



NOVA SCOTIA FEDERATION  
OF MUNICIPALITIES

# CAP ALTERNATIVES

NSFM Spring Workshop

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Better government. Stronger communities.

# WHY CAP?

## Situation in 2005

- rapidly rising assessments, particularly along waterfront properties
- older houses being torn down to make way for large “mansions” meant values nearby increasing
- Story: widow who’s family lived in the home for years was no longer able to afford the property taxes, through no fault of their own



# ISSUES

- Affordability: ability to afford property tax
- Predictability: sudden increases difficult to manage
- Fairness: assessments rising due to factors out of the control of the homeowner

(Economic Development: NS Realtors presentation)



# AFFORDABILITY

- Issue of income vs wealth: property tax based on wealth, homeowner may be income “poor”
  - Income tested assistance: rebate program to reduce taxes
    - Could be graduated, higher rebates to lower income
  - Tax deferral: defer till time of sale or some period



# PREDICTABILITY

- Issue of ability to plan for taxes
  - PVSC moved to one year lag, sends out notices in fall
  - Spike protection:
    - If assessment rises more than 10% in one year, could limit taxes based on phased in increase
    - Could use averages over 3 or more years, while informing of assessment increases



# FAIRNESS

- Issue is tougher to define, no one wants to pay more taxes, and it tends to be personal. Property tax not the “fairest” tax
- If going to subsidize homeowners – who benefits and why
- CAP – for every dollar someone saves, someone else pays more
- Evidence is that those who stay in their homes longer are the ones benefiting the most
  - People with similar homes, similar services pay similar taxes
  - Need to do a better job of telling people why taxes go up



# KEY PRINCIPLES

No sudden changes

Similar houses, services, taxes

Assistance for those who need it the most

# NEXT STEPS

- Work with other stakeholders, such as NSRA, to explore the issues, understand the situation
- Explore with stakeholders possible solutions, strive for consensus on best solution
- Work with Municipal Affairs
- Consult with municipalities, public – obtain feedback and adjust accordingly
- Submit request to Province to make changes

