

## 2023-6 CED Tax Credit

Mover: Peg City Car Co-op

Seconded: SEED Winnipeg

The Province of Manitoba should strengthen the Manitoba CED Tax Credit by:

- A. Streamlining and simplifying the application process for CED Tax Credit status, removing unnecessary administrative challenges, and ensuring the responsible office is positioned in an appropriate government department with sufficient capacity and expertise. This could be led by or supported by the existing Social Innovation Office.
- B. Creating and implementing marketing tools in consultation with industry stakeholders to ensure community enterprises know the steps required to effectively apply for CED Tax Credit status as well as to sell shares.
- C. Supporting a central resource housed in the cooperative community to champion the CED Tax Credit, through public promotion, applicant support and increasing capacity within the community economic development network.
- D. Developing a strategy and tools to educate and train co-op developers, existing cooperatives in Manitoba, economic development officers and others involved in business and co-op development in Manitoba to ensure that they are confident in using and supporting the use of the CED Tax Credit model.
- E. Raise the lifetime investment cap and individual investment cap for the Tax Credit in consultation with enterprises involved.
- F. Create additional tax incentives for investment term renewals after five and ten years to further encourage investing in community enterprises.

**Because:** Communities acting together to create local economic opportunities that also enhance social conditions and services in their communities face the challenge of access to capital in order to pursue their CED initiatives.

**Because:** Locally and collectively-owned enterprises are responsive to local priorities, are more likely to be committed to serving the community rather than simply serving profit and have a much higher rate of sustainability. For instance, 62 per cent of new co-ops are still operating after five years, compared with 35 per cent for other new businesses. After ten years, the figures are 44 per cent and 20 per cent respectively.

**Because:** Collectively-owned community enterprises create economic democracy, root ownership locally, distribute profits equitably, and often create jobs and services in communities where they are otherwise lacking.

**Because:** Various financing models catered to local contexts are succeeding in supporting CED initiatives across Canada. Some include the mobilization of individuals as investors and the provision of equity investments with financial incentives. A 2013 report by CCEDNet Manitoba analyzes the need for the CED Tax Credit. This report among other community feedback and experience in the decade following provides a basis for these recommendations.

**Because:** The Province of Manitoba has created the CED Tax Credit that has been successfully used to support community enterprises across Manitoba. In addition to the recommendations above, the Province should update information about the amount of enterprises and investments made. As of 2012, approximately one dozen community enterprises and \$2.25 million investments had been made. There is more opportunity to facilitate investment in community initiatives.

**Because:** There is insufficient support for community groups to apply for the Manitoba CED Tax Credit. There is also insufficient education and promotion of the CED Tax Credit such that most co-op, community and economic developers in Manitoba are unaware of its existence and potential.

**How this Resolution will be Advanced:** CCEDNet Manitoba will continue direct lobbying and advocacy to the provincial government through budget submissions and meetings to strengthen the CED Tax Credit. The Manitoba Social Finance Working Group, co-chaired by CCEDNet Manitoba and SEED Winnipeg staff, also will continue to support these recommendations and advocate for them as appropriate.