



**Municipal Affairs and Housing
Office of the Minister**

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May 1, 2020

Pam Mood, President, NSFM
VIA EMAIL: info@nsfm.ca

Dear President Mood:

Thank you for your letter dated March 3, 2020, on behalf of the Nova Scotia Federation of Municipalities (NSFM)'s Board of Directors, requesting information relating to the Capped Assessment Program (CAP) in Nova Scotia.

In response to your request, the Department of Municipal Affairs (DMAH) can provide the following information:

- **The total assessed value of residential and resource properties in the province eligible for the CAP, and the capped value of those properties.**

The total assessed (market) value of residential and resource properties eligible for the CAP for 2019 is \$79,362,887,000.

The total capped (taxable) value of residential and resource properties in Nova Scotia for 2019 is \$72,468,947,000.

- **The total amount of residential property tax collected in Nova Scotia under the current program.**

The total amount of residential and resource property taxes, based on taxable assessment, generated in Nova Scotia for 2019 is \$764,615,000.

The total amount of residential property tax likely to be collected in the event of the removal of the CAP under NSFM's proposed program.

In relation to the total amount collected in the event of the removal of the CAP under NSFM's proposal, the NSFM has proposed that the removal of the CAP would be revenue neutral to municipalities, which is predicated on municipalities dropping their residential and resource property tax rates in proportion to the amount of taxable assessment increase due to removal of the CAP.

- **An analysis of the impact the removal of the CAP would have on Nova Scotians, along with information as to whether such a removal would be revenue neutral for the respective municipalities.**

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DMAH has calculated the impact of NSFM's proposal on residential and resource property tax rates by municipality, based on the percentage reduction in market value due to the CAP for 2019/20. This table assumes revenue neutrality for municipalities and uses 2019/20 tax rates. See Appendix A attached to this letter.

DMAH also has completed modelling on NSFM's proposal for each municipality in Nova Scotia. This is based on NSFM assumptions, such as 2% market increase each year of the phase out, a 2% status quo CAP rate, and lowering of residential and resource property tax rates proportionally to taxable increase amounts due to the removal of the CAP. This model does not account for NSFM proposed spike protection mechanism, low-income tax exemptions, or extended phase out allowances. These results are provided in Appendix B which is attached to this letter.

- **Any information on the anticipated impact of the proposed CAP removal on any of the communities represented by MLAs.**

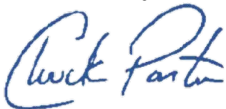
Please note that this information is identical to that provided above. Analysis for each municipality is provided in Appendix B.

- **Any analysis of different property tax alternatives aside from the current NSFM proposal, even those likely to be unworkable.**

A *Revenue Options Review* paper was prepared for the Provincial Municipal Fiscal Review (PMFR) in 2014. This committee, composed of municipal administrators and staff from the Department of Municipal Affairs, examined a number of revenue sources in the municipal context. The paper concluded that, based on standard tax evaluation criteria, property tax was the most suitable source of revenue to fund municipalities. A copy of that report is attached as Appendix C to this letter.

We hope that this information meets your request and the request of members on the committee to help inform your discussions and recommendations.

Sincerely,



Chuck Porter
Minister

Appendix A: Impact of NSFM proposal on property tax rates, by Municipality

Municipal Name	Residential Tax Rate (19/20)	% CAP (2019)	REMOVAL OF CAP - Tax Rate	Rate decrease after 13 years (Revenue Neutral Projection)
AMHERST (T)	\$1.66	6%	\$1.56	-\$0.097
ANNAPOLIS (M)	\$1.02	11%	\$0.91	-\$0.108
ANNAPOLIS ROYAL (T)	\$1.70	4%	\$1.64	-\$0.060
ANTIGONISH (M)	\$0.88	11%	\$0.78	-\$0.099
ANTIGONISH (T)	\$1.09	6%	\$1.03	-\$0.062
ARGYLE (M)	\$1.09	4%	\$1.05	-\$0.045
BARRINGTON (M)	\$1.05	4%	\$1.01	-\$0.038
BERWICK (T)	\$1.19	6%	\$1.12	-\$0.072
BRIDGEWATER (T)	\$1.65	3%	\$1.60	-\$0.052
CBRM (Average of rates)	\$1.54	18%	\$1.26	-\$0.282
CHESTER (M)	\$0.71	11%	\$0.63	-\$0.076
CLARE (M)	\$1.04	6%	\$0.98	-\$0.058
CLARK'S HARBOR (T)	\$1.68	3%	\$1.63	-\$0.046
COLCHESTER (M)	\$0.89	10%	\$0.795	-\$0.090
CUMBERLAND (M)	\$1.19	13%	\$1.04	-\$0.152
DIGBY (M)	\$1.30	8%	\$1.19	-\$0.109
DIGBY (T)	\$1.86	3%	\$1.81	-\$0.052
EAST HANTS (M)	\$0.85	9%	\$0.775	-\$0.077
GUYSBOROUGH (M)	\$0.71	8%	\$0.65	-\$0.059
HRM (Average of rates)	\$1.36	8%	\$1.26	-\$0.103
INVERNESS (M)	\$1.05	11%	\$0.93	-\$0.118
KENTVILLE (T)	\$1.43	5%	\$1.36	-\$0.067
KINGS (M)	\$0.85	8%	\$0.78	-\$0.072
LOCKEPORT (T)	\$2.38	14%	\$2.04	-\$0.340
LUNENBURG (M)	\$0.81	9%	\$0.73	-\$0.076
LUNENBURG (T)	\$1.35	6%	\$1.27	-\$0.080
MAHONE BAY (T)	\$1.25	6%	\$1.18	-\$0.073
MIDDLETON (T)	\$1.77	6%	\$1.67	-\$0.101
MULGRAVE (T)	\$1.24	3%	\$1.2	-\$0.043
NEW GLASGOW (T)	\$1.84	4%	\$1.77	-\$0.070
OXFORD (T)	\$1.69	2%	\$1.66	-\$0.031
PICTOU (M)	\$0.81	16%	\$0.68	-\$0.127
PICTOU (T)	\$1.64	3%	\$1.59	-\$0.045
PORT HAWKESBURY (T)	\$1.58	2%	\$1.54	-\$0.036

RICHMOND (M)	\$0.80	11%	\$0.71	-\$0.085
RQM (Average of rates)	\$1.48	12%	\$1.29	-\$0.184
SHELBURNE (M)	\$1.26	11%	\$1.12	-\$0.139
SHELBURNE (T)	\$2.06	7%	\$1.91	-\$0.154
ST. MARY'S (M)	\$0.95	10%	\$0.86	-\$0.092
STELLARTON (T)	\$1.82	6%	\$1.72	-\$0.104
STEWIACKE (T)	\$1.67	7%	\$1.56	-\$0.109
TRENTON (T)	\$1.62	6%	\$1.53	-\$0.092
TRURO (T)	\$1.85	5%	\$1.77	-\$0.083
VICTORIA (M)	\$1.22	12%	\$1.08	-\$0.142
WEST HANTS (M)	\$1.03	11%	\$0.92	-\$0.111
WESTVILLE (T)	\$2.08	6%	\$1.95	-\$0.125
WINDSOR (T)	\$1.88	6%	\$1.76	-\$0.118
WOLFVILLE (T)	\$1.47	3%	\$1.424	-\$0.041
YARMOUTH (M)	\$1.18	5%	\$1.13	-\$0.054
YARMOUTH (T)	\$1.66	1%	\$1.64	-\$0.016

Appendix B: Projected Impacts of NSFMR proposal to Residential/Resource property owners, by Municipality – Attached

Appendix C: Provincial Municipal Fiscal Review (2014) *Revenue Options Paper* - Attached