

Successful Municipal Practices: Responding to New Challenges



Tools for Change

TAX SHARING:

Sunbelt Community Development Corporation The Towns of Altona, Gretna, Plum Coulee and the RM of Rhineland

Approximately 100 kilometres south of Winnipeg, in the Pembina Valley region of Manitoba, lay the Towns of Altona, Gretna, Plum Coulee and the RM of Rhineland. For many years, the council of each of these communities made local economic development decisions in isolation, despite the communities' geographic proximity. The four councils soon realized that if they approached economic development in a unified manner, their collective resources, assessment base and populations would allow them to be more competitive.

In order to get the process started, the councils of each of the four communities agreed to work together to kick-start, guide and encourage the economic development of the region. Agricultural producers, business representatives, as well as members from each of the four councils were given the task to come up with ideas for how to create an environment of growth, prosperity and development in the region.

This work laid the foundation for the creation of a new community economic development corporation, the Sunbelt Development Group (Sunbelt). Sunbelt was formed and legally incorporated on March 7, 2005 with the Towns of Altona, Gretna, Plum Coulee and the RM of Rhineland as its charter members.

Sunbelt undertook three main initiatives over the next number of months:

- A clear set of by-laws were developed to outline Sunbelt's operational authority. The by-laws outlined the number and term of appointment of directors, meeting notices, conflict of interest policies, remuneration, expenses, and many other operational issues. It was agreed the group would share expenses, such as costs for hiring staff members.
- A commercial and tax sharing agreement was developed, which would ensure that all municipalities would share municipal taxes from all new commercial property, regardless of the location of new development in the Sunbelt region. The tax sharing agreement was strongly supported by each council.

By working in collaboration, four autonomous local governments came together in a co-operative and supportive manner for the advancement of the entire region.

Identifying the economic strength of the region was key to deciding which businesses to attract to the area.



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- The tax sharing agreement would entitle the host municipality to recoup any costs associated with upgrading or building infrastructure, as well as the first 20% of the annual municipal taxes to cover the cost of providing ongoing services.
- The balance of the taxes (80%) would be divided up according to a formula based on the population and assessment of each municipality. The formula is set up to change if the population and assessment of the individual municipalities changes. Currently, taxes are divided as follows:
 - RM of Rhineland – 42.05%
 - Town of Gretna – 6.90%
 - Town of Plum Coulee – 8.88%
 - Town of Altona – 42.17%
- Another element of the agreement is that any business interested in setting up in Sunbelt must be screened by the entire committee before expenses are made
- A consulting firm was hired to develop a regional website, conduct local focus groups to identify regional strengths and prepare a regional economic opportunities paper. As a result of the work and research, value-added agriculture was identified as the region's greatest economic strength.

Sunbelt has been very busy in the past year, hiring a general manager and administrator. The organization is proceeding to develop four industrial parks, one in each municipality, each one open for business and anxious to welcome new industry to the area. In addition, a more comprehensive marketing strategy is being prepared and application is being made to the Federal Community Investment Support Program to assist Sunbelt in marketing their region internationally.

The councils of the Towns of Altona, Gretna, and Plum Coulee and the RM of Rhineland are pleased to have been able to agree on a tax sharing formula, and are working hard to attract additional business to the area. Councils are satisfied that four autonomous local governments came together in a co-operative, supportive way for the betterment and advancement of the entire region and are certain that they are well positioned for the future.

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Tax sharing agreements can be tailored to your municipality's situation and needs.

For more information on tax sharing and service sharing, Successful Municipal Practices, and the Tools for Change program, see the Association of Manitoba Municipalities' website, at www.amm.mb.ca.