



Yellowknife Chamber of Commerce

#21, 4910-50th Ave. YELLOWKNIFE, NORTHWEST TERRITORIES X1A 3S5

Street Address: 3rd Floor – 4921-49th Street

Tel: (867) 920-4944 Fax: (867) 920-4640

Website: www.ykchamber.com

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www.ykchamber.com

Chamber of commerce Draft response to the GNWT revenue "options response" paper

On behalf of the over 365 Members of the Yellowknife Chamber of Commerce we wish to formal respond to the GNWT's request for input from Business on Revenue Generation ; DO NOT raise taxes!

80% of the GNWT revenue comes from transfer payments based on a payout of about \$22,000 per person that lives in the NWT. For every 50 people that move to the NWT that is an additional 1 million in revenue and for every 50 people that leave the NWT that is 1 million lost in revenue that the GNWT will have to make up from other "revenue options".

The NWT use to be competitive to other jurisdictions in Canada, because the whole package was better, but now with the rising costs the NWT is becoming less competitive. People are either working here or living down south or they are finding work elsewhere in the country where they can be closer to family, have a milder climate and they can make more NET income.

We are confident that every association and organization across the NWT will respond to your request with Do not raise taxes approach, while we agree we are willing to offer a few ideas and options.

The Yellowknife Chamber has a proposed 5 point action plan;

1.) Create an incentive to move to the NWT: a grant of \$10,000 per person that can prove that they have not lived here for the past 5 years. For a Family of 4 that would be \$40,000. This is attached as a second mortgage type thing

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to the home that they purchase and is forgivable after 5 continuous years.

2.) To offset disenfranchised locals that think it is unfair to offer incentives to outsiders the GNWT, offer a \$10,000 grant for the purchase of a new primary residence (first home buyer) forgivable after 5 years to ensure the opportunity of home ownership. This will also help to reduce the number of people leaving and possibly encourage some people that are currently commuting to the south to reconsider Yellowknife/NWT as a home base.

3.) The NWT income taxes for lower income brackets below \$70,000 is currently lower than Alberta's income taxes, but the higher income brackets tax rate in the NWT is higher than Alberta's. This provides an incentive to live there and work up here. This rate needs to be lowered to further eliminate the incentive to live south and work north. This will also help appease locals that feel that the relocation incentive does not help loyal northerners by lowering the cost of living. This would only marginally reduce the collected taxes and this reduction would be offset by the new taxes collected by the increased new residents

4.) Reduce the small business corporate tax currently at 5%. this is only a small revenue source and would have a marginal impact on revenues (again offset by the taxes collected on new residents) This would allow small business owners to report more income as business income instead of personal income taxes. This would mean less money to the federal government and more to the owners, again lowering the cost of living in the NWT and helping to appeal the program.

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5) Lastly the GNWT could raise the payroll tax and increases the northern tax credit by a larger ratio to create incentives to those living in the north. This would also create a disincentive for those that continuously work up here but live south. This would also function to lower the overall cost of living in the NWT. The net cost to the GNWT would be offset by the tax revenues for those new residents paying income tax.

The Yellowknife Chamber of Commerce believes this plan will attract more people and families to the north that are willing to stay. This will increase the labor force, filling much needed positions. This would also ensure that cost of living is not raised but in fact lowered for all NWT residents, and it would once again make the NWT an attractive economical place to live, work and run businesses.

On the side of cost reductions the chamber recommends that if these revenue options are undertaken we could also support allowing the GNWT to reduce programs in some of their areas to reduce costs as well.

The Yellowknife Chamber of Commerce would welcome the opportunity to further discuss our recommendations.