

Municipal Taxation in Nova Scotia

Study Terms of Reference

Background:

In recent years, much debate has surfaced regarding Nova Scotia's property tax system. Largely, this dialogue has been driven by a lack of confidence in the system itself.

In 2013, Property Valuation Services Corporation (PVSC) commissioned a white paper to review Nova Scotia's property tax system. While helpful in providing context to the property tax landscape, the need for a broader, independent study, centered on improving the current tax system, became apparent. The Municipal Tax Study will attempt to address this need by bringing together stakeholders, taxation experts, and independent research for the purpose of improving Nova Scotia's property tax system.

Objective:

The intent of this study is to independently and objectively assess the effectiveness of the property tax system in Nova Scotia. The results of the Study will provide a foundation for informed decision making related to enhancing Nova Scotia's municipal tax system.

Scope:

The tax study will address two broad questions:

Question 1: *How effective is Nova Scotia's property tax system?*

To answer this question, the study will investigate two sub-questions:

- What criteria should be used for evaluating the property tax system?
- How does the current property tax system perform against these criteria?

Consideration will be given to specific stakeholder groups such as the commercial sector and residential homeowners.

Question 2: *How can the property tax system in Nova Scotia be improved?*

The evaluation will identify opportunities for improvement in the current system, and will make recommendations as to how changes might be implemented.

Given that recent discussion on the property tax system has highlighted specific implications to the commercial sector, the following question will also be investigated:

- What change is required to address the needs of the commercial sector?

In providing a response to these questions, the study will consider best practices in taxation, key stakeholder perspectives, and the feasibility of implementation. It is expected that both short and longer-term opportunities will be identified.

Approach:

- The Association of Municipal Administrators (AMA), PVSC, and the Union of Nova Scotia Municipalities (UNSM) will provide resource support, set the terms of reference, appoint members to the Steering Committee, and receive the final report with recommendations.
- The Steering Committee, comprised of the above organizations, will determine the attributes and the selection process of Advisory Panel members, which will be facilitated by a third-party recruitment provider. The Steering Committee, as representatives of the AMA, PVSC, and UNSM will select Advisory Panel members.
- The Advisory Panel will carry out the study, which includes determining the methodology, the research process, and the resources required to perform this function. The Panel will review the study findings and provide recommendations to the Steering Committee.

Deliverables:

The deliverable for this study will be a completed report that contains, at a minimum, the following:

- An evaluation framework for Nova Scotia's property tax system;
- An assessment of Nova Scotia's property tax system against this framework; and
- Recommendations to improve Nova Scotia's property tax system.