

CLEARING THE PATH

INDIAN TAXATION ADVISORY BOARD

SPECIAL EDITION SUMMER 2000



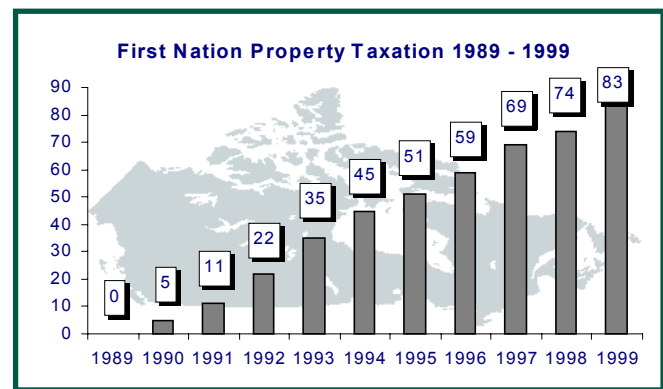
Responding To Challenges

FNTC National Consultation

Progress Continues

To refine the design of the First Nations Tax Commission (FNTC), the Indian Taxation Advisory Board has embarked upon a consultation process to seek input to the process from First Nations, government agencies, on-reserve property taxpayers, and other interested parties. Presentations which include an overview of the proposed FNTC, as well as a presentation on the current implementation plan, have been well received from coast to coast.

Over the past year Chief C.T. (Manny) Jules, ITAB Chairman and ITAB staff have made presentations to a broad range of participants including: the Senate Standing Committee on Aboriginal Peoples; National Meeting of First Nations with Taxation Authority; First Nations Tax Administrators Association; BC Utilities Advisory Committee; First Nations Tenants Associations; Canadian Energy Pipeline Association; BC Civil Liberties Society; UBCM Convention Trade Show; AFN-LTS Joint Initiative; and the DIAND Senior Policy Committee.



The number of First Nations Governments with property tax bylaws has grown to 83 in just 10 years. First Nations currently collect more than \$35 million in annual revenues.

A wide range of questions have arisen as participants at the presentations seek to learn more about the FNTC and ensure that it serves their needs. Questions raised and responded to included ones associated with protecting First Nation jurisdiction, property tax policy development, assessment and tax rate setting practices, methods for establishing standards, and processes for addressing tax and representation.

Support for the commission has been positive and encouraging from First Nations and taxpayers. First Nations recognize that protecting their tax jurisdiction requires a strong national institution. At the same time, taxpayers want the new tax commission to ensure that they receive quality services at a fair price (tax). All parties have also recognized the significant work still required to develop the appropriate policies and legislation to implement the FNTC.

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PLEASE CIRCULATE

Message from the Chairman

Fiscal Institutional Development Progress

In July of 1999 the assembly of chiefs at the AFN General Assembly in Vancouver, British Columbia provided a mandate of support for the creation of the First Nations Tax Commission (FNTC) and the First Nations Finance Authority (FNFA). These historic resolutions have cleared the path for a process of legislative development that will lead to the creation of the first national fiscal institutions devoted to serving the local requirements of First Nations governance and economic development. In April, 2000 a similar mandate was provided by the Confederacy of First Nations for the creation of a Financial Management Board (FMB) and a First Nations Statistical Institute (FNSI).

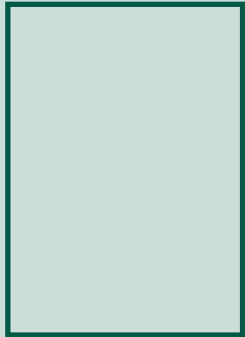
Working with the Chief's Committee on Fiscal Relations, the ITAB has now embarked upon a legislative development process that will provide a statutory basis for the new agencies. In addition, we are exploring the potential for expanding First Nations jurisdiction in taxation in an effort to ensure that adequate resources will be available to support economic and community development. The quartet of fiscal institutions will enable First Nations to access capital in a regulated taxation framework while at the same time properly addressing the need for data collection and financial management standards.

These important national developments are happening at a critical point in our continuing journey toward self-sufficiency and autonomy. The leadership that has stepped forward to support these initiatives are continuing the work of the many leaders who have come before them, enduring and dedicating their lives for a brighter future for us all.

Extensive consultation on this institutional development process is underway. I invite and encourage your participation in this exciting initiative. To take part, please contact me directly or visit our website for more information.

Sincerely

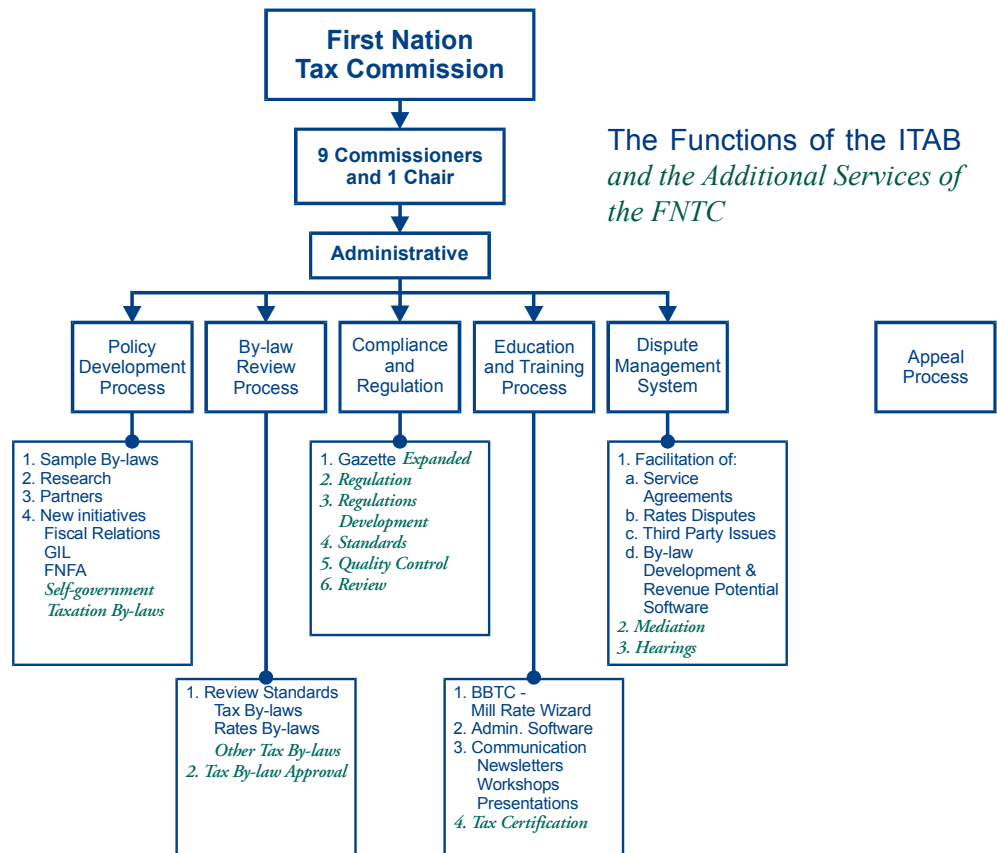
Chief Clarence Jule
 Chief C.F. (Manny) Jule
 Chairman



FNTC Builds Upon ITAB Foundation

The FNTC is a natural next step in the evolution of the ITAB. It will change the organization from an advisory body answering to the Minister into a service agency for First Nations. As a service agency, the FNTC will be a model of First Nation governance. It will represent the collective interests of First Nations and by promoting administrative efficiency and fairness, it will promote the economic development of First Nations.

The Functions of the ITAB and the Additional Services of the FNTC



Additional Functions and Services of the FNTC

The preceding chart displays the functions of the ITAB and the new services that will be offered by the FNTC.

By-law Approval

The FNTC will take over the authority for approving First Nation tax by-laws from the Minister. It will continue to make available sample by-laws that make it easier for First Nations to draft by-laws that are consistent with national standards and minimize liability risks.

Service Agency with Performance Measures

The FNTC will be committed to delivering quality services to all its clients. It will develop performance measures in consultation with its clients and regularly report on its progress. Ongoing internal reviews will ensure that the institution maintains service levels.

New Commissioners

The FNTC will have two additional First Nation members so that all six regions of the country will be represented. It will also have three taxpayers representing important interests. This will help build the confidence of the public that this new commission will be fair and considerate of taxpayer interests.

Dispute Resolution

The FNTC will have expanded powers to prevent and resolve disputes. Currently, the ITAB may intervene in disputes to try and facilitate an agreement. The FNTC will have a much broader range of dispute resolution tools including a roster of trained mediators. The ITAB is currently developing a dispute resolution policy with the support of CBI at the M.I.T.-Harvard Public Disputes Program.



Professor Larry Susskind, Director of the M.I.T. - Harvard Public Disputes Program teaches interest based negotiations techniques in Calgary.

Appeal

The FNTC appeal process will be independent from administrative functions. In satisfying the due process requirements on FNTC by-law approval, it will provide a cost effective alternative to the courts.

Transparent Policy Development

The FNTC will develop formal procedures for policy development, by-law review, regulation development, education and training. These will expand the opportunity for public consultation and ensure all interests are properly considered.

Certification

The FNTC will build on the success of the ITAB's certified budget based tax rate and CLASS training programs. It will expand the curriculum to include all aspects of property tax administration and capital planning. Persons successfully completing each course will be certified by the FNTC.

Review

The FNTC will review First Nation by-laws and tax systems to ensure compliance with legal and administrative standards. Review processes provide assurance to potential investors and lenders and will be supported by training and capacity development.

FNTC - Standards and Education for Tax Administrations

First Nations occupying the field of real property tax jurisdiction continue to ask the ITAB to assist them to establish their administrations. The potential for tax revenue financed capital infrastructure increases the need for First Nation capacity development. It is proposed that the new commission will continue with the education and training work begun by the ITAB.

The ITAB has created a number of training courses designed to establish standards for First Nation tax administrations. The ITAB curriculum and standards for proficiency were created with the support of the University of Victoria and the First Nation tax administrators.

To support the academic program and provide important new tools for First Nations administrators, the ITAB has also created a number of specialized software programs to enhance administrative capability.

ITAB Service Agreement Software

ITAB Revenue Potential Software

ITAB Mill Rate Wizard

CLASS -First Nation Tax Administrator's System



Brian Finlay, Little Shuswap Indian Band receives CLASS training from Tanya Holt of Wizard of Mod.

The 2000 release of CLASS, *Client Lands Assessment Services System*, marks an important advancement for First Nations. The software is designed to manage the data from assessments, budgets, and tax rates and is capable of generating annual taxation notices for taxpayers. The program will also maintain current financial reports for taxpayers and First Nations administrations.

Presented in two and three day modules the certificate based training includes computer lab tutorials for students to enhance their computer skills.

FNTC Institutional Coordination

First Nations are the only tax collecting governments in Canada without access to long term debt financing for capital infrastructure. Access to international bond markets provides a significant reduction in the cost of money by increasing the term of the bond. Lower cost infrastructure provides economic benefits to First Nations and reasonable rates of taxes to lessees.

To facilitate access to capital, the First Nations Finance Authority(FNFA) has been created as a borrowing and investment group. The FNFA will establish membership requirements and float First Nation bonds on the international markets. International rating agencies will determine credit rating of First Nation participants.

Reducing costs for infrastructure is a constructive approach to enhancing economic development opportunities on First Nations lands. Implementing the financing program will require a series of checks and balances administered by the FNTC, FNFA and other First Nation institutions as projects, financial management standards and debt carrying capacity are reviewed and evaluated. Ensuring timely access to long term capital will require efficient institutional coordination among First Nation fiscal institutions including the FNTC.

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