

# Council puts slots cash under microscope

## Politicians eye using gambling revenues to ease city-wide tax hike

Kevin Werner, Special to the Review

Published on Apr 13, 2007

The challenge for Hamilton politicians is this: give every household a tax cut with the \$1.5 million Flamboro Slot revenue, or use the money to slice Flamborough residents' tax increase by more than two per cent.

If councillors approve spreading the gambling revenue across the city, each former municipality gets about a 0.2 per cent break on their taxes. Stoney Creek residents would receive a proposed 3.1 per cent tax increase; Glanbrook residents 1.7 per cent; Ancaster 4.4 per cent; Hamilton 3.2 per cent; Dundas 3.2 per cent, and Flamborough 4.8 per cent.

But if councillors area rate the gambling revenue, which they have done since amalgamation, Flamborough residents' taxes drop to 2.4 per cent. The other former municipalities' taxes jump: Stoney Creek to 3.4 per cent, Glanbrook to 1.9 per cent, Ancaster to 4.6 per cent, Hamilton to 3.5 per cent, and Dundas to 3.5 per cent.

The reason Ancaster and Flamborough residents' taxes are higher than other areas is because of the capital money politicians approved this year to construct two new fire stations in the Meadowlands and Waterdown. Fire service is area-rated so the municipalities that receive enhanced service are expected to pay for it.

A caveat to spreading the gambling money across the city, says Joe Rinaldo, corporate services general manager, is once councillors decide to use the slots revenue to reduce all former municipalities' taxes, under the Municipal Act, it cannot be area-rated again.

For the past six years, the slots revenue has been used, as recommended by the Transition Board, to reduce the Borer's Creek debt the former town of Flamborough created. The debt was paid off in 2006.

On one side of the debate, Flamborough councillor Margaret McCarthy suggested the gambling revenue be used to offset the high taxes in Ancaster and Flamborough because of the additional fire service expense.

She also said that her constituents have repeatedly stated they don't want higher taxes. There are some homeowners, she said, who are struggling to pay their taxes even now. Eliminating the area-rating program would only place a further financial burden on her constituents.

Roman Sarachman, chair of the de-amalgamation group the Committee to Free Flamborough, said if councillors decide to remove area-rating services for Flamborough, the CFF will seek legal action against the city.

"Under amalgamation, they can't do that," he said.

Rinaldo pointed out that if council decides to continue area-rating the slots revenue, only Flamborough can benefit, and not Ancaster.

Other councillors, though, were eager to use the gambling revenue for all of Hamilton.

"The slot revenue should benefit the overall city of Hamilton," said Ward 6 councillor Tom

Jackson.

Politicians deferred voting on the delicate issue until later in their budget deliberations.

Councillors also held off deciding whether the city's area-rating policy should be changed - or even eliminated - until a more thorough debate is held next year prior to the 2008 budget deliberations.

The practice of area-rating services was adopted by the new, amalgamated council in 2001 to mitigate tax increases on the former suburban municipalities. Politicians and residents in Glanbrook, Ancaster, Stoney Creek, Dundas and Flamborough were fearful if they paid for services their areas were not getting, taxes would skyrocket, and homeowners would rebel.

So in 2001, councillors area-rated services such as transit, fire, culture and recreation, storm water, seniors tax credits, slots revenues and financial adjustments. After five years, the services that are still area-rated are transit, fire, culture and recreation and slots revenues.

The former Hamilton-Wentworth Regional council also area-rated transit, libraries, waste management and storm drainage.

If area-rating were eliminated, taxes would shoot up. For example, without area-rating, this year Stoney Creek residents would pay an 11 per cent average tax increase, Glanbrook 14.5 per cent, Ancaster 11.3 per cent, Dundas 9.5 per cent and Flamborough 13.7 per cent. Residents in the former city of Hamilton would get a 1.1 per cent tax cut.

"We are looking at fairness and objectivity," said Ward 8 councillor Terry Whitehead. "We are all part of the one community now."

Politicians, including Stoney Creek councillor David Mitchell, are suggesting any tax differences should be split between urban and rural areas, a concept that has been adopted by Ottawa. The idea that services are different in urban and rural areas and the city's tax policy should reflect that concept has slowly gained approval among councillors.

"A urban-rural concept makes sense," said Councillor Brian McHattie.

The problem, says Stoney Creek councillor Brad Clark is determining where the urban area ends and the rural area begins.

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