

# CLEARING THE PATH

FIRST NATIONS TAX COMMISSION

VOLUME 6 ISSUE 3 FALL 2012



## Premier Applauds Commission Work with New Brunswick First Nations



Premier Alward discussing economic development opportunities for New Brunswick First Nations.

St. Mary's First Nation, NB – “Today is a special opportunity for everyone to recognize and celebrate the significant contributions that First Nations people have made in the development of our province and our country,” Premier of New Brunswick David Alward said in his meeting with the First Nations Tax Commission.

The Premier provided welcoming remarks at a meeting of the First Nations Tax Commission held in June 2012 which coincided with National Aboriginal Day activities in Fredericton, New Brunswick.

“This is also a time for reflection on where we need to go with society,” he added on the timing of the FNTC meeting. “...finding

the financial wherewithal to be able to develop infrastructure is so important, and I believe FNTC provides tremendous capacities for First Nation peoples to allow for economic development to take place.”

The Premier also recognized the good work done by Deputy Chief Commissioner David Paul. To date, several First Nations in New Brunswick have initiated steps to establish and implement First Nations property taxation under the *First Nations Fiscal and Statistical Management Act*.

The Premier discussed the provision of assessment services with New Brunswick First Nations.

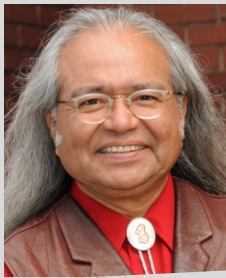
“We have the capacity in the province to provide this service. We provide it off the reserve and there is no reason it cannot be done on reserve,” said Premier Alward.

Premier Alward commented on the innovative tax-sharing agreements with New

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## Message from the Chief Commissioner

Last June, the First Nations Tax Commission (FNTC) had the honour of hosting New Brunswick Premier and Minister of Aboriginal Affairs, David Alward. Accompanied with several local MLAs, the Premier spoke of the significant contributions First Nation communities have made in New Brunswick, and the efforts his government has made to promote First Nation economic growth. His presence and words of strong support for taxing First Nations is an important recognition of our work collectively; and, while we clearly have a long way to go to achieve economic parity, having a head of government

so closely and deeply committed to the task makes our work that much easier.

This month the First Nations Tax Administrators Association (FNTAA) will be holding their Annual National Forum. I urge you to attend. It provides an excellent forum for policy dialogue and innovation in property tax administration, and an opportunity for tax administrators to share their experiences and find solutions to the challenges facing the property tax system. FNTC has a strong working relationship with the FNTAA, and our associated educational institution, the Tulo Centre of Indigenous Economics (Tulo), has been working with tax administrators to develop approaches to capacity development. Another important meeting is the Canadian Property Tax Association (CPTA) National Workshop. It is an excellent venue to share information, identify emerging trends in property tax, and build greater awareness of the First Nation property tax system. Each year the cross-country legal panel of the CPTA summarizes the highlights of property tax caselaw. Finally, we will be holding our Annual General Meeting at our head office on Oct. 4, 2012. You are all welcome to attend.

For the 13th consecutive year, the FNTC has made a Pre-Budget Submission to the House of Commons Standing Committee on Finance. This is an important opportunity to make suggestions to the federal government about their budget for the next year. This year, the FNTC's submission encouraged the federal government to implement proposed amendments and enhancements to the *First Nations Fiscal and Statistical Management Act* and improve infrastructure financing opportunities for First Nations.

In support of emerging First Nations tax jurisdiction, the FNTC will continue its work in ensuring cost effective assessment services are available to First Nation tax authorities.

I would like to close by remembering David Seymour. He was a good man, a great artist, and a dear friend. He will be missed by many.

Sincerely,

C.T. (Manny) Jules  
Chief Commissioner

## FNTC and Taxpayers Seek Fair Application of BC Carbon Tax Rebate

FNTC and groups representing taxpayers on First Nation lands have provided written submissions to the BC government regarding the BC carbon tax, which is currently under review by the BC Ministry of Finance.

The carbon tax was introduced in 2009 and was designed to be a revenue neutral tax on carbon emissions. In January 2011, the BC Government introduced several measures aimed at reducing the burden of carbon tax on certain BC property taxpayers. Notably, it provided a benefit of up to \$200 for

homeowners outside of the Capital Regional District, Greater Vancouver Regional District and Fraser Valley Regional District starting in the 2011 tax year. It also reduced property taxes for industrial and farm land properties. The measures are currently not available for any of these taxpayers situated on First Nation lands. The FNTC estimates that taxpayers from 35 taxing First Nations are affected.

In 2012, the Provincial government announced a comprehensive review of the carbon tax, including its revenue neutrality, and invited written submissions for consideration in the 2013 budget.

FNTC is recommending the provincial

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## NB Premier's Address

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Brunswick First Nations. He said, "New Brunswick is the leader in Canada for tax sharing with First Nations." He noted the economic opportunities of their revenue-sharing agreements with First Nations in

**"I believe FNTC provides tremendous capacities for First Nation peoples to allow for economic development to take place."**

**- Premier David Alward**

New Brunswick, and expressed optimism about FNTC's role in helping First Nations build a property tax system that would complement these existing sources of revenue.

"Our agreements are providing significant dollars into the community, which can allow First Nations to set their priorities, whether

that is infrastructure, investment economic development, or job creation," said Alward.

Revenue-sharing agreements between the province of New Brunswick and First Nations have been in place since 1995. Revenues from these agreements include gasoline and motive fuel taxes, tobacco taxes, the provincial portion of the HST, and certain gaming revenues.

Premier Alward was accompanied by MLA's Mr. Wes MacLean (Victoria-Tobique), Ms. Pam Lynch (Fredericton-Fort Nashwaak), Mr. Troy Lifford (Fredericton-Nashwaaksis) and Mr. Patrick Francis, Deputy Minister of Aboriginal Affairs.

"Now that I've had an opportunity to meet with the FNTC," said Premier Alward in his concluding remarks, "I have a better understanding of their recommendations and I'm certainly interested in what will take place with the First Nations communities across the province of New Brunswick."

## In Memory of David August Seymour

*May 1, 1948 - July 20, 2012*

The First Nations Tax Commission is deeply saddened by the sudden loss of Secwepemc artist, "Raven Dave" and "Papa" David Seymour who passed away at age 64 on July 20, 2012.

Born and raised in Tk'emlúps te Secwépemc, David was an accomplished artist who had a style of painting that so effortlessly captured the Shuswap Nation.

David will forever inspire future generations with the lasting imprint his legacy of artwork has left behind - it reflects the beauty he saw in the world, but more importantly what was in his heart.

Known internationally, David's collection of work is one of the focal points in the FNTC offices. Over the years, his commissioned artworks have been presented by the Chief Commissioner to countless dignitaries and others in recognition of their service.

We offer our thoughts and prayers to the family and friends he leaves behind. His smile, charisma and presence will be greatly missed by his friends at FNTC.





## How Reserve Funds Can Support Capital and Non-Capital Projects

A growing number of First Nations are establishing reserve funds through their property tax revenue to address short and long terms needs in their communities.



With planning, reserve funds can support both capital and non-capital projects.

Over the past several years, FNTC has been responsive to this trend by developing policy on how reserve funds should be established and rules regarding their use. Typically First Nations use reserve funds as a means to help respond to significant capital requirements related to the building, replacing or repairing of community infrastructure in support of local services delivery.

This practice of planning and saving for capital improvements has meant a real reduction in alternative financing costs. Increasingly, however, First Nations are also turning to reserve funds to help finance non-capital projects.

Some examples of these non-capital reserve funds include reserve funds for the following:

- An expected increase in the cost of local services (e.g., police or fire protection);
- An expected decline in revenues because of a planned redevelopment or the closing

of a business; and,

- Future costs associated with a land designation, zoning, or the future costs associated with developing detailed land use plans.

Whether established for capital purposes or not, each reserve fund has to be supported by a plan of how the reserve fund will be used.

This approach reflects best practices for financial management followed by local governments and is a requirement when setting up a fund.

For example, a capital reserve fund requires a capital plan, a clear statement of the capital project and how the reserve fund will be used to finance the project.

Non-capital reserves can be supported by a contingent liability plan or an economic plan, depending on the nature of the reserve fund.

In addition to plans, the expenditure standards require annual reporting of the

**A recent study revealed that reserve funds finance about 25% of most local government infrastructure.**

reserve fund balance as part of the First Nation's Annual Expenditure Law.

The reserve fund report also shows projected transfers in and out of the reserve fund, supporting audit requirements.

Another example of a non-capital reserve fund is the "contingency reserve fund" which is used by some local governments for the purposes of funding unforeseen operating expenditures and stabilizing the temporary impacts of cyclical local revenue decreases.

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## Reserve Funds

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Over the last several months the FNTC has been examining best practices in the use of contingency reserves and how First Nations and their taxpayers can utilize these reserves to achieve community objectives and will be developing standards in this area.



One of the ways First Nations can use non-capital reserve funds is to cover the costs of creating detailed development plans.

This research has canvassed how and when local governments use the funds and the type of requirements local governments must meet to ensure transparency and accountability to their taxpayers.

Clearly, the use of reserve funds is a necessary component of sound fiscal management. They can be excellent financial tools as long as they are supported by a plan, strategically balanced, and transparent to the public.

A recent study of local governments by a leading economist revealed that reserve funds finance about 25% of most local government infrastructure.

By using all their FSMA local revenue raising powers, First Nations could achieve a similar ratio and be able to finance more infrastructure to support local services, attract investment and grow their revenues.

## FNG On-Line — New Services Announced



In April 2012, the on-line version of the *First Nations Gazette (FNG)*, [www.fng.ca](http://www.fng.ca), introduced a new notification feature to assist First Nations wishing to post their proposed annual tax rates on the Internet.

Fifty-six First Nations opted to use the services as an alternative to publishing proposed rates on their own websites.

This FNG notification component is a key element in the work underway at completely revamping the FNG website.

First Nations and First Nation institutions will soon have a facility, similar to services available to other levels of government, to publish their notices and proposed laws/by-laws.

The planned changes will provide an expanded and enhanced notification component similar to Part 1 of the *Canada Gazette*.

The launch of the redesigned FNG website is expected in early 2013.

## 2012 Tulo On-Campus Schedule

Tulo delivers certificate programs in First Nation Tax Administration and First Nation Applied Economics in partnership with the First Nations Tax Commission and Thompson Rivers University in Kamloops, BC.



Student Kaiulani Pyper in class at the Tulo Centre of Indigenous Economics.

### 2012 Schedule

#### October 15 - 19, 2012

APEC 1660 Service Agreements and Joint Contracts

#### November 5 - 9, 2012

APEC 1670 Development Cost Charges

#### December 3 - 7, 2012

APEC 1680 Capital Infrastructure and Debenture Financing

The new Cohort begins in the program Certificate in First Nation Tax Administration (CFNTA) in February 2013. Complete and submit your registration forms now to ensure your spot in the CFNTA Graduation Class of 2014!

For more information on the certificate programs, how to register, or how to apply for a bursary from the FNTC, please visit the Tulo website @ [www.tulo.ca](http://www.tulo.ca).



## BC Carbon Tax Rebate

*Continued from page 2...*

government develop a revenue-sharing agreement with tax-collecting First Nations so they will be able to implement similar carbon tax rebates to eligible residential, industrial and agricultural taxpayers. Another approach considered would have BC vacate the carbon tax field on First Nation lands in favour of First Nations so that First Nations can collect carbon tax revenues to provide for their own harmonized carbon tax program for eligible taxpayers and their members.

The Westbank First Nation Advisory Council (WFNAC), representing taxpayers at Westbank First Nation, has been active in pressing the provincial government for an equitable solution to the unfair application of the abatement program. The WFNAC have made a number of submissions to the government and political leaders, and their work is ongoing. Other interested stakeholders have also made submissions including the Sun Rivers Owners Association of Sun Rivers Resort Community on behalf of its 650 homeowners who live on Tk'emlúps te Secwepemc, near the City of Kamloops. The Association argues that the current system is unfair and discriminatory because Sun Rivers residents are ineligible for relief measures even though they are paying carbon tax and provincial taxes.

The submissions will be considered as part of the BC government's 2013 Budget process.

## Schedule for TAS Tutorials

The monthly General Sessions for the Tax Administration Software (TAS) tutorials will take place on the days listed below from between 10:30 – 11:15 am. The Advanced Sessions take place from 11:15 - 11:45 am.

- October 31, 2012
- November 28, 2012
- December 19, 2012
- January 30, 2013
- February 27, 2013
- March 20, 2013

To learn more about TAS, visit [www.tulo.ca](http://www.tulo.ca).





## Commission Approves New Policies & Standards

In June 2012, following a public input process, the Commission approved a series of changes to the Financial Administration By-law Policy, Business Licensing By-law Policy, and Standards for Service Tax Laws. Here is a brief summary of the changes:

### Financial Administration By-law Policy

The Financial Administration By-law Policy sets out the requirements for First Nation financial administration by-laws enacted under s.83 of the *Indian Act*. The policy reflects best practices in financial administration and is an amalgamation of previous policies and practices governing the review of financial administration by-laws. These by-laws largely address fiscal governance, transparency, conflict of interest, and redress issues. Currently, 25 First Nations have Financial Management/Administration By-laws in place.

### Business Licensing By-law Policy

Business licenses are permits issued by First Nation governments to allow companies or individuals to conduct business on the reserve. Business operators must pay an annual fee which is determined by the nature of the business. The business licensing system is established through a business licensing by-law. Currently 13 First Nations have business licensing by-laws. The FNTC Business Licensing By-law policy establishes several requirements including the appointment process for license inspector(s), and the processes for business licensing applications, issuance, appeals and other administrative functions.

### Taxation for the Provision of Services Laws

FNTC amended the Standards for Taxation for the Provision of Services Law (or Service Tax Law) to accommodate First Nations who wish to develop annual service tax laws for costs

associated with three specific service areas: water, sewer, and garbage/recycling collection.

The amendments include a requirement that annual service tax laws ensure that service tax amounts (including unpaid service taxes) are added to the First Nation's tax roll. In situations where the First Nation does not have a property tax law, the Standards require that the law provide for the preparation of a service tax roll. A key provision in the Standards ensures that persons subject to the service tax law have a complaints process available to them if they object to an error/omission on the roll or if they believe that an exemption has been improperly allowed or disallowed.

*For more information on these policies and standards, please visit [www.fntc.ca](http://www.fntc.ca).*

## Upcoming Meetings

### FNTAA 19th Annual National Forum

The First Nations Tax Administrators Association will be holding its 19th Annual National Forum at the Spirit Ridge Vineyard Resort on Osoyoos First Nation, BC on **September 26 - 28, 2012**.



### CPTA 46th Annual National Workshop

The Canadian Property Tax Association will be holding its 46th Annual National Workshop in Banff, AB on **September 30 - October 3, 2012**.



### FNTC 5th Annual General Meeting

FNTC will be holding its 5th Annual General Meeting on **October 4, 2012** at 2:00 pm at the Chief Louis Centre, Tk'emlúps te Secwepemc, BC. The FNTC 2011/2012 Annual Report and Audit will be presented at the meeting.



## FNTAA's Vision to Promote First Nation Tax Profession

The First Nations Tax Administrators Association (FNTAA) is holding its National Forum and Annual General Meeting at Osoyoos First Nation on Sept. 26-28, 2012.

The association will be calling for a special resolution to amend their by-laws and constitution, which will include proposed changes to their membership rules.



Plans are underway to provide Tulo students with special designation for FNTAA membership.

One of the main proposed changes is to provide special designation to graduates of the Tulo Centre of Indigenous Economics, which provides academic programs for First Nations tax administration and economic development through a working relationship with FNTC and the Thompson Rivers University.

As one of the first graduates of the program, FNTAA President Ernest Jack says his educational experience has inspired him and other graduates to build better networks in the wider business community.

“Most communities don’t realize that First Nations tax administrators have a new way of looking at economic development,” says Mr. Jack on the Tulo program.

“A tax administrator can help to develop the basic legal and administrative framework that will allow First Nations to tap into those

resources to make economic growth come alive.”

He says he hopes FNTAA will also attract professionals in fields other than tax administration.

“The specialized knowledge we get from Tulo does not just apply to tax administrators but also other professionals working for First Nations as economic development officers and land managers.”

The proposed criteria for FNTAA membership includes the following:

- Completion of Tulo Centre of Indigenous Economics *Certificate in First Nations Tax Administration*. May be waived with two letters of reference and, until June 2013, ten years of experience in the field
- Membership in the First Nations Tax Administrators Association
- Minimum of five years experience in First Nations tax administration
- Complete application form with resumé and sponsorship letter
- Commitment to First Nation Tax Administrator Code of Ethics

For more information about the proposed changes and FNTAA, please visit their website at [www.fntaa.ca](http://www.fntaa.ca).



First Nations Tax Commission  
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