

Successful Municipal Practices: Responding to New Challenges



Tools for Change

TAX SHARING:

Commercial & Industrial Development Agreement The Town of Carman and The RM of Dufferin

The Town of Carman and the Rural Municipality (RM) of Dufferin are neighbouring municipalities in the heart of the Pembina Valley in south central Manitoba. The two communities share many services including fire protection, recreation, library, waste management and a tax sharing agreement for a new residential development project. The councils of Carman and Dufferin are always striving to find new ways to work together, and in 2008, entered into a commercial and industrial development agreement.

In the past, Carman and Dufferin competed with each other to attract new commercial and industrial business into their respective industrial parks. This competition was unproductive and sometimes resulted in conflict between the two municipalities. The Councils agreed that it would be more productive and a benefit to both municipalities to reduce competition between the Town and RM and work together to attract new commercial and industrial development.

In 2007, the Town of Carman and the RM of Dufferin negotiated a tax sharing agreement to facilitate a new residential development near the shared boundary of the municipalities. With the signing of the agreement, the Councils agreed that it would make sense to explore the possibility of entering into a second tax sharing agreement that would cover commercial and industrial development.

The Councils established a committee, comprised of the Mayor and Deputy Mayor of Carman and the Reeve and Deputy Reeve of Dufferin, along with municipal administrative staff from both municipalities to work on the new agreement. The committee met each month, looking at examples of commercial and industrial development agreements from other Manitoba municipalities, and working to create an agreement that would work best for their municipalities.

For Carman and Dufferin, a commercial and industrial development agreement was the next step in their cooperative relationship.

The tax sharing agreement allows the Town and the RM to benefit from commercial or industrial development in either municipality.

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In September 2008, the Town of Carman and the RM of Dufferin signed the commercial and industrial development tax sharing agreement. The agreement provides that 20% of the increased municipal tax revenue realized by either municipality as a result of the development of properties specified in the agreement is to be set aside in a joint fund. This fund is earmarked for joint initiatives such as fire, library services and recreation.

The agreement establishes a committee, comprised of the Mayor and Deputy Mayor of the Town and the Reeve and Deputy Reeve of the RM and other representatives chosen by the Mayor and Reeve, responsible to oversee the allocation of the joint fund.

The Councils of the Town of Carman and the RM of Dufferin believe that their commercial and industrial development agreement will provide a number of long-term benefits to both municipalities. Shared funds generated from the agreement will be combined with funds generated from the residential tax sharing agreement to support shared services. The councils are hopeful that, in the future, these services will be completely paid for with funds generated from the agreements.

The tax sharing agreement is new and has not yet been used, however the agreement is in place and ready for to be used. When new commercial and industrial development occurs in either Carman or Dufferin, both municipalities will benefit. The two councils agree that increasing cooperation benefits the citizens of both municipalities and encourage any municipality to explore the possibility of greater cooperation with its neighbours.

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The municipalities hope that their tax sharing agreement will provide a steady source of funding for shared initiatives, allowing them to pass tax savings on to their ratepayers.

For more information on better municipal business practices, Successful Municipal Practices, and the Tools for Change program, see the Association of Manitoba Municipalities' website, at www.amm.mb.ca.