

CLEARING THE PATH

INDIAN TAXATION ADVISORY BOARD

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ITAB Chairman to Lead FNTC

Indian Taxation Advisory Board (ITAB) Chairman, C.T. (Manny) Jules, has been appointed Chief Commissioner of the soon to be established First Nations Tax Commission (FNTC). The appointment, made by the federal cabinet, was announced by Indian Affairs Minister Jim Prentice on November 24, 2006.

As part of the announcement, Minister Prentice hailed Mr. Jules as a “community leader and pioneer when it comes to First Nation tax regimes” and characterized his leadership in the development of the *First Nations Fiscal and Statistical Management Act* (FSMA) as “invaluable”.

Mr. Jules called the appointment “an honour” and said he is eager to get down to business. “I look forward to building upon the work of the Indian Taxation Advisory Board in support of taxing First Nations across Canada.” Mr. Jules will also serve as Chief Executive Officer and will have supervision over, and direction of, the work and the staff of the Commission.

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Mr. C.T. (Manny) Jules is pictured above at a meeting held at the Whitecap First Nation to honour him for his leadership in economic development. In the photo are: Joe Quewezance, Chief, Saskatoon Tribal Council; Councillor Frank Royal; Arnold Stone, Band Member; Chief Darcy Bear; C.T. (Manny) Jules; Councillor Dwayne Eagle; and Guy Lonechild, 2nd Vice Chief, Federation of Saskatchewan Indian Nations.

Sto:lo Nation and City of Chilliwack Celebrate Historic Service Agreement

The Sto:lo Nation and the City of Chilliwack have reached an historic service agreement which creates certainty and promotes economic development throughout the participating Sto:lo communities. The agreement, reached in the fall of 2006, may serve as a template for future service and development cost charge agreements and provides a comprehensive process for joint land use planning.

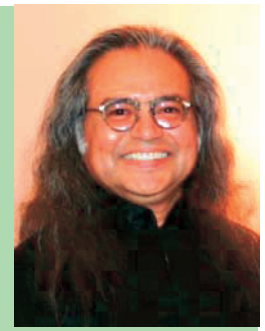
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Chairman's Message

2007 promises to be an historic year for taxing authorities and their taxpayers. For nearly twenty years, the Indian Taxation Advisory Board has been a stalwart presence in First Nation property taxation. Through advocacy, research and dispute resolution, we have always strived to build a national First Nation tax system that has integrity.



As many of you know, in 2007, the First Nations Tax Commission will assume the role of ITAB. Looking back at the last nineteen years, I am proud of the First Nation tax authorities across Canada and the growth accomplished, the goodwill achieved, and the paths cleared. The torch has been passed to the FNTC, and First Nation tax authorities and taxpayers should expect the same level of service and dedication provided by ITAB for nearly two decades.

Late last year, I accepted the appointment of Chief Commissioner of the FNTC. I appreciate the confidence Canada has shown in my ability to lead the Commission and fulfill its mandate. I am honoured to have the privilege to work, once again, with First Nations in assisting them to build sustainable economies through taxation. Over the next several months, the remaining appointments will be completed and the Commission will be fully operational.

This year also marks the first time that First Nations will have an alternative to *Indian Act* taxation. Twenty seven First Nations have submitted resolutions asking to be added to the *First Nations Fiscal and Statistical Management Act* schedule and I understand that many more will likely make the change this year. This is an important transition for First Nation governments and their taxpayers. If you have any questions about the FSMA or would like an on-site presentation of how to access the legislation, please let us know.

Finally, as in years past, we encourage First Nations to closely monitor changes in assessment values, particularly in British Columbia. Reports indicate that residential assessments have risen by over 20% in many instances. This may impact the assessment appeal and rate setting processes. Please contact our offices if you require assistance.

Best wishes for the New Year,

A handwritten signature in blue ink that reads "Manny".

C.T. (Manny) Jules
Chairman

FSMA Regulations Update

Significant progress has been made on the development of Regulations. The first package of FSMA regulations has gone through the entire process of consultations, with comments being considered in the final regulations. These regulations received final approval and were passed by the Governor-in-Council on October 5, 2006. They were published in Part II of the *Canada Gazette* (Vol.140, No. 21) on October 18, 2006 and may also be viewed by going to www.fntc.ca and clicking on the "Regulations" button.

Work on the second and third packages of regulations is nearing completion. The packages include seven regulations affecting the operations of the FNTC and the Financial Management Board, and the property tax regimes established by the FSMA. They also include regulations to add the names of First Nations opting to operate property tax systems under the FSMA to its Schedule and make certain amendments to the *Property Assessment and Taxation (Railway Right-of-Way) Regulations*. It is anticipated these regulations will receive final approval in 2007.

CPTA - Annual Meeting

ITAB delegates joined taxpayers from across Canada in attending the 40th Annual National Workshop of the Canadian Property Tax Association (CPTA) held in Montreal in September 2006.

Established in 1967, the CPTA is a national organization representing industrial and commercial stakeholders of the property tax system. The aims and objectives of the association include providing a forum and information exchange in the field of property assessment and taxation, promoting the equitable assessment of property for tax purposes, studying existing and proposed legislation and making representations to Governments.

The CPTA reviewed the *First Nations Fiscal and Statistical and Management Act* and subsequent regulations at the consultation stage and made important and favourable representations to the Government of Canada in its consideration. The CPTA has demonstrated support of the FSMA and its role in strengthening First Nation property assessment and taxation regimes.

A central feature of the CPTA mandate to provide a forum for the exchange of ideas and information relating to emerging property tax issues arising across Canada is its annual workshop. The theme for this year's workshop was: "Equity and Fairness - How are you being treated?". In addition to learned CPTA members speaking to the impact of equity and fairness on property assessment and taxation, impressive guest speakers also addressed the delegates, including Mr. Dick Pound of the International Olympic Committee (The Olympics: Are They Games or a Real Estate Play? - a discussion of IOC considerations of local tax structures and the burden of Olympic costs on local taxpayers) and Mr. Andre Marin, Ontario Ombudsman (Final Report: Getting it Right - an investigation into the transparency of the property assessment process and the integrity and efficiency of decision-making at the Ontario Municipal Property Assessment Corporation and the Minister of Finance).

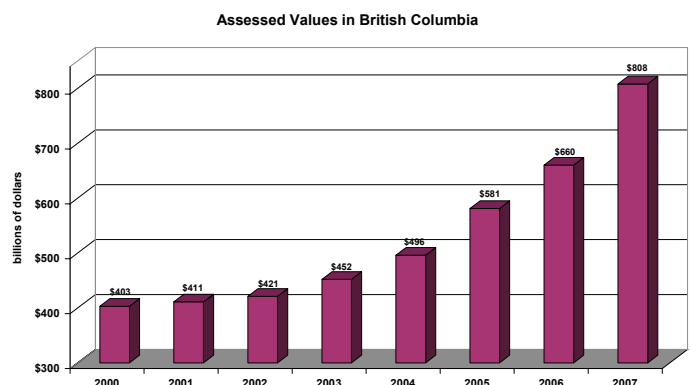
The workshop also provided CPTA delegates with an opportunity to engage in dialogue with the ITAB delegates and to learn about the progress in the implementation of the FSMA, the transition from ITAB to the First Nations Tax Commission, and the work of ITAB in s.83 taxation this past year.

Assessed Values Spike in BC

The picture below right includes assessed values for both on and off-reserve land. The 2007 British Columbia assessment roll was valued at almost \$808 billion. This is a 23 per cent increase from the 2006 revised assessment roll.

Increases in values speak well for investor confidence on-reserve and on provincial lands. Over the past few years residential property values have increased significantly, while commercial and industrial property values remained relatively stable in most areas. However, for the 2007 assessment roll, commercial and industrial properties across the province have seen significant increases. Multi-family zoned, and development lands have also shown significant increases over 2006.

Local governments will be taking the spike in assessment values into consideration when setting rates.



Leading the FNTC

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The appointment of the Chief Commissioner is the first step in the appointment process. In October 2006, the federal government conducted a 40-day nation-wide search for suitable candidates, primarily through the posting of advertisements in print media and in the *Canada Gazette*. Candidates must meet the specific eligibility requirements, in accordance with the FSMA. It is anticipated the remaining appointments will be made by April 2007.

Transition Activities Continue...

In the interim, ITAB continues to ready itself for the change-over to the First Nations Tax Commission. In addition to the regulatory work (see story pg. 2), activities include the review of section 83 sample bylaw and review procedures, the preparation of draft FSMA sample laws and law review standards. Work also continues to further organizational readiness such as the development of a Commissioner Orientation program and the drafting of bi-lateral, operational protocols between the FNTC and each of the First Nations Finance Authority, Financial Management Board and Statistical Institute to support strong, effective and independent working relationships.

The FSMA received Royal Assent in March 2005. The First Nations Tax Commission, the successor to the Indian Taxation Advisory Board, was one of four First Nation institutions created with the passage of the Act.

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FNTAA - 13th Annual Forum

On September 27, 2006, the 13th Annual Meeting of the First Nations Tax Administrators Association (FNTAA) was held in the City of Calgary. ITAB Chairman Manny Jules had the honour of delivering the keynote address entitled "Creating Certainty in a First Nation Market Economy".

Attending tax administrators were provided with an overview of the First Nation Tax System for 2006, including priorities for section 83 and FSMA taxation by ITAB staff. Presentations were also made regarding policy development, the transition to the FSMA, new law making powers under the FSMA, and one by the Department of Finance on First Nation tax. A discussion paper on the implementation of policy covering local improvement taxes was also presented. The session provided tax administrators with a valuable opportunity for input into ITAB's policy development process.

The next meeting will be held in the fall of 2007.

Historic Service Agreement

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Regional economic growth benefits both the Sto:lo communities and the City of Chilliwack. By focussing on their mutual interests, Chilliwack and the Sto:lo have created one of the best investment climates in British Columbia. This agreement demonstrates strong leadership and creates one of the best models for First Nations and municipalities in BC and throughout Canada.

ITAB Chairman, C.T. (Manny) Jules, spoke at a meeting on November 21, 2006 which was held to acknowledge the work of the participants of the settlement agreement.

He recognized the tireless efforts of Chief Joe Hall, Mayor Clint Hames, and many others involved in the process. The Chief and the Mayor were presented with Eagle carvings honouring their leadership in this great achievement.

The agreement is expected to be signed early in 2007.