019.

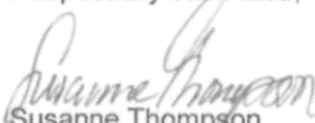
MSP premiums will remain in effect in 2019 resulting in additional one-time costs for that year. The Province did reduce the premiums by 50% starting in 2018 (approximately \$400,000 in savings compared to 2017.) However, the 2018 budget was prepared based on estimates for cost changes to all benefits and employer costs, including the reduction in MSP. Council had previously inquired whether any savings could be used to offset the additional cost that will be incurred in 2019. Now that actual rates are known, staff have re-calculated the net impact and confirm that approximately \$200,000 of savings are included in the 2018 budget and could be used to fund a portion of the 2019 MSP costs.

For Council's consideration, staff propose to prepare a draft financial plan that continues to provide current services at current service levels, as well as incorporates all incomplete Strategic Plan initiatives and capital projects that are underway.


One of the objectives of the new financial planning process introduced in 2015 was shifting the timeline. Now, draft budgets are introduced to Council and the community in the fall to enable deliberations and consultation, and ultimately approval by Council, before the fiscal year starts in January. This timeline enables staff to start implementing the direction of Council early each year. To continue to achieve that objective while accommodating Council's orientation and strategic planning sessions, it is proposed that the draft financial plan be introduced in late November or early December.

Staff recognize that, after the fall election, the newly elected Council will provide additional direction for 2019 and beyond through its strategic planning sessions. This timeline provides the opportunity for Council to first familiarize itself with the already established services as well as initiatives underway (through Council orientation and the introduction of the draft financial plan), and to provide further direction before the financial plan is finalized in early 2019.

Respectfully submitted,


Susanne Thompson
Director of Finance

Report accepted and recommended by the City Manager:


Date: April 24, 2018

Minister, FIN FIN:EX

From: Tracy Camire <tcamire@mapleridge.ca>
Sent: Wednesday, March 14, 2018 2:06 PM
To: Minister, FIN FIN:EX; James.MLA, Carole A LASS:EX; 'district@dist100milehouse.bc.ca'; 'info@abbotsford.ca'; XT:AlberniClayoquot, RegionalDistrict ENV:IN; 'officeclerk@alertbay.ca'; XT:Anmore, Village ENV:IN; XT:Muni Armstrong, General CITZ:IN; 'admin@ashcroftbc.ca'; 'inquiry@barriere.ca'; 'belcarra@belcarra.ca'; 'bim@bimbc.ca'; XT:BulkleyNechako, RegionalDistrict ENV:IN; 'clerks@burnaby.ca'; XT:Muni Burns Lake, General CITZ:IN; 'admin@cachecreek.info'; 'info@campbellriver.ca'; 'village@canalflats.ca'; 'egorman@crd.bc.ca'; 'mailbox@cariboord.ca'; 'castlegar@castlegar.ca'; 'aa@ccrd-bc.ca'; XT:CentralKootenay, RegionalDistrict ENV:IN; XT:CentralOkanagan, RegionalDistrict ENV:IN; 'municipalhall@csaanich.ca'; 'chase@chasebc.ca'; XT:Muni Chetwynd, General CITZ:IN; XT:Chilliwack, City ENV:IN; 'admin@docbc.ca'; 'admin@village.clinton.bc.ca'; 'info@coldstream.ca'; 'inquiries@csrd.bc.ca'; 'generalinquiry@colwood.ca'; XT:Comox, General CITZ:IN; 'administration@comoxvalleyrd.ca'; XT:Coquitlam, City ENV:IN; XT:Courtenay, City ENV:IN; XT:CowichanValley, RegionalDistrict ENV:IN; 'info@cranbrook.ca'; 'info@creston.ca'; 'info@cumberland.ca'; XT:DawsonCreek, City ENV:IN; 'clerks@delta.ca'; XT:Duncan, City ENV:IN; 'info@rdek.bc.ca'; XT:Elkford, District ENV:IN; 'info@cityofenderby.com'; XT:Esquimalt, Township ENV:IN; XT:Fernie, City ENV:IN; XT:Muni Fort St. James, General CITZ:IN; 'info@fortstjohn.ca'; 'rjholland@fraserlake.ca'; 'info@fvrd.ca'; XT:FraserFortGeorge, RegionalDistrict ENV:IN; 'info@village.fruitvale.bc.ca'; XT:Gibsons, Town ENV:IN; XT:GoldRiver, Village ENV:IN; 'enquiries@golden.ca'; XT:GrandForks, City ENV:IN; 'general@villageofgranisle.ca'; 'info@greenwoodcity.com'; XT:HarrisonHotSprings, Village ENV:IN; 'info@hazeltown.ca'; XT:Muni Highlands, Liz Condon CITZ:IN; XT:Hope, District ENV:IN; XT:District of Houston CITZ:IN; XT:HudsonsHope, District ENV:IN; XT:Invermere, District ENV:IN; XT:IslandsTrust ENV:IN; 'jumboglaciermrm@gmail.com'; XT:Kamloops, City ENV:IN; 'admin@kaslo.ca'; XT:Kelowna, City ENV:IN; 'clee@district.kent.bc.ca'; 'cao@keremeos.ca'; 'info@kimberley.ca'; XT:Kitimat, District ENV:IN; XT:KitimatStikine, RegionalDistrict ENV:IN; 'admin@rdkb.com'; XT:Ladysmith, Town ENV:IN; XT:LakeCountry, District ENV:IN; 'general@lakecowichan.ca'; 'admin@langford.ca'; 'info@langleycity.ca'; 'info@tol.ca'; XT:Lantzville, District ENV:IN; 'cityhall@lillooetbc.ca'; 'reception@lionsbay.ca'; 'districtofloganlake@loganlake.ca'; 'info@lumby.ca'; XT:Lytton, Village ENV:IN; XT:Mackenzie, District ENV:IN; City of Maple Ridge Enquiries; XT:Masset, Village ENV:IN; XT:McBride, Village ENV:IN; XT:Tolerton, Ruth - City of Merritt CITZ:IN; 'info@metchoshin.ca'; 'icentre@metrovanancouver.org'; 'midwaybc@shaw.ca'; XT:Mission, District ENV:IN; 'admin@montrose.ca'; XT:MountWaddington, RegionalDistrict ENV:IN; XT:Nakusp, Village ENV:IN; 'mayor.council@nanaimo.ca'; XT:Daniels, Kelly Regional District of Naniamo ENV:IN; XT:Long, Frances CITZ:IN; 'office@newdenver.ca'; XT:NewHazelton, District ENV:IN; XT:NewWestminster, City ENV:IN; 'info@sqcrd.bc.ca'; 'info@northcowichan.ca'; 'info@rdno.ca'; XT:NorthSaanich, District ENV:IN; XT:NorthVancouver, City ENV:IN; XT:NorthVancouver, District ENV:IN; 'justask@northernrockies.ca'; 'wjones@oakbay.ca'; XT:Ashton, Dan Okanagan-Similkameen Regional District EAO:IN; XT:Oliver, Town ENV:IN; 'info@osoyoos.ca'; 'info@parksville.ca'; 'prrd.dc@prrd.bc.ca'; 'info@peachland.ca'; XT:Hooson, Cheryl - Pemberton Village CITZ:IN; XT:Penticton, City ENV:IN; 'info@pittmeadows.bc.ca'; XT:PortAlberni, City ENV:IN; XT:PortAlice, Village ENV:IN; 'cao@portclements.ca'; XT:PortCoquitlam, City ENV:IN; XT:PortEdward, District ENV:IN; XT:PortHardy, District ENV:IN; 'reception@portmcneill.ca'; 'info@portmoody.ca'; 'sstokes@poucecoupe.ca'; XT:PowellRiver, City ENV:IN; XT:PowellRiver, RegionalDistrict ENV:IN;

To: 'cityclerk@princegeorge.ca'; XT:PrinceRupert, City ENV:IN; XT:Muni Princeton, General CITZ:IN; XT:QulaicumBeach, Town ENV:IN; XT:QueenCharlotte, Village ENV:IN; 'cityhall@quesnel.ca'; 'mark.read@radiumhotsprings.ca'; 'admin@revelstoke.ca'; XT:Richmond, City ENV:IN; XT:Rossland, City ENV:IN; XT:Saanich, District ENV:IN; 'cao@salmo.ca'; XT:SalmonArm, City ENV:IN; XT:Sayward, Village ENV:IN; 'info@sechelt.ca'; 'dhill@sechelnation.net'; 'admin@sidney.ca'; 'admin@silverton.ca'; 'info@villageofslocan.ca'; XT:Muni Smithers, General CITZ:IN; XT:Sooke, General FIN:IN; XT:Spallumcheen, Township ENV:IN; XT:Muni Sparwood, General CITZ:IN; XT:Squamish, District ENV:IN; XT:SquamishLillooet, RegionalDistrict ENV:IN; XT:Stewart, District ENV:IN; 'administration@strathconard.ca'; XT:Summerland, District ENV:IN; 'admin@sunpeaksmunicipality.ca'; 'info@scrd.ca'; 'clerks@surrey.ca'; 'reception@villageoftahsis.com'; 'feedback@districtoftaylor.com'; 'info@telkwa.ca'; XT:Terrace, City ENV:IN; 'admin@tnrd.ca'; XT:Tofino, District ENV:IN; XT:Trail, City ENV:IN; 'cao@dtr.ca'; XT:Ucluelet, District ENV:IN; 'admin@valemount.ca'; XT:Vancouver, City ENV:IN; 'info@district.vanderhoof.ca'; XT:Vernon, City ENV:IN; 'publicservice@victoria.ca'; 'info@viewroyal.ca'; 'warfieldadmin@shawlink.ca'; 'office@wells.ca'; 'info@sicamous.ca'; 'info@westkelownacity.ca'; 'info@westvancouver.ca'; XT:Whistler, Municipality ENV:IN; 'webmaster@whiterockcity.ca'; 'cbouchard@williamslake.ca'; 'adminzeb@recn.ca'

Cc: Mayor Council and CAO Users List; Trevor Thompson

Subject: City of Maple Ridge Mayor and Council Letter: Employer Health Tax

Attachments: 2018-03-14 Maple Ridge Council to Minister Carole James RE Employer Health Tax.pdf

Categories: FYI

Good afternoon,

Please find attached a signed letter from Mayor Read regarding the Employer Health Tax. The original will follow in the mail. Thank you.

Tracy Camire
Executive Assistant



City of Maple Ridge
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Office of the Mayor

March 14, 2018

Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

RE: Employer Health Tax

Dear Minister Carole James,

We appreciate the recently announced Employer Health Tax is administratively more efficient and replaces a regressive form of taxation; however, it results in a significant cost increase to municipalities.

The direct impact of this change for the City of Maple Ridge will be a doubling of what was paid under Medical Service Plan (MSP) premiums. It is likely that there will also be indirect cost increases with Employer Health Tax implications being passed on by contracted service providers. Municipalities, unlike businesses, have not benefited from recent business tax reductions.

Municipalities have few options to cover cost increases. If unchanged, the payroll tax will result in increases to property taxes or reductions to municipal services resulting from funds being reallocated to cover the Employer Health Tax. School Districts have even fewer options to cover the increased costs, unless the Province decides to make exemptions or other adjustments to compensate.

Please consider options to attempt to make the transition to the Employer Health Tax cost neutral for municipalities.

Respectfully,

Nicole Read

Nicole Read
Mayor

cc: UBCM Members (via emails)
Maple Ridge Council
Paul Gill, Chief Administrative Officer
Kelly Swift, General Manager: Parks, Recreation & Culture
Frank Quinn, General Manager: Public Works & Development Services

City of Maple Ridge

11995 Haney Place, Maple Ridge, British Columbia V2X 6A9 CANADA
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Minister, FIN FIN:EX

From: Catherine Holt <ceo@victoriachamber.ca>
Sent: Tuesday, May 1, 2018 10:25 AM
To: Minister, FIN FIN:EX
Cc: Lisa Helps (Mayor); Paul Nurse; Ian Robertson; 'Jeff Bray'
Subject: Problems with the Employer Health Tax
Attachments: Letter to Minister of Finance-EHT questions-April26.pdf

Importance: High

Hello Minister James,

Please find attached a letter from the City of Victoria, Tourism Victoria, the Greater Victoria Harbour Authority, and the Downtown Victoria Business Association outlining our concerns with the Employer Health Tax and requesting changes.

Please feel free to contact me for further information or discussion.

Warm regards,

Catherine Holt,
Chief Executive Officer

Email: ceo@victoriachamber.ca Web: www.victoriachamber.ca

Direct: 250-360-3470 Main: 250-383-7191

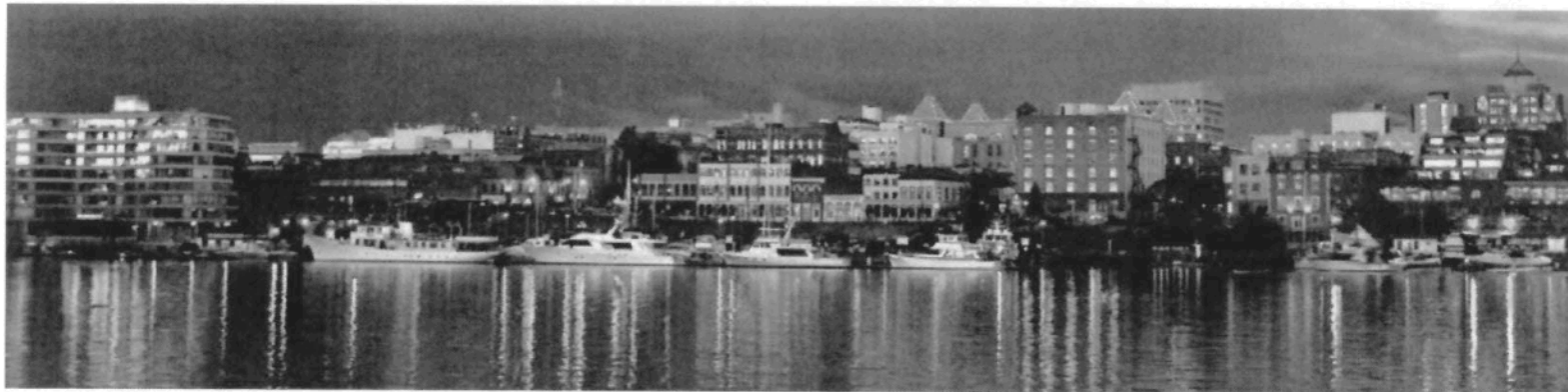
Address: #100-852 Fort Street, Victoria, BC V8W 1H8

Have lunch with BC Premier John Horgan on May 15th - tickets are nearly sold out!

Click [here](#) to register.



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April 26, 2018

Honourable Carole James,
Minister of Finance and Deputy Premier
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

Re: Problems with Employer Health Tax

Dear Minister James,

Let us begin by saying the 2018 Budget addresses a number of important economic priorities shared by the Greater Victoria Chamber of Commerce, the City of Victoria, Tourism Victoria, the Greater Victoria Harbour Authority and the Downtown Victoria Business Association as outlined in the shared priorities document we provided to you during the provincial election campaign. We are very pleased that your government is working to ensure better access to transportation, child care and housing. These are vital for Greater Victoria employers struggling to attract and retain a quality workforce.

Our five organizations work closely with nearly 10,000 businesses in Greater Victoria, and we need to advise you that we are hearing significant concerns regarding the financial impact and unintended consequences of the proposed Employer Health Tax. Those concerns were the focus of The Chamber's recent column in the *Times Colonist*. That column, "Top 10 things about Employer Health Tax that need fixing" is included with this letter.

Minister James, while the business community appreciates your government's efforts to make BC more affordable, the Employer Health Tax is a very big step in the opposite direction for employers from all sectors. We are disappointed this tax was brought in with no consultation or conversation with the public, and we must ask, on behalf of our members and community partners, how does your government intend to address our concerns about the Employer Health Tax?

As always, each of us is a quick phone call away if you would like to discuss this further.

Respectfully,

Catherine Holt
Chief Executive Officer
The Chamber

Lisa Helps
Mayor
City of Victoria

Paul Nursey
President & CEO
Tourism Victoria

Ian Robertson
Chief Executive Office
Greater Victoria Harbour Authority

Jeff Bray
Executive Director
Downtown Victoria

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Victoria**



Top 10 things about Employer Health Tax that need fixing

Published March 25, 2018, in the Times Colonist

British Columbians, employers included, welcomed the news in the provincial budget that we would no longer be the only Canadians who pay a monthly premium for public health care. But news that revenue from premiums would be replaced with an Employer Health Tax (EHT) was a complete surprise that has left many B.C. employers with sticker shock.

The tax kicks in at 0.98 per cent of payroll when payroll reaches \$500,000, and maxes out at 1.95 per cent for a payroll over \$1.5 million. A tax of less than two per cent may sound minor until you start doing the math.

Here are some real experiences:

One of our region's major private-sector seasonal employers of youth will pay 1.95 per cent EHT — a 260 per cent increase above what they have been paying to cover employee MSP premiums. They will also pay EHT on every employee, even though many seasonal young workers are still on their parents MSP coverage. "Holy cow, it certainly is a material cost for our company that comes at a tough time when we are in the process of raising our entry pay band to start at \$15," said the CEO of that organization.

Another example is a very large public-sector employer in our region that will also be paying 1.95 per cent EHT — a \$5.8 million expense. That's more than twice the \$2.5 million the employer pays now. Does this mean less service? Higher fees? Or more money from government's limited budget?

The third example is a well-established, thriving not-for-profit that provides essential services in our region. In 2019, the year when employers inexplicably pay both MSP premiums and EHT, this organization will pay \$12,015 in MSP premiums and \$21,673 in EHT — three times higher than 2018. And they no longer save costs when employees have spouses whose employer pays the MSP premiums. "Not only is the government double dipping in 2019 by charging MSP and the tax, but they are double dipping by having other spouses' companies pay for health care, when only one company needs to pay now," said the organization's Executive Director.

My final example is a family-owned company with about 220 local staff. This company did not pay employees' MSP premiums, as it has always been optional for employers. So they will be hit with an unexpected new expense of \$150,000 next year. "We're looking for ways to reduce our payroll," said their CEO.

So, what do employers want the province to do with the EHT? Get rid of it, of course. But, if it is implemented, here are 10 fixes that must be made:

1. **Problem:** EHT will cost most employers way more than MSP premiums.
Solution: Use other sources of revenue to help pay for health care, as government already does, and reduce the EHT so it is comparable to what employers pay now.



2. **Problem:** Employers will keep wages and benefits down to avoid higher EHT rates. This means hiring less, no wage increases, hiring contractors rather than employees and eliminating benefits such as extended health care.
Solution: See No. 1 — make the tax comparable to current premium costs, and exempt health benefits.
3. **Problem:** Employers will pay premiums *and* EHT in 2019.
Solution: Pretty straight-forward — end premiums before implementing EHT.
4. **Problem:** Employers with payrolls under \$500,000 are exempt, which is intended to protect small business. But \$500,000 is a micro business with less than 10 employees. Industry Canada's definition of a small business is one with less than 100 employees, close to the top tier for this tax.
Solution: Redefine the exemption or eliminate it and have everyone pay a lower tax — see No. 1.
5. **Problem:** Employers didn't have to pay premiums for employees with spouses or parents who have an employer who pays for MSP premiums — now all employers pay for everyone.
Solution: Hard to figure out an exemption so, again, see No. 1.
6. **Problem:** It's a big hit all at once.
Solution: Phase it in over years, as with the minimum wage.
7. **Problem:** A tax on payroll doesn't account for the health of the business or its ability to pay.
Solution: A modest increase in corporate income tax, instead of EHT, would mean that business pay based on profit rather than adding to their costs.
8. **Problem:** Municipalities must pay EHT so will pass it on through property tax bills, which businesses already pay at two to five times the rate charged residents.
Solution: If we exempt them, the private sector would need to make up the shortfall. A better approach is a lower tax for everyone.
9. **Problem:** Taxes paid by public sector employers such as universities, school districts, and Crown corporations simply transfers government funding for programs and services to the health budget — already a behemoth.
Solution: Manage the health budget better. It's the only area of government that has never had a budget cut. This would help all of the problems on this list.
10. **Problem:** Government plans to consult with some employers affected by the EHT, such as municipalities and not-for-profits, but, strangely, not businesses.
Solution: All employers are taking the hit. Everyone should have a chance to be consulted so any changes don't overlook the impact on the private sector.

People don't like tax surprises. The government now has less than a year to make a bad tax better. All employers in the province will be watching.

Catherine Holt is CEO of The Chamber (Greater Victoria Chamber of Commerce).



Village of Chase

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MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: Min ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **MAY 07 2018**

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REMARKS: _____

April 30, 2018

Honourable Carole James, Ministry of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister James:

RE: Employer Health Tax

The Village of Chase Council recently received a copy of a letter from the Mayor of the City of Maple Ridge to you, indicating concerns about the proposed Employer Health Tax. Like Maple Ridge, and many other local governments in BC, Chase Council is very concerned about the proposed tax for a number of reasons.

We understand that the current premium regime is cumbersome and according to some, regressive. And we understand that BC Provincial Government wishes to eliminate these fees particularly for those who cannot afford them, and generate that lost revenue by having others pay more.

The Employer Health Tax might make sense for those businesses/organizations who already pay the premiums for their employees if the tax were in line with the costs associated with the premiums that are currently paid. Unfortunately, there are many organizations that do not pay the premiums of their employees. This alone puts a burden on those organizations that have not until now had to incorporate this expense in their budgets, and in many cases, these costs will be passed to the customers or taxpayers as the case may be. This has enormous ripple effects on businesses, taxpayers, customers, employer flexibility to name a few.

Unfortunately, for a small community like Chase, this increase in costs for our taxpayers to cover costs associated with individuals who cannot pay their own premiums will lower our capacity to provide other services to our community members. This reduces our ability to be fiscally sustainable and will require us to rely on additional Provincial Government transfers to make up the shortfall in our budgets. This of course reduces the funds used by the Provincial Government to provide services. There must be other ways to achieve your objectives.

Please consider other options for the revenue generation for Health Services before implementing the Employer Health Tax.

Respectfully,
VILLAGE OF CHASE


Mayor Rick Berrigan

Cc: Councillors

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **MAY 02 2018**

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REMARKS: _____

April 13, 2018

File: 0400-20



Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

Re: Employer Health Tax

Dear Minister James:

District of Clearwater Council understands that implementing an Employer Health Tax is administratively more efficient and replaces a "regressive tax" for Medical Services Premiums (MSP) which are not tied to income. An example noted in a recent press release notes that "a person earning \$45,000 a year pays the same as a person earning \$250,000".

It is understood that the new tax will be phased in over the next couple of years. Using the example of how this will be calculated whereby employers with payroll over the \$500,000 threshold will pay double, will put undue hardship on the District. Based on the information provided for 2019 we will pay half the Medical Services Premiums, plus the new tax. Based on the District's 2018 payroll of \$1,490,351, it will cost approximately \$38,661.85 (2019 Payroll Tax plus 2019 premiums \$9,600) for 2019. This works out to approximately a 1.5 percent increase on property taxes. The District of Clearwater is a small municipality of just over 2,400, and has limited ability to generate revenues outside taxation.

We ask that you consider options for an easier transition to the implementation of the Employer Health Tax. Thank you for your time and consideration to this matter of urgent concern to all B.C. municipalities.

Sincerely,

John Harwood
Mayor

cc: UBCM Municipalities

DISTRICT OF CLEARWATER

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209 Dutch Lake Road

Clearwater BC V0E 1N0

districtofclearwater



VICTORIA & ESQUIMALT POLICE BOARD

MAYOR LISA HELPS, LEAD CO-CHAIR

MAYOR BARBARA DESJARDINS, DEPUTY CO-CHAIR

April 6, 2018

Honorable Carole James
Minister of Finance & Deputy Premier
Room 153 Parliament Buildings
Victoria, BC V8V 1X4

Via email

Dear Minister James:

RE: Impact of the Employers Health Tax on Local Government and Tax Payer Funded Organizations

On behalf of the Victoria & Esquimalt Police Board, we are writing to express our significant concern over the implementation of the new Employer Health Tax effective January 1, 2019. The impact of this new tax on the Victoria Police Department, as well as many other organizations within the province that are funded by property taxes, cannot be overstated. The burden of this new tax will fall squarely on the shoulders of property taxpayers. Local governments will need to raise property taxes to cover the health tax, thus creating less affordability for residents.

For many organizations, the increased costs of the tax far exceed the reductions from the elimination of MSP premiums. In 2019, the Victoria Police Department will not only continue to pay approximately \$40,000 in MSP premiums, but also \$820,000 in additional costs for the Employer Health Tax. Even after the elimination of MSP premiums in 2020, this represents a permanent annual increase of \$780,000 or 1.45% to their budget.

The Employer Health Tax is unfair to police agencies and local governments, most of whom fall within the highest tax rate under this new system. We request the Province consider amendments to the Employer Health Tax in order to stop the downloading of healthcare costs to property taxes. This could be achieved either through exemptions for municipal police departments, municipalities and school districts, or through the placement of caps, similar to those used for CPP and EI premiums, to ensure there is no net impact on local taxpayers.

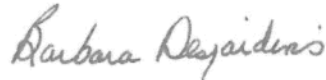
The rationale put forward for eliminating MSP premiums is that they represent a regressive tax. Any additional costs for police agencies and local governments will remain regressive as they must be passed along to tax payers through property taxes.

Thank you for considering our position on this important issue.

Yours truly,



Mayor Lisa Helps
Lead Co-Chair



Mayor Barbara Desjardins
Deputy Co-Chair

/ct

- c. Chief Cst. Del Manak, Victoria Police Department
ADM Clayton Pecknold, Police Services
Hon. Rob Fleming
MLA Mitzi Dean



HARDWIRED for ADVENTURE
April 12, 2018

The Honourable Carole James, M.L.A.
Minister of Finance and Deputy Premier
Room 153 Parliament Buildings
Victoria, BC V8V 1X4

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **APR 24 2018**

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

Dear Minister James,

Re: Employee Health Tax

The District of Squamish is generally supportive of the move to the new Employee Health Tax (EHT) as it removes the burden of health care premiums from individuals and small business.

However, as an employer with a payroll in excess of \$500,000, the District will be subject to an overall lift in employment benefit costs. This will translate to property tax increases. Based on the available literature, it is our understanding that, in 2019, employers with payrolls in excess of \$500,000 will be responsible for both the MSP employer premiums as well as the new EHT until 2020 when only the EHT will apply.

Based on current payroll costs, the potential payroll lift to cover both EHT and MSP for the District in 2019 is estimated at \$320K over 2018 representing 1.65% of total payroll costs.

When the employer portion of MSP is removed in 2020, there is an overall lift from 2018 of \$206K, still representing a 1% lift in total wage and benefit costs for the Municipality.

The District of Squamish respectfully requests that the Province carefully consider how the EHT is implemented to phase in the cost impacts being absorbed by local governments and all employers with payrolls over \$500,000.

Sincerely,

Patricia Heintzman, Mayor

District of Squamish

HARRISON HOT SPRINGS

Naturally Refreshed

MINISTER OF FINANCE

File: 0530-01

REFERRAL NUMBER: _____

March 20, 2018

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

The Honourable Carol James
Minister of Finance
PO box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

RECEIVED: **MAR 26 2018**

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

Dear Minister James:

On behalf of the Village of Harrison Hot Springs Council, I would like to express our concern about the introduction of the new employer health tax (EHT) to replace Medical Services Plan (MSP) premiums. While we recognize the need for an equitable funding model for medical services in our province, we are concerned about the upcoming increase in costs for our small municipality in the 2019 fiscal year, and the uncertainty of future costs in relation to this new tax. Given that the Village of Harrison Hot Springs has a payroll of between \$500,000, below which employers are exempt and \$1,500,000, at which the top rate of 1.95% applies, we have yet to learn what our new EHT rate will be with respect to this new funding model.

Our first concern is that in 2019 we will be required to pay the new EHT, at a rate yet to be determined, as well as paying MSP premiums on behalf of our employees. This means that we will be paying the new EHT in addition to the approximately \$21,600 we typically pay in MSP premiums. Given that \$20,000 represents 1% in taxation to our tax base, this will have a significant impact on our budget and property tax rates.

In addition, we are concerned that, unlike other payroll taxes such as Canada Pension Plan (CPP), Employment Insurance (EI) and WorkSafe (WCB), there seems to be no salary cap on the new EHT tax. For instance, WCB sets a taxable salary cap of \$81,900, CPP taxes incomes up to \$55,900 and EI caps contributions to a salary of \$51,700, beyond which no further contributions are deducted. We respectfully suggest that a salary cap be introduced for the new EHT payroll tax as well.

Thank you for your consideration of this issue and we look forward to your reply.

Yours truly,


Mayor Leo Facio

cc: Laurie Throness, MLA for Chilliwack-Kent
Council

Municipal Office: P.O. Box 160, 495 Hot Springs Road, Harrison Hot Springs, BC V0M 1K0
E info@harrisonhotsprings.ca W www.harrisonhotsprings.ca
T 604 796 2171 F 604 796 2192



THE VILLAGE OF
NAKUSP

March 27, 2018

Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **APR 06 2018**

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

Dear Minister James:

Employer Health Tax

We feel it is necessary to bring to your attention the impact that the recently announced Employer Health Tax will have on local governments.

In the case of Nakusp, the Employer Health Tax will be more than double what we currently pay for Medical Service Plan premiums, which will result in an increase in municipal property taxes. The alternative to a tax increase is to reduce services, which will may result in a reduction in staff. Neither of these is a viable option for our tax payers.

We ask that you consider alternatives that will make the Employer Health Tax cost neutral for local governments.

Respectfully,

Karen Hamling
Mayor



OFFICE OF THE MAYOR

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **APR 05 2018**

DRAFT REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

FILE: 01-0410

March 28, 2018

Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2

Dear Minister Carole James:

Re: Employer Health Tax

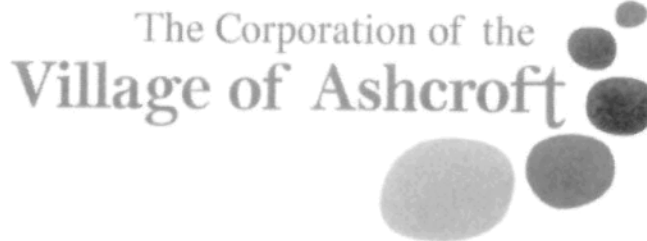
I am writing to convey the District of Mission's concern regarding the financial impact of the recently announced Employer Health Tax. This new tax will result in a significant cost increase to the District.

Municipalities have few options to cover cost increases. If unchanged, the Employer Health Tax will result in increases to property taxes and will adversely impact those people (our residents and businesses) that your government is trying to assist by removing the Medical Services Plan (MSP) premiums. Alternatively, the District will be forced to reduce services which is made more difficult by local governments having to assume delivery of more and more services that have traditionally been the responsibility of senior governments.

We urge you to consider adjustments to the Employer Health Tax that will result in the tax being cost neutral to local governments relative to the previous MSP payments.

Yours truly,

Randy Hawes
MAYOR



April 3, 2018

Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister James:

Re: Employer Health Tax

We appreciate the recently announced Employer Health Tax is administratively more efficient and replaces a regressive form of taxation; however it results in a significant cost increase to municipalities.

The direct impact of this change for the Village of Ashcroft will be a doubling of what was paid under Medical Service Plan (MSP) premiums. It is likely that there will also be indirect cost increases with Employer Health Tax implications being passed on by contracted service providers. Municipalities, unlike businesses, have not benefited from recent business tax reductions.

Municipalities have few options to cover cost increases. If unchanged, the payroll tax will result in increases to property taxes or reductions to municipal services resulting from funds being reallocated to cover the Employer Health Tax. School Districts have even fewer options to cover the increased costs, unless the Province decides to make exemptions or other adjustments to compensate.

We ask that you please consider options that would make the transition to the Employer Health Tax cost neutral for local governments.

Sincerely,


John C. (Jack) Jeyes,
Mayor

cc: UBCM Members (via email)
Jackie Tegart, MLA

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: **APR 09 2018**

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

"Wellness Awaits You"

www.ashcroftbc.ca

P.O. Box 129
Ashcroft, BC, V0K 1A0

Bus: (250) 453-9161
Fax: (250) 453-9664

Toll Free: 1-877-453-9161
Email: admin@ashcroftbc.ca

April 20, 2018

MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MFR ☐ DMF ☐ MA ☐ AC ☐

File: 0400.20.MHL

RECEIVED: **APR 24 2018**

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8V 9E2

Dear Minister:

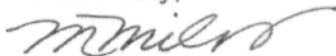
Re: Employer Health Tax

Please be advised that at the March 27, 2018 Regular Meeting, Council of the District of Logan Lake passed the following resolution:

"THAT a letter of support be sent to Honourable Carole James, Minister of Finance regarding the letter from the City of Maple Ridge regarding Employer Health Tax."

I have attached, for your reference, a copy of the letter of March 14, 2018 from the City of Maple Ridge regarding the impact to Local Governments with the implementation of the Employer Health Tax.

Yours truly,



Melisa Miles
Director of Corporate Affairs

MM/sv

Attachments



Office of the Mayor

District of Logan Lake

Ltr # 62 File # 0400.20.MH1

Received: MAR 13 2018

Action C1- Mar. 27

March 14, 2018

Honourable Carole James
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

RE: Employer Health Tax

Dear Minister Carole James,

We appreciate the recently announced Employer Health Tax is administratively more efficient and replaces a regressive form of taxation; however, it results in a significant cost increase to municipalities.

The direct impact of this change for the City of Maple Ridge will be a doubling of what was paid under Medical Service Plan (MSP) premiums. It is likely that there will also be indirect cost increases with Employer Health Tax implications being passed on by contracted service providers. Municipalities, unlike businesses, have not benefited from recent business tax reductions.

Municipalities have few options to cover cost increases. If unchanged, the payroll tax will result in increases to property taxes or reductions to municipal services resulting from funds being reallocated to cover the Employer Health Tax. School Districts have even fewer options to cover the increased costs, unless the Province decides to make exemptions or other adjustments to compensate.

Please consider options to attempt to make the transition to the Employer Health Tax cost neutral for municipalities.

Respectfully,

Nicole Read

Nicole Read
Mayor

cc: UBCM Members (via emails)
Maple Ridge Council
Paul Gill, Chief Administrative Officer
Kelly Swift, General Manager: Parks, Recreation & Culture
Frank Quinn, General Manager: Public Works & Development Services

City of Maple Ridge

11995 Haney Place, Maple Ridge, British Columbia V2X 6A9 CANADA

Telephone: 604-463-5221 • Fax: 604-467-7329 • Email: enquiries@mapleridge.ca • www.mapleridge.ca



City of Fort St. John
10631 100 Street | Fort St. John, BC | V1J 3Z5
(250) 787 8150 City Hall
(250) 787 8181 Facsimile

April 26, 2018

File # 0400-20

Via email: premier@gov.bc.ca

Office of the Premier
P.O. Box 9041 PROV GOVT
Victoria, BC V8W 9E1

Attention: Honourable John Horgan, Premier

Dear Premier Horgan:

Re: New Employer Health Tax

On behalf of the Council of the City of Fort St. John I would like to express our concerns regarding the implementation of an employer health tax on employers' payroll starting in the 2019 calendar year.

We are concerned that the Province has brought in a new employer health tax to replace the existing Medical Service Plan premiums without any consultation with local governments.

The significant cost of this proposed Employer Health Tax will greatly impact municipalities. With limited revenue sources available to local governments, this new tax may need to be recovered through property taxes.

For 2019, it is estimated the employer health tax of 1.95% will cost the City of Fort St. John \$396,566 in addition to the estimated MSP premiums of \$127,800 - a total cost of \$524,366 to the employer and would represent a 4.44% increase in the tax rate.

In 2020, MSP premiums will be phased out, and the employer health tax is estimated to cost \$406,480.75 and would represent a 3.44% increase in the tax rate compared to the rate set for the 2018 budget.

We urge the Provincial government to review the employer health tax and its implications on local governments.

Sincerely,

Lori Ackerman
Mayor

Cc: MLA Dan Davies, Peace River North
Union of British Columbia Municipalities

Gillies, Jessica FIN:EX

From: Wolansky, Allegra PREM:EX
Sent: Monday, April 30, 2018 4:24 PM
To: FIN OFFICE FIN:EX
Subject: PO Log 706578 Mayor Ackerman
Attachments: Letter Re New Employer Health Tax.pdf

Good Afternoon,

Would FIN be able to respond to this incoming from the Mayor of Fort St. John regarding the employer health tax? Please let me know!

Thanks,
Allegra Wolansky
Correspondence Officer
Office of the Premier
(778) 698-5465

From: Bonnie McCue [<mailto:BMcCue@fortstjohn.ca>]
Sent: Monday, April 30, 2018 11:22 AM
To: OfficeofthePremier, Office PREM:EX
Subject: Re: New Employer Health Tax

Good morning,

Attached is a letter regarding the New Employer Health Tax sent on behalf of the Council of the City of Fort St. John.

Thank you,

Bonnie McCue
Clerk II – Legislative & Administrative Services
Direct line 250 787 5794
Fax 250 787 8181
10631 100 Street | Fort St. John, BC | V1J 3Z5



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attachments. Any dissemination, distribution or copying of this communication by anyone other than the intended recipient is unauthorized and may be illegal. Thank you.

April 26, 2018

File # 0400-20

Via email: premier@gov.bc.ca

Office of the Premier
P.O. Box 9041 PROV GOVT
Victoria, BC V8W 9E1

Attention: Honourable John Horgan, Premier

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We urge the Provincial government to review the employer health tax and its implications on local governments.

Sincerely,



Lori Ackerman
Mayor

Cc: MLA Dan Davies, Peace River North
Union of British Columbia Municipalities