



CLEARING THE PATH

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Parliament Passes FMA Amendments

The First Nations Tax Commission welcomes the announcement that the federal government has passed Bill C-59, which includes amendments to the *First Nations Fiscal Management Act* (FMA).

FNTC Chief Commissioner C.T. (Manny) Jules welcomed the government's announcement. *"Over the last ten years, we have witnessed more and more First Nations moving away from the transfer dependency model that has stagnated First Nation communities and economies. We fully expect that the legislative improvements will mean we can provide better services to more First Nations who are achieving greater self-sufficiency, improving accountability, and attracting private investment for their economies."*

Enacted in 2005 by Parliament with all-party support, the FMA provides 147 participating First Nations with revenue raising powers like property taxation, improved financial management, and access to low-cost long term financing for community needs and economic growth. This has translated into over \$220 million raised in property tax, over 50 new financial management systems, and a \$90 million debenture. The amendments are intended to address inefficiencies, streamline First Nation access to the FMA so that more First Nations can participate, and improve investor confidence in the legislation.

The First Nations Tax Commission, along with the First Nations Finance Authority and the First Nations Financial Management Board, have been seeking amendments to the legislation since 2009. The need for change was reflected in the Minister of Aboriginal Affairs and Northern Development's Report to Parliament on the Legislative Review of the First Nations Fiscal and Statistical Management Act – March 2012.

Key stakeholder groups like the First Nations Tax Administrators Association, the Canadian Property Tax Association and the Canadian Energy Pipeline Association have endorsed the much needed improvements to the FMA proposed by the Commission.

"These amendments are an important step on the part of the Government of Canada to support the desire of First Nations to have the tools that enable better access to capital and improved accountability, and that improve the jurisdiction to raise revenues to create sustainable economies that benefit all Canadians."

- Harold Calla, Executive Chair of the First Nations Financial Management Board

"On behalf of FNFA's board of directors and the borrowing members we are extremely happy (with) these important amendments to FNFMA."

- Ernie Daniels, CEO of the First Nations Finance Authority

"Our Government is committed to helping enable First Nations to take full advantage of Canada's economic prosperity—this is why I am so pleased that we are moving forward with amendments to the First Nations Fiscal Management Act. The proposed amendments for the opt-in legislation would reduce red tape, foster a strong and healthy investor's climate and strengthen the regime. This is a clear demonstration of our Government's commitment to working with First Nations to create the conditions that lead to jobs and economic development opportunities in Canada."

- Bernard Valcourt, Minister of Aboriginal Affairs and Northern Development

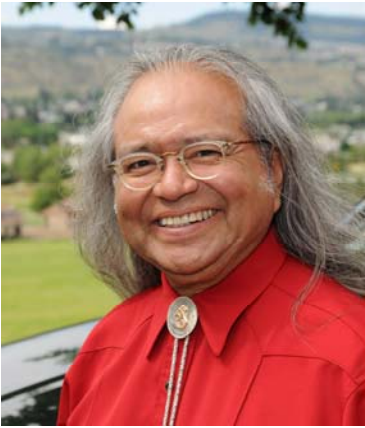
Corresponding to the legislative amendments will be a number of changes to the associated FMA Regulations to be developed over the coming months. It is expected that the amendments and revised regulations will come into force early next year. ■



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Message from the Chief Commissioner



I am pleased to report some recent good news for First Nation property tax jurisdictions. The 2015 Federal Budget announced that the federal government would be moving forward with amendments to the *First Nations Fiscal Management Act* (FMA). The amendments were included in the 2015 Budget Implementation Act which received Royal Assent on June 23, 2015. These amendments address inefficiencies, streamline First Nations access to the FMA and allow more First Nations to participate in the FMA while also improving investor confidence in it. In short, these changes will make it easier to enter into taxation, to develop new revenue sources, to use local revenues to finance infrastructure and to build self-sustaining infrastructure systems.

The First Nations taxation movement has indeed come a long way. Years ago, it was predicted that only a few First Nations would take advantage of property tax. It was assumed that First Nations simply did not have the capacity to help their own governance, and therefore needed constant oversight. The passage of these amendments confirms that people no longer believe in that dependency and have confidence in what First Nations are building.

First Nations have demonstrated time and again that they do best when they make decisions for themselves. When First Nations make decisions about their own management and disbursement, their revenues and assets create the best value. The amendments confirm that Parliamentarians have confidence in the FMA and the First Nations that utilize it. Parliamentarians recognize that our model of vesting fiscal powers in communities with sound governance is the path out of disparities and dependency.

We see this same message reflected in the endorsement First Nations taxation recently received from the National Aboriginal Economic Development Board (NAEDB). The NAEDB is charged with supporting Aboriginal entrepreneurship and helping Aboriginal people become economically self-sufficient. The NAEDB has a broad mandate in that it identifies measures to support entrepreneurship and remove barriers to First Nations participation in the economy. It has been studying what works and what does not work.

The NAEDB concluded that First Nations property taxation has clearly worked. It has contributed to the improved well-being of First Nation communities. Taxation monies have been re-invested in infrastructure and services and supported the increased presence of businesses on reserve lands. In fact, the report has found that First Nations with property tax have demonstrated significantly better outcomes than First Nations without and that the longer a First Nation has had property tax, the greater the increase in performance.

First Nations with property tax jurisdiction have not just built healthy communities; they have demonstrated the utility of a whole philosophy. I look forward to the day when we build on this by developing new tax powers and assuming full political and fiscal responsibility for service delivery and accountability.

Sincerely,

C.T. (Manny) Jules
Chief Commissioner



Implementation of FMA Legislative Amendments and FMA Regulations

In June 2015, a number of amendments to the FMA were given Royal Assent. These amendments are expected to come into force in early 2016, along with corresponding amendments to a number of FMA Regulations.

The amendments to FMA Regulations are currently in development. The Commission has proposed a number of regulatory amendments, including to the Assessment Appeal Regulations, the Assessment Inspection Regulations, the Taxation Enforcement Regulations, and the Local Revenue Law Review Regulations. Key amendments to the Assessment Appeal Regulations include reducing the assessment appeal timelines, clarifying that non-practicing lawyers can serve on assessment review boards, and clarifying the right to appeal assessment review board decisions to court. An amendment to the Assessment Inspection Regulations is proposed to enable assessors to conduct inspections using similar procedures to those required provincially, and to the Taxation Enforcement Regulations to clarify the requirements respecting tax arrears certificates. The regulatory development process will continue through the fall with a view to completion in early 2016.

Over the next year, the Commission staff will be undertaking policy and law development work to implement the changes arising out of these amendments. The implementation will involve changes to the Commission Standards, Procedures, sample laws, sample notices, internal processes, and communication materials.

The following amendments and additions will be necessary:

Amendments to Existing Standards

- Standards Establishing Criteria for Approval of Borrowing Laws and Standards for the Form and Content of Borrowings Laws.
- Standards for the Form and Content of Property Taxation Laws.
- Standards for First Nation Expenditure Laws.
- Standards for the Submission of Information Required under Section 8 of the Act.
- Standards for the Form and Content of Service Tax Laws.

New Standards

- Standards for the Form and Content of Fee Laws
- Standards Respecting Notices of Local Revenue Laws
- Standards Respecting the Timing of Annual Laws

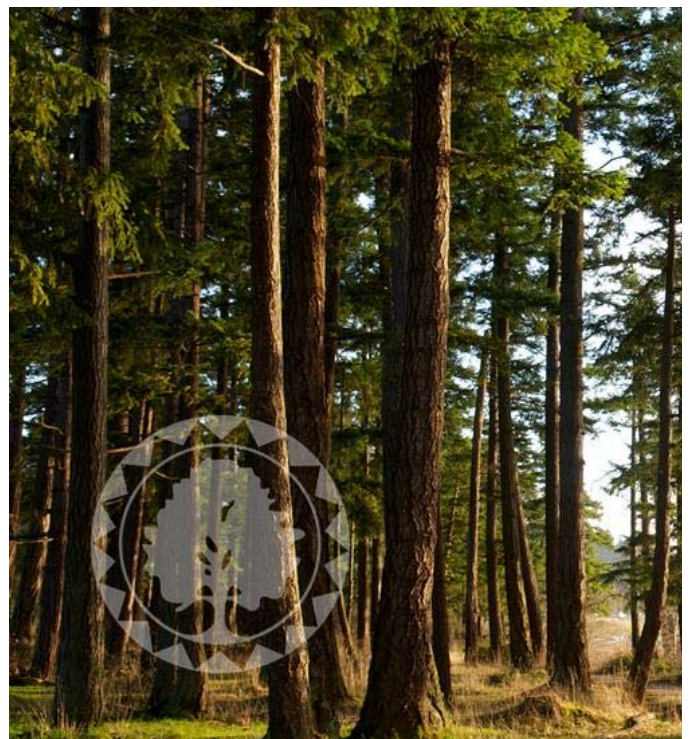
Amendments to Sample Laws

- All regional sample property taxation laws
- All regional sample property assessment laws
- Sample annual expenditure law
- Sample annual service tax law

Document Updates

The amendments will also impact a number of Commission documents, including procedures, sample notices, and guides. The Commission will be reviewing and updating all of its documentation, including:

- Sample section 6 notice, sample section 8 letter, and sample representation plan
- Guidelines for FMA Representation Process, and the First Nation Real Property Taxation Guide (3rd edition)
- Commission Procedures Respecting the Approval of Local Revenue Laws. ■



Decade of Progress: Annual Report Highlights First Nations Success

It is clear that the First Nation property tax system continues to demonstrate growth, vitality and innovation. We see emerging First Nation tax authorities in every region of the country. This is due in large part to a stronger appreciation of how First Nation property tax powers are better equipped to respond to community objectives and aspirations.

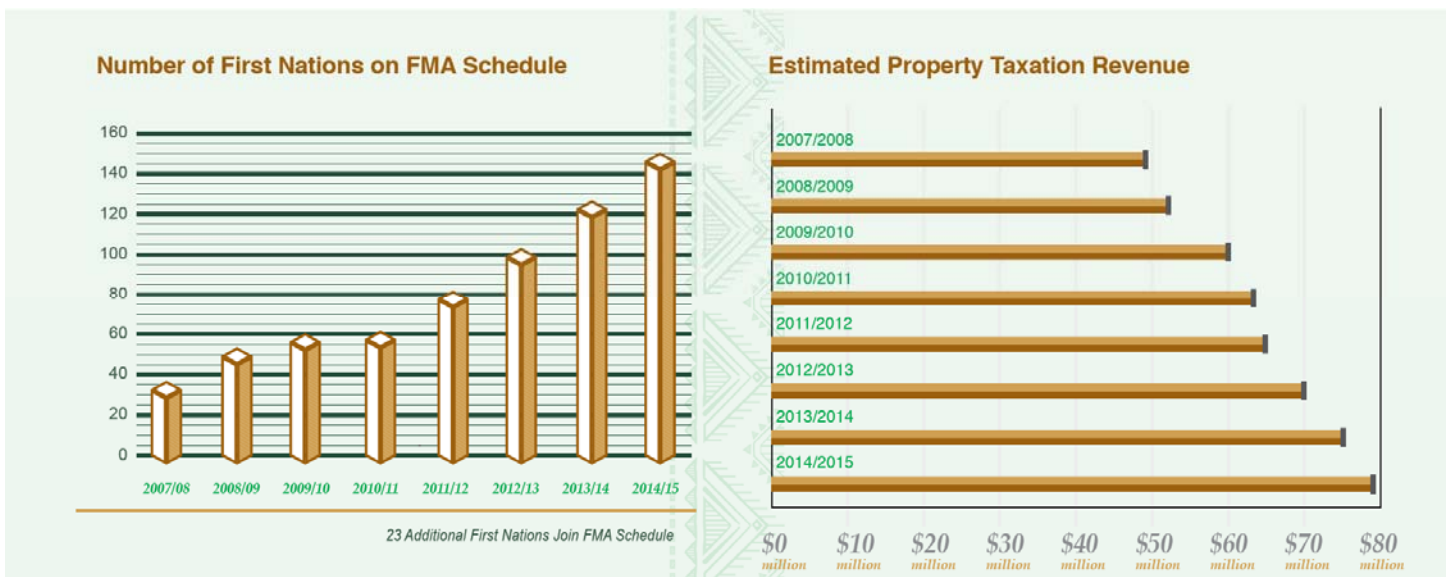
The ability to raise revenue and determine how it will be spent is an illustration of self-sufficiency. Not only are more First Nations setting up tax systems, they are adding new revenue powers like development cost charges and property transfer taxes. Along with local revenue borrowing laws, these revenue powers are helping First Nations build critical capital infrastructure to support economic growth.

While property taxation continues to provide much needed revenue for First Nation economies, sometimes lost in the discussion are the other positive impacts it

has on First Nation governments. Benefits include consistent and clearer First Nation law-making, improved service agreement negotiations between First Nation governments and municipalities, better taxpayer relations, and greater transparency to taxpayers and members.

These improvements make First Nations governments stronger governments and stimulate even greater investment on First Nation lands. Property taxation also means a real change in the way First Nations approach fiscal planning and financial management. Moving away from being solely dependent on other government fiscal transfers is perhaps one of the greatest contributions property tax jurisdiction has made for First Nations.

Visit the FNTC website to read the Annual Report for 2014-15: www.fntc.ca ■



Annual General Meeting

An important objective of the First Nations Tax Commission is to reconcile interests and create mutual benefits for First Nations governments and stakeholders in the First Nation tax system.

Join us for the First Nations Tax Commission's **ANNUAL GENERAL MEETING**
2:00 pm - September 17, 2015
Chief Louis Centre Assembly Hall
345 Chief Alex Thomas Way, Kamloops, B.C.



Taiwan Council of Indigenous Peoples Meets with Commission

Taiwan (Republic of China), led by Minister Lin Chiang-I, Council of Indigenous Peoples met with the First Nations Tax Commission. The Commission was represented by Deputy Chief Commissioner David Paul. The meeting, held in the Commission's Ottawa office, was also attended by officials from the Taipei Economic and Cultural Office in Canada (located in Ottawa), led by Ambassador Bruce Linghu.

The ten-person delegation was in Canada for a week-long visit to meet with a number of Aboriginal organizations across the country, primarily to learn about economic development and financial practices on reserve. In addition to Ottawa, the delegation travelled to Toronto, Saskatoon, Calgary and Vancouver.

During the hour long meeting, the delegates, all members of indigenous tribes – seven of whom are mayors of villages throughout Taiwan - learned about the origins and mandate of the Commission, the benefits from collecting property tax (and other taxes), as well as the other economic development tools available under the *First Nations Fiscal Management Act*. Such powers do not exist for the 16 indigenous tribes in Taiwan.

The experience of the indigenous peoples in Taiwan was also shared.

The current indigenous population in Taiwan is approximately 530,000, roughly 2% of the total population. In Canada, just over 1.4 million people (4% of the total population in Canada) identified themselves as an Aboriginal person.

The Council of Indigenous Peoples is a ministry-level body under the Executive Yuan in the Republic of China. It was established to provide a central point of government supervision for indigenous affairs, as well as a central interface for Taiwan's indigenous community to interact with the government.

The Council's responsibilities include the power to grant recognized status to indigenous tribes of Taiwan. The tribes must apply with a petition and various pieces of evidence of their legitimacy.

Besides officially recognizing tribes, the Council promotes the use and revitalization of Taiwan's aboriginal languages, supports legislation that would grant autonomous land to indigenous peoples, strengthens relations between Taiwan's indigenous groups and those in other countries, and raises awareness of aboriginal cultures. ■



The delegation from the Council of Indigenous Peoples in Taiwan visit FNTC's National Capital Region's office



Minster Lin receives an Honour Blanket from Deputy Chief Commissioner Paul following the meeting

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Tax Administration System: Payment Receipt and Account Management

The Tax Administration System (TAS) software programmers have worked with First Nations throughout the 2015 Taxation Year and building on recommendations and requests from tax administrators they have significantly improved and enhanced the TAS application. The direct collaboration with experienced professional property tax administrators have helped bridge the gap between the yearly, monthly and daily tasks that are required to successfully manage First Nation Taxation as a whole.

The broadest new outcome from this year is the tight integration between the property owner account management feature and the First Nation's accounting software integration. TAS has programmed intuitive management and synchronizations at the fore-front of the software, and helps First Nations manage their customer service, their tax accounts and tax revenues accordingly.

At this time of the year the majority of First Nations in the annual tax cycle are currently in the "Payment Receipt and Account Management" section. The principle functions in this phase include:

1. Rate Setting
2. Budget Balancing
3. Law Generation and Approval
4. Tax and Notice Generation
5. Payment Receipt and Account Management
6. Arrears and Penalties

With the TAS accounting integration, First Nations can now utilize the intuitive payment receipt module. The daily balance sheet is prepared or you using the intelligent one-click allocation into the appropriate accounting buckets (which is exportable to the First Nations accounting software comparison).

Features to streamline the data entry processes now eliminate hundreds of hours of tedious work in a system that is tailored to meet First Nation's needs.

TAS is a simple and powerful administrative tool to help tax administrators efficiently manage the complete annual property tax cycle. Every First Nation that is collecting property tax can benefit from the TAS software and the multiple features it provides through cloud based technology.

TAS offers regularly scheduled webinars and tutorials. Join a webinar to see a demonstration on how TAS can assist in the tax administration process, to receive general training in the functions and procedures in TAS, and to connect with other tax administrators.

For more information on TAS, including how to sign up for the service or a demonstration, please visit tascloud.ca



The screenshot shows the TAS software interface with several callouts and annotations:

- Excel export provides seamless integration with your accounting software**: Points to the 'Excel' button in the top right of the 'Details' section.
- Log-on from any computer Run multiple sessions by opening a new browser tab**: Points to the user profile 'Billy Sakre' in the top right.
- With one click you can reconcile your daily transactions. TAS will automatically allocate them to the appropriate accounting "buckets"**: Points to the 'Accept Deposit' button.
- Alternatively, transactions can be deposited individually for a more granular approach**: Points to the 'Deposit All' button in the 'Undeposited Payments' section.
- Grants, pre-payments and payments can be reconciled separately or together**: Points to the 'Deposit All' button in the 'Accepted Grants' section.
- All functions easily accessible via intuitive menu**: Points to the left-hand navigation menu.

The interface displays a table of transactions with columns for Roll Number, Date Paid, Paid By, Amount, and Type. The table is divided into sections: Undeposited Payments, Deposited Payments, Accepted Grants, and Accepted Electronic Transfers.

Alberta Municipal Affairs Formalizes Support to First Nations for Assessing Linear Property—MOU Signed with FNTC

The First Nations Tax Commission (FNTC) and the Alberta Ministry of Municipal Affairs (MA) signed a memorandum of understanding (MOU) to share information used to prepare assessments with First Nations in Alberta.



The MOU serves to provide a framework for understanding and cooperation in formalizing the approach to share information with First Nations who are implementing property taxation in Alberta. Specifically, the FNTC and the MA have agreed on a process for providing linear property information to First Nations for preparing property assessments on reserve lands. Linear properties include wells, pipelines and other utility properties such as power lines.

This MOU is an important step forward for First Nations who require access to information to

administer their taxation system. MA collects information from a variety of sources to prepare assessments for off-reserve linear property. Under this framework MA will share relevant information with First Nations to assist First Nations in preparing their own assessments of linear property.

Accurate assessments and standards are a cornerstone of property taxation systems, where accurate assessments are based on the best available information. The information provided by MA will help First Nations produce linear property assessments consistent with off-reserve linear properties in Alberta. This MOU benefits First Nations in Alberta and their taxpayers.

It will mean better information, transparency and administration for taxpayers and First Nation members. This means an improved investment climate on First Nation lands and potentially more employment for First Nation members and other Albertans and revenues for First Nation governments.

The FNTC assists First Nations in the implementation of their jurisdiction and meets with provincial assessment authorities to gain support for the provision of property assessment services to First Nations tax authorities.

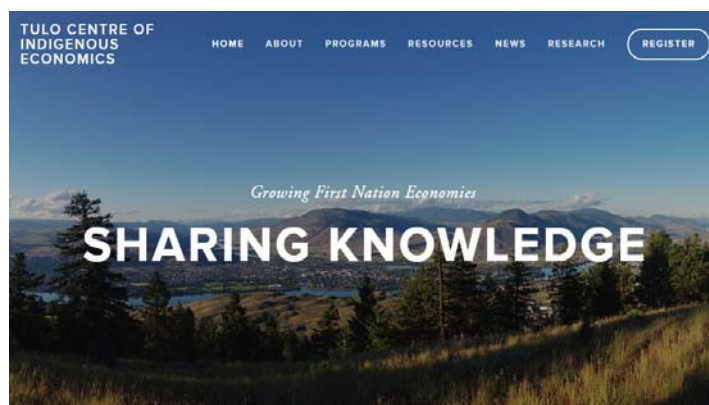
The Ministry of Alberta Municipal Affairs' responsibilities include assisting municipalities in the provision of local government, in part, by providing programs and services that help ensure Albertans are served by accountable and effective local governments and live in strong and safe communities. ■

New Tulo Centre Website

Visit the new Tulo Centre of Indigenous Economics website (www.tulo.ca). The Tulo Centre delivers programs that offer communities the tools to generate revenue and long-term prosperity that will serve for generations.

The next class from the *Certificate in First Nation Applied Economics* starts on September 28, 2015.

The next course from the *Certificate in First Nation Tax Administration* starts on October 19, 2015. ■



NAEDB: Property Taxation Significantly Higher Outcomes

The FNTC welcomes the National Aboriginal Economic Development Board (NAEDB) report, The Aboriginal Economic Progress Report 2015, released on June 17, 2015. Under Chief Clarence Louie's guidance, the NAEDB shed important light on the economic and social conditions in Aboriginal communities.

While the Report's findings suggest that First Nations and other governments need to do more to address significant gaps in many socio-economic indicators, the First Nations taxation community is nonetheless buoyed by the Report's strong support for First Nation fiscal tools, like property tax.

The report included:

- *Property Taxation provides communities with access to stable revenue streams that can be reinvested into infrastructure and services, and provides communities greater autonomy in spending-related decisions independent of federal governments involvement.*
- *... the integrated relationship between good governance and active property taxation framework is a common component to establishing greater control in financial matters and building economic success and independence.*
- *Early observations suggest that First Nations that have real property taxation bylaws tend to have better economic outcomes than those that do not. First Nations that have had property taxation bylaws for longer periods of time demonstrate significantly higher outcomes that First Nations both with and without tax bylaws.*

There are over 150 First Nations exercising property tax authority or approximately 25% of First Nations in Canada. These communities are in all regions of the country and represent the diversity of different First Nation communities. Some have historic Treaties with Canada, others do not. As disparate as they are, there is also a common thread. Collectively, they recognize that taxation is a fundamental pillar of governance, an integral part of the fiscal framework to support economic growth, and more importantly, a means to break the bonds of government transfer dependency. This linkage between property tax jurisdiction and



economic well-being is something the First Nations Tax Commission has long understood and documented. The Commission has witnessed transformations in First Nation economies. Property tax revenue helps build infrastructure and improve services which leads to greater economic investment, and in turn to more property tax revenue.

To the extent that property tax jurisdiction can lead to greater economic opportunities for First Nations and their citizens, First Nations tax authorities are on the right track, and are pleased that the NAEDB Report draws the same conclusion. ■



First Nations Tax Commission

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