

OPINION

Tax debate all smoke and mirrors

Irrational: While the furor over a transit tax grows more heated, there's no hue and cry about the homeowners grant that costs the public purse \$814 million



Pete McMartin

Write a column in favour of the transit plebiscite — be my guest, please, and prepare yourself for heartburn.

You will be inundated with angry emails from readers who write NO in caps, which will be followed by multiple exclamation marks, which will be followed by their insistence that they cannot abide another rise in taxes because their tax burden is so onerous now that they can't afford to put food on the table and have even had to eat their children to prevent themselves from going hungry, though possibly I made that last bit up.

Their fury is so great and so indiscriminate it seems to encompass more than just taxes — modern life, perhaps. All they know is that they've had it up to here. Or as they write it, HERE!!!!

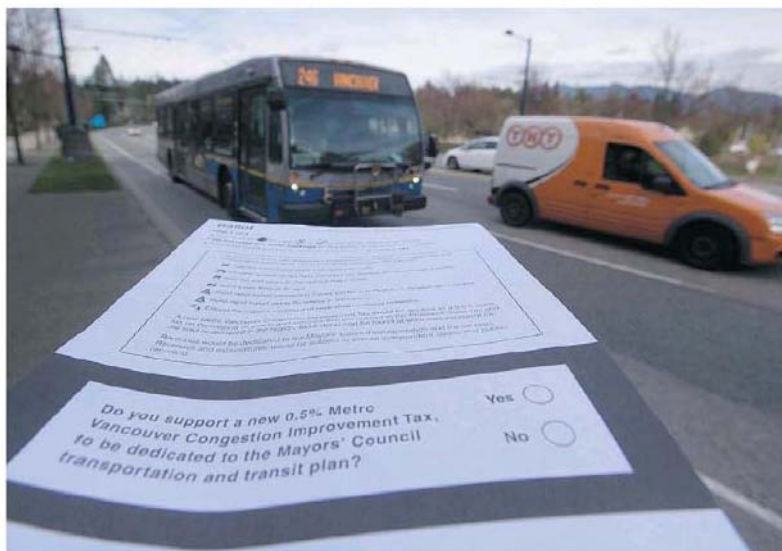
But why focus all this rage on a measly 0.5-per-cent raise in the sales tax — yes, I said measly — to fund much-needed transit when other fiscal issues, like the cost of housing, are so much more pressing?

Anyway, in a column Tuesday, I was trying to make that point — clumsily, as it turned out — when I drew attention to the fact that the provincial government had quietly maintained the lowered cap on the homeowners grant while the cost of housing in Metro Vancouver had skyrocketed. Thousands of Metro homeowners would see the amount of their grants fall or disappear entirely.

Yet this, and other government revenue changes like the rise in medical insurance payments and the lowering of the basic personal income tax exemption, have generated nowhere near the heat the proposed transit tax has.

This to me seemed irrational.

Unfortunately, many readers took it as fodder for the No side in the transit debate, since they saw it as evidence of their growing tax burden, and many others



Increased medical insurance costs aren't provoking the anger the proposed transit tax has generated.

saw it as support for raising the cap to the homeowners grant.

It was neither.

For one thing, I think the homeowners grant should be abolished. It benefits only those who have the means to own homes, while it places an unfair tax burden on those who don't.

Also, the cost of those grants will cost the provincial government — that is, you, the taxpayer — a projected \$814 million in 2014-2015.

So why no hue and cry?

"The homeowners grant," said Prof. Rhys Kesselman of Simon Fraser University's school of public policy, "eats up government revenue and doesn't serve any well-targeted purpose. It does not include renters, who are a majority of residents in (Metro Vancouver), and it is not related to need or income. It may

say, ... I don't see a lot of rationale for it."

Yet Kesselman does see merit in the transit plan, and voted Yes in the plebiscite. Meanwhile, he pointed out, the provincial government has quietly been raising the tax burden with little notice from the public.

"The provincial government has not come out supporting the transit tax increase, presumably because they're afraid the dirt will stick to them, they'll lose votes next time and the (plebiscite) might lose as well. Yet they themselves are raising MSP (Medical Service Plan) premiums, and they're raising property tax effectively through the homeowners grant threshold. Somewhere is the smoke and where are the mirrors?"

Which is to say, there are taxes and then there are taxes.

In the case of the transit tax, which will actually go toward a needed public good, it will especially benefit lower- and middle-income people who use public transit, not to mention daily car commuters, who will see part of those transit taxes going toward road and bridge upgrades.

But the homeowners grant?

That huge revenue drain benefits those who have, or had, the means to afford a home. It serves no useful purpose. But think of what \$814 million could do for public transit.

How many of you No voters out there quietly and every year availed yourself of that homeowners grant?

Complained about the wasteful use of your tax dollars then, did you?

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