

# Successful Municipal Practices: Responding to New Challenges



## *Tools for Change*

### **TAX SHARING: RM of Hanover and Town of Niverville**

When several municipal councils share a clear vision of a strong region, working together for mutual gain is an easy decision to make. For the RM of Hanover and the Town of Niverville, this decision was actively embraced by councils and culminated in a joint strategy to develop a new industrial area. Both municipal councils were keenly aware of the importance in having property readily available to potential purchasers in search of a suitable location for the establishment of their business. Because the industrial development would require services and inputs from both municipalities, and because the taxes would only accrue to one municipality, councils decided to include in their plan a tax sharing agreement. The agreement ensured that both municipalities benefited from their investment in the industrial area, and balanced their costs of development.

While the specifics involved in planning and supporting the Hanville Agri-Industrial Park Inc. (HAIFI) are unique, the way in which tax sharing was approached gives valuable insight into how this approach to managing change and supporting a regional vision can be utilized.

The Hanover/Niverville agreement provides for future municipal tax revenues realized from the industrial park development to be applied first against the costs incurred in providing and maintaining services and infrastructure to HAIFI, and then shared equally between the two municipalities. Ownership of the industrial park property has been vested in the name of the two economic development corporations serving the respective municipalities and a policy has been implemented that delegates the authority to negotiate and finalize land sales within the park to these corporations. This ensures an efficient, competitive and professional approach to industrial park property sales and enables the municipal councils to remain at arm's length to the negotiations.

Because servicing costs and development benefits change over time, the tax sharing plan provides the necessary tools for a smooth transition should it become beneficial at some point in the future for one of the municipalities to withdraw from the agreement. The method that would be implemented to calculate the distribution of assets is clearly set out in the agreement.

*The tax sharing agreement ensures that both municipalities benefit.*

*The tax sharing approach gives valuable insight into managing change.*

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Although settling on an agreement to share taxes may seem complex, the RM of Hanover and the Town of Niverville worked harmoniously throughout the negotiations. The success of this project lies with the willingness of the councils and the administrative staff to work together towards one common goal for the benefit of both municipalities. The two corporations were able to share the services of one legal counsel throughout the entire process.

HAIPI has now contracted the services of J.R. Cousin Consultants to prepare an engineering study that will include specifics for road structure, lot design, fire protection and utility services for the industrial park. The vision of councils is to attract new business that will in turn create jobs and increase property assessment for the local region. For Niverville and Hanover, tax sharing represents an approach to strengthening the region and further enhancing inter-municipal cooperation.

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*For more information on municipal restructuring, Successful Municipal Practices, and the Tools for Change program, see the Association of Manitoba Municipalities' website, at [www.amm.mb.ca](http://www.amm.mb.ca).*