

# Smart Tax Alliance

For immediate release

## **Put jobs first and support HST, say 30 business groups in open letter to MLAs**

Vancouver, B.C. (June 28, 2010) – In an open letter, a group of 30 business groups called on all B.C. MLAs to demonstrate political and policy leadership by supporting the job-creating benefits of the harmonized sales tax.

“It boils down to this. The elimination of the PST improves the bottom line for B.C. businesses. Stronger businesses grow and hire people,” said John Winter, Chair of the Smart Tax Alliance. “The HST is a better tool to create jobs and protect job security than the status quo on the PST. For that reason the HST is worth it.”

Harmonization is expected to create 113,000 jobs and lead to \$11.5 billion in capital investment by 2020. Healthier businesses and more working British Columbians translate into a wider and stronger tax base to support our valued social services.

“The message we want to leave with our elected representatives is that sales tax harmonization is critical to strengthening the provincial economy and creating jobs,” added Winter. “It’s in everyone’s interest to support it.”

*The Smart Tax Alliance is a non-partisan coalition of 30 B.C. business and industry associations formed to support the harmonization of the PST with the GST. Members include: Business Council of BC, BC Chamber of Commerce, Institute of Chartered Accountants of BC, Retail Council of Canada, BC Technology Industry Association, Canadian Manufacturers & Exporters, Mining Association of BC, Council of Forest Industries, BC Trucking Association, BC Road Builders and Heavy Construction Association, Coast Forest Products Association, New Car Dealers Association of BC, BC Construction Association, BC Pulp and Paper Steering Committee, Truck Loggers Association, Motion Picture Industry Association of BC, Greater Vancouver Gateway Council, Railway Association of Canada, Independent Contractors and Businesses Association of BC, Initiatives Prince George Development Corporation, Canadian Association of Petroleum Producers, Association for Mineral Exploration BC, New Media BC, Western Convenience Stores Association, Canadian Energy Pipeline Association, BC Agriculture Council, Coal Association of Canada, BC Food Processors, Aggregate Producers Association of BC, Construction Labour Relations Association of BC.*

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Below is the open letter to the B.C. MLAs:

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June 25, 2010

Open Letter to all B.C. MLAs:

Pioneers of tax policy change are rarely celebrated. The announcement of the HST is no exception. But many noted economists, tax experts and industry leaders across the country say the HST is smart tax policy. Here in B.C., thirty business and industry associations, representing small, medium and large companies, stand behind the government's forward-looking decision to replace the antiquated PST with the HST.

When the B.C. government announced the HST last summer, the business community was quick to support the move. Our position has not changed, because the facts are the same: Simply put, the HST is crucial to B.C.'s long-term economic prosperity.

The B.C. government's leadership on the HST must not change. Taking a leadership position may not always win popular support. But challenging economic times call for tough decisions. In this case, transitioning B.C. to the HST is the right thing to do. It's good for the health of our economy, the competitiveness of our businesses and their ability to invest and create jobs.

Harmonization is expected to create 113,000 jobs and lead to \$11.5 billion in capital investment by 2020. Healthier businesses and more working British Columbians translate into a wider and stronger tax base to support our valued social services.

Some B.C. communities have struggled in the face of the global downturn and the US housing meltdown in recent years. The HST is particularly beneficial to the Province's export oriented manufacturing, mining and forestry industries and the communities built around them. The HST will save the forestry industry an estimated \$140 million annually. As the industry is just beginning to recover after a number of years of record losses, this is money that companies can invest to make sure their operations and jobs are viable in the long term.

Despite the long-term benefits of the HST, many consumers are challenging the need for change. After July 1, however, consumers will notice little change at the till. Approximately 85% of goods and services will continue to be taxed at 12%, which is equal to the 5% GST and 7% PST.

It would be unwise to reverse the HST. B.C. businesses have committed time and money to prepare for the tax with new software, investment decisions, communications, and legal and accounting fees.

By terminating the HST, B.C. businesses would lose an opportunity to become more competitive and lower consumer prices. The Ministry of Finance estimates that the HST will lower the cost of producing goods and services in B.C. by about \$2 billion annually. Evidence from other jurisdictions indicates that much of this savings would be passed on to consumers in the form of lower prices.

Eliminate the HST and public debt or other taxes would have to increase or services cut to offset the \$1.6 billion in transition funds that would be clawed back by Ottawa.

It is a mistake to think that B.C. is out on a limb with the HST. Ontario is moving in the same direction pioneered by three Atlantic Provinces and Quebec. More than 130 countries, including 29 of 30 OECD countries, have adopted similar value-added taxes.

The HST will make B.C. one of the most competitive jurisdictions within Canada for business investment dollars and create jobs in the province. This is why 33 of Canada's top economists recently

sent an open letter to British Columbians expressing their support for the HST.

Sales tax harmonization is critical to strengthening the provincial economy and speeding along recovery. B.C. jobs, communities and the vitality of our businesses depend on it.

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Yours truly,

A handwritten signature in black ink, appearing to read 'John Winter', with a horizontal line underneath.

John Winter, Chair  
Smart Tax Alliance