

I, for one, would like an HST job - and it might sway my vote.

by kevin harding - Wednesday, July 06, 2011

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If you're registered to vote in BC, and provided that Elections BC hasn't completely screwed up your voter registration (I have, at times, received three voter information cards for variations on my name), you've probably by now received a ballot in the mail for the mail-in referendum on the HST in BC.

(If you haven't received a ballot, contact [Elections BC](#) ASAP!)

There's been a lot of discussion about the HST. Is it bad for families, is it good for business, is it the spawn of evil reptilian kitten eaters from outer space, on and on and on. But strangely, thanks to British Columbia's unique citizen-driven initiative legislation, we now have the opportunity to vote yes or no to say no or yes to the HST.

[And my vote is up for grabs.](#)

The rhetoric around the HST has confounded many. There was an argument that some said the government claimed the HST would be revenue neutral, though I'm not sure of any public proclamations that support this thesis. There was the argument advanced that prices would magically drop by the savings that businesses managed to get in HST - a neoclassical economic argument if ever there was one. And no one has noticed that the costs in grocery stores have gone down 12% - if anything, a lot of them have gone up by a comparable number, and then more and more through inflation.

But now we find that the rhetoric has shifted *even* more - the business coalition / BC Liberal support squad that is supporting the HST is claiming that the HST creates jobs. Jobs! they scream. *Jobs! Jobs! Jobs!* *This group's twitter username is even @hstjobs - which shows you how intensely they're investing in the narrative that the HST will magically create jobs.*

So here we come to the crux of the issue - I need a job, in BC. And I'm willing to take one that's been created by the HST. But I can't find any. And I have experience - five years of progressively senior administrative roles in a nonprofit, two years of Board-level experience on a \$350 million+ per year public institution charged with a public trust, and on and on and on.

Find me an HST-created job that matches my experience and education, and I'll vote for the HST.

But I don't think you will. Because the myths that surround the HST are so intense that even this idea that the HST creates jobs is bunk, too. The economic theory behind the HST is relatively sound - the old system put taxes on a lot of business 'inputs,' the things that businesses buy then process or use to sell to you - and the HST claims to remove these, saving business huge amounts of taxes.

It's a sound theory if you're fine with the tax burden being transferred - what businesses used to pay, people like you and me now have to. The theory isn't so sound when the claim that prices should have

dropped 12% is evaluated, as that definitely didn't happen. But let's get back to this idea that changing input taxes will create jobs. Because I still need an HST job, and I'm willing to vote for the HST if someone can find me one.

But how could the HST create jobs? Imagine you're a business, and you spend roughly \$600,000 a year in business input costs. I believe GST was always exempted on business inputs, but I'm willing to be corrected on that fact. With the idea of \$600k in input costs, we can hypothesize the following figures:

- \$42,000 in PST input taxes paid by company
- If the inputs were not GST exempt, up to \$72,000 in input taxes.

So, by removing the input taxes for businesses, our hypothetical company that pays \$600k in input costs (meaning, without labour and assuming a 200% markup, the business could see as much as \$1.2 million in annual gross sales, alone generating a possible \$144,000 in taxes) could save between \$42,000 and \$72,000.

There's definitely enough in there to hire someone, maybe two people at relatively good salaries. So perhaps there are jobs to be found in the HST?

Nope. The reasoning is flawed - first, a huge amount of business inputs were already tax exempt, either fully or partly. I worked in retail in a business supply store - we were used to people presenting PST and GST numbers and we had to deduct taxes at the till.

Second, there's a quirk with the HST, that I discovered when I handled HST implementation for the nonprofit I worked with. While in the past a tax number might have meant that taxes were deducted at source for business inputs - imagine a box of paper for a print shop - the HST doesn't allow this. Businesses have to pay the HST up front, and receive deduction or reimbursement for it later.

So, instead of saving that \$42k - \$72k, our hypothetical \$1.2m grossing company has to pay it, and apply for reimbursement later. If our hypothetical company is running on a shoe string, the actual *increased* costs of HST compliance might mean that they're paying *more* than they used to.

[I came across a letter from a small-business owner, one that might fit the parameters of our hypothetical business, that shows what's happening in the real world.](#) The business owner says:

On top of our lease we were horrified, to say the least, that when the HST kicked in, our overhead on our lease was driven up \$795.00 per month over night. This has put us in such a bad position we have had to let go one of our staff members that works the afternoons here, which has caused her a lot of distress as she quite loved working here.

And:

Personally myself, I feel my staff of 13 and all 50 of our clients haven't seen the benefit to the HST. The HST may end up being a deduction for me come tax time, but it doesn't help me intermittently and that's when I need that money. The \$795 could come in handy now, especially

for our laid off staff member.

So, let's get this straight. In the hypothetical, neoclassical economics fantasy world where prices go down if inputs go down, the HST might allow businesses to save money on their inputs enough to create jobs.

However, the input prices don't go down with the HST, not at first. In fact, many - if not most - go up. So businesses are paying more *now* but get it back *later*. And unless they have a lot of capital floating about, they won't be able to afford to hire someone based on unrealized gains in the future.

That being said, I'm still willing to vote to keep the HST if someone offers me a job commensurate with my experience and my education. So, if you're reading this, and you're looking to hire an MA grad with five years of nonprofit admin experience, two years of board-level experience with a major public institution, and excellent communication skills, leave a comment below. Offer me a job that pays well, and if it's the *direct result* of your business saving money through the HST, I'll vote to keep the tax.

Because that's the argument, isn't it? Vote for the HST, that was promised not to happen but then foisted on us, that was the brainchild of Gordon Campbell and his band of BC Liberal buccaneers, or you'll not have any jobs. Vote for the HST and you might be lucky enough to get one.

I have a feeling I'll be voting "yes" in the end... but, my vote is up for grabs. I, for one, would like an HST job. ;)