

APPENDIX W

Literature Review: Works Cited

Alberta Municipal Affairs (2002), *Guide to Property Taxation and Assessment in Alberta*, 2002. Retrieved March 13, 2007 from:
<http://www.municipalaffairs.gov.ab.ca/as/pdf/02PropAssmtGuide.pdf>

Culverhouse, Barbara (2001), *Effective Tax collections – A Municipal Perspective and Ad Valorem vs. Poll Tax Sharing Experiences*, Presentation to the International Property Tax Institute, April, 2001.

City of Toronto (2006). *Provincial Ombudsman's Report on the Municipal Property Assessment Corporation*, staff report to the Policy and Finance Committee, June 5, 2006

Haverman, Mark (2006), "Learning to Love the Market Value Based Property Tax (or at least reduce its abuse): An Overview of the Forthcoming Lincoln Policy Focus Report on Property Tax Limitations", Presentation, Minnesota Taxpayers Association, 2006.

International Association of Assessing Officers (2006), *IAAO Conference Update*, Presentation, October, 2006.

Kitchen, Harry (2005), *International Comparison of Property Assessment Systems* Presentation at the Municipal Property Assessment Corporation (MPAC) 2005 Stakeholder Forum, November 23, 2005.

Kitchen, Harry (2006), "Property Taxation & Assessment Systems: *The Good and the Bad*," Presentation at the 50th Annual Conference of the Institute of Municipal Assessors (IMA), 2006.

Mikhailov, Nikolai (1998) and Jason Kolman (2001), Harvard Law School, Types of Property Tax and Assessment Limitations and Tax Relief Programs, research report prepared for the Lincoln Institute of Land Policy. Retrieved March 13, 2007 from:
http://www.lincolninst.edu/subcenters/valuation_taxation/dl/mikhailov.pdf

Plimmer, F., McCluskey, W. J., Connellan O. P. (2000) Equity and Fairness within Ad Valorem Real Property Taxes, Lincoln Institute of Land Policy Working Paper, 2000. Retrieved March 13, 2007 from:
http://www.lincolninst.edu/subcenters/valuation_taxation/dl/plimmer_et_al.pdf

Plimmer, F., McCluskey, W. J., Connellan O. P. (1999) Reform of UK Local Government Domestic Taxes, *Property Management*, MCB University Press. UK. Vol 17 No 4.

Scottish Parliament (2002), Local Government Committee 6th Report 2002 *Report on Inquiry into Local Government Finance Volume 2: External Research. Assessment of the Options for Council Tax Rebanding in Scotland*, Session 1, 2002. Retrieved March 13, 2007 from: <http://www.scottish.parliament.uk/business/committees/historic/x-lg/2002.htm>

Schrag, Peter (1998) *Paradise Lost – California's Experience, America's Future*, The New Press, New York, 1998.

Slack, Enid (2005), "Assessment Under Threat," presentation to the Association of Municipalities of Ontario, October 18, 2005. Retrieved March 13, 2007 from: <http://www.utoronto.ca/mcis/imfg/resources.htm>

Slack, Enid (2005), "Policy Options for Taxing Real Property," Presentation to the International Property Tax Institute (IPTI), August 23, 2005. Retrieved March 13, 2007 from: <http://www.utoronto.ca/mcis/imfg/resources.htm>

Smith, Daniel A (1998), *Tax Crusaders and the Politics of Direct Democracy*, Routledge, 1998.

Treff, Karin and David B. Perry (2004), *Finances of the Nation, 2003: A review of expenditures and revenues of the federal, provincial and local governments of Canada*, The Canadian Tax Foundation. Retrieved March 28, 2007 from: <http://www.ctf.ca/FN2003/finances2003.asp>

Youngman, Joan and J. Malme (2005), "Stabilizing Property Taxes in Volatile Real Estate Markets." Lincoln Institute of Land Policy, *Land Lines*: July 2005, Volume 17, No. 3. Retrieved March 13, 2007 from: <http://www.lincolninst.edu/pubs/PubDetail.aspx?pubid=1040>

APPENDIX X



Municipal Services Consultations with Municipalities CAP Legislated Review Process January 25 – February 7, 2007

Final Report February 2007

Prepared by:
Andrea Anderson, ABC
Tel: (902) 476-3725
MT&L Public Relations Limited

Nova Scotia
Founders Square
1701 Hollis Street, Suite L101
Halifax, NS B3J 3M8
Tel. 902.420.1860
Fax: 902.422.2368

Tel: 902.420.1860
Fax: 902.422.2368

New Brunswick
384 Lancaster Avenue
Saint John, NB E2M 2L3
Tel: 506.672.1860

www.mtlpr.ca

TABLE OF CONTENTS

THE RATIONALE	3
THE PROCESS	4
PURPOSE OF THE SESSIONS	4
INVITING MUNICIPAL REPRESENTATIVES TO SESSIONS	4
SESSION LEADERS	5
SESSION LOCATIONS AND DATES	5
AGENDA	5
OTHER OPPORTUNITIES TO PROVIDE INPUT	6
THE FEEDBACK POINTS	7
EXECUTIVE SUMMARY	8
PARTICIPATION	8
EVALUATION OF MEETINGS	8
KEY THEMES BY FEEDBACK POINT	8
OVERALL RESULTS	11
PARTICIPATION	11
EVALUATION OF MEETINGS	11
KEY THEMES BY FEEDBACK POINT	11
PARTICIPATION DETAILS	17
BREAKDOWN OF ELECTED VS. ADMINISTRATIVE REPRESENTATION BY SESSION	17
MUNICIPALITIES REPRESENTED	17
MUNICIPALITIES THAT DID NOT ATTEND	18
PARTICIPANTS' EVALUATION OF MEETINGS	19
RESULTS BY SESSION	21
TRURO	21
PORT HAWKESBURY	23
COLDBROOK	26
YARMOUTH	29
HALIFAX	32
BRIDGEWATER	36
APPENDIX	39
INVITATION	39
EVALUATION FORMS FROM SESSIONS	41
REGISTRATION LIST FOR EACH SESSION	42
NOTES TAKEN FROM EACH SESSION	50

THE RATIONALE

Municipal Services Stakeholder Discussion Sessions

The Minister of Service Nova Scotia and Municipal Relations is legislated under Bill 40 to review the Capped Assessment Program and deliver a report to the House by April 1, 2007.

The review process includes the following:

Literature Review: A review of existing research on best practices in addressing rising property taxes.

Jurisdictional Review: National and international review to identify best practices, lessons learned and options for consideration to address rising property tax burdens related to assessment increases.

Program Analysis to include the following:

a) Analysis of actual assessment data (and potential taxation implications) for 2005-06, 2006-07 and 2007-08 to identify the impact of the program under a 10% cap from a municipal perspective.

b) Analysis will also include scenario analysis of 2007-08 assessment data to identify the potential impact of the program under a cap at 2.3% (CPI for 2006).

Stakeholder Discussion Sessions: Regional discussion sessions with 55 municipalities in locations around the province and discussion sessions held with the Union of Nova Scotia Municipalities, the Assessment Management Board and the commercial sector.

Clarification of the Program Objectives: Differing policy objectives are often cited by a range of stakeholders in relation to the program's intention, including: quelling the effect of rising assessment, keeping seniors in their homes, and strengthening the transparency of the link between tax burden and tax rate. Through discussions with stakeholders, desired program objectives will be identified, clarified and examined.

Observations and Recommendations for Program Enhancements: Analysis of options for consideration based on findings from the literature review, jurisdictional scan, detailed data analysis and input from the stakeholder discussion sessions.

THE PROCESS

PURPOSE OF THE SESSIONS

The municipal discussion sessions, held in six locations throughout the province over a two-week period, provided elected and administrative representatives from each municipality an opportunity to:

- Discuss their municipality's experience to date with the CAP at 10%;
- Express their ideas about recent legislation that has set the annual CAP amount at the Consumer Price Index (CPI);
- Discuss proposed policy direction in light of experience to date with the program; and
- Identify additional options for analysis to be considered as part of the legislated CAP review process.

INVITING MUNICIPAL REPRESENTATIVES TO SESSIONS

The municipal sessions held in January – February 2007 were originally scheduled to occur in December 2006. However, the introduction of Bill 92 added a new dimension to the sessions: staff knew that to conduct a thorough review of CAP now, participants would need not only the analysis of CAP at ten per cent which had already been prepared, but that they would also need a scenario analysis of CAP at CPI.

The December 2006 sessions were postponed in order to generate this additional scenario analysis.

In mid-January an invitation was sent from Deputy Minister Greg Keefe to all mayors, wardens and CAO's. Municipalities were welcomed to extend the invitation to additional key staff and/or elected officials. A detailed information package accompanied each invitation to enhance discussion at the sessions and ensure all municipal partners had equal access to data to help inform their experience in relation to the CAP. It contained:

- Preliminary findings from the literature and jurisdictional review that identify best practices in property assessment and taxation, including examples of property tax relief mechanisms in place across Canada; and
- Municipal level data snapshots based on an analysis of the CAP program at 10% and scenario analysis of the CAP program at 2.3%, the estimated CPI for 2006.

SESSION LEADERS

Jeff Shute, Director of Policy and Finance for Municipal Services was lead presenter. Review team members Lynn Bowen Avery and Shingai Nyajeka also of Municipal Services, attended to provide additional analysis, leadership and facilitation. Andrea Anderson, a consultant from MT&L Public Relations was retained to facilitate each session. Finally, a regional manager from Assessment Services participated in each session to provide information related to CAP operations and implementation.

SESSION LOCATIONS AND DATES

Date	Location
January 25	Best Western Glengarry Truro
January 26	Civic Centre, Port Hawkesbury
January 29	Old Orchard Inn, Wolfville
January 31	Rodd Colony Harbour Inn, Yarmouth
February 6	Future Inn, Halifax
February 7	Wandlyn Hotel, Bridgewater

AGENDA

Sessions in Truro, Port Hawkesbury, Wolfville, Halifax & Bridgewater ran from 8:30 AM to 3 PM. Yarmouth ran from 9:30 AM to 4 PM.

- Welcome and Introductions
- Overview
- Legislated Review Process
- Municipal Snapshots (10% and CPI)
 - Feedback - Experience with CAP; observations on CPI
- Clarifying the Program Objective
 - Feedback
- Observations: Findings from the literature review and cross Canada survey
 - Feedback - identifying tools for addressing property tax relief
- Conclude

OTHER OPPORTUNITIES TO PROVIDE INPUT

Municipalities wishing to provide further input and/or those unable to attend a discussion session were given the opportunity to provide input through an on-line survey or by contacting Lynn Bowen Avery by e-mail by phone by mid-February 2007.

THE FEEDBACK POINTS

Four key feedback points were provided during the agenda, although participants were welcomed to provide commentary or ask questions at any point during the presentation. The facilitator noted comments and feedback throughout the session on her laptop under the four headings below. This feedback was projected on a separate screen so that participants might review and correct feedback as they saw fit. The facilitator asked participants frequently to review the notes on the screen to ensure they accurately reflected the discussions.

- Municipalities' experience with CAP at ten per cent
- Municipalities' observations on CAP at CPI
- Clarifying the program objective (i.e. identification of property tax challenges)
- Identifying tools for addressing property tax relief

EXECUTIVE SUMMARY

PARTICIPATION

Forty-one of the Province's 55 municipalities attended one of six sessions between January 25 and February 7, 2007. A total of 92 municipal representatives accepted the Deputy Minister's invitation to provide, as part of the CAP legislated review process, their feedback on CAP at 10 per cent, CAP at CPI, their observations about property tax issues in their municipalities, and tools and enhancements to existing programs that might help provide tax relief.

EVALUATION OF MEETINGS

The sessions were extremely well-received with participants expressing their appreciation for the value of the meetings, the opportunity to express their opinions, the accuracy of the notes taken, the quality of leadership, and the information kits sent in advance.

The positive, constructive comments provided on the evaluation forms were for the most part, consistent with how participants responded during the sessions. Although there were occasional confrontational or aggressive responses, it was somewhat surprising that there were not more, given the strong negative views about the CAP.

KEY THEMES BY FEEDBACK POINT

The overwhelming view in each session was against the CAP. Most participants felt they had the tools to deal with their specific property tax issues before the CAP. The untargeted approach to the provincial capping legislation creates more problems for municipalities than it solves.

Municipalities' experience with CAP at ten per cent and general capping observations

- CAP becomes complicated over time.
- There is little awareness about the CAP.
- Capping shifts the tax burden from capped to non-capped accounts.
- Capping shifts the burden among municipalities under the U/A grants and contributions formula.
- Capping creates an administrative burden on Assessment Services.

- Capping may negatively impact the real estate and construction markets and be a disincentive to growth.

Municipalities' observations on CAP at CPI

Participants noted that all the adverse effects noted above regarding capping, become even more pronounced with a cap at CPI. In addition they noted:

- CPI does not make sense as a capping percentage.
- Capping at CPI is not reflective of "sudden and dramatic" increases in assessment.
- The lack of information/consultation about why the Province introduced the CAP at CPI is frustrating.
- Municipalities want information and consultation about issues that affect them in advance of legislation being passed, not after.

Clarifying the program objective (i.e. identification of property tax challenges)

Participants noted that the unintended effects of the CAP were the problems they now face. They reported they had the tools under the MGA to address the issues of rising property taxes before capping, though they noted that some enhancements to these programs would help them offer assistance to the key populations they were concerned about: seniors, low-income, working poor, and waterfront properties.

Only a couple municipalities acknowledged that high assessments were a problem that the CAP helped solve, but these municipalities were also quick to say the current program requires renovations.

Identifying tools for addressing property tax relief

Most municipal units said they had the tools they needed to deal with their property tax problems, but that these might be enhanced to be even more effective.

- Reconsideration of income levels.
- Creation of a menu of programs under the MGA from which municipal units could choose as best fit their circumstances.

Despite their lack of support for the CAP, municipalities felt that the following improvements would reduce its negative impacts, primarily by reducing its scope and refocusing on intended populations:

- CAP percentage should be reconsidered:
 - Keep the percentage at 10 per cent – feeling was that this was manageable.
 - Phase in a lower percentage (i.e. 10 to eight, etc.)
 - Use an index for CAP that is more indicative of a “municipal basket of goods” as an alternative to CPI.
 - Use an index more reflective of “sudden and dramatic” assessment increases.
- Institute a means test.
- Restrict the program to primary residence.
- Enhance Assessment Services.

OVERALL RESULTS

PARTICIPATION

Forty-one of the Province's 55 municipalities attended a session: two regional municipalities, 19 towns, and 20 rural municipalities. In total, 92 municipal representatives participated at a ratio of roughly one elected official to two administrative personnel.

EVALUATION OF MEETINGS

Participants had the opportunity to evaluate the merit of each session by completing a short questionnaire. Of 92 participants, 78 completed forms. Review of these forms showed that this program was extremely well-received and appreciated.

- 87 per cent felt the session provided valuable information.
- 96 per cent felt they had an opportunity to express their views with 91 percent saying they had their opinions accurately reflected in the notes.
- 87 per cent said that session leaders were well-prepared.
- 85 per cent thought the information kit sent out in advance of the session was useful.

When asked what the session leaders could do to improve future sessions, or for any additional feedback, the most common answers were requests for:

- Involvement and consultation with municipalities before legislation that affects them is set.
- Collation and distribution of notes from all six sessions to each participant.
- The appropriate person or groups to review the notes and fully comprehend them.

In all, the positive, polite, constructive comments provided on the evaluation forms were somewhat surprising given the strong negative views about the CAP that participants were forthright expressing during the sessions.

KEY THEMES BY FEEDBACK POINT

The overwhelming view in each session was against the CAP. Most participants felt they had the tools to deal with their specific property tax

issues before the CAP. The untargeted approach to the provincial capping legislation creates more problems for municipalities than it solves.

Participants were very concerned that their fears receive attention from the Province, and that MLA's receive a full briefing on the unintended effects of the CAP. Many felt the review process should include the general public and other key stakeholders including tax collector associations, realtors, developers, and small business associations or representatives.

Feedback during each session was consistent as illustrated under the next four headings. For more detailed observations at each session, please see "Results by Session". Actual notes taken during each session are available in the Appendix.

Municipalities' experience with CAP at ten per cent and general capping observations

- *CAP becomes complicated over time.*

It creates greater disparities between property values and tax bills, potentially pitting neighbour against neighbour. Municipal units also fear that the non-capped property owners will become vocal once they learn that the tax burden will shift to them, a capping reality that all municipalities understand.

Municipalities say that with capping, assessments become more complicated, less reliable and less reflective of market value. Further, the longer capping legislation is in place, municipalities recognize the harder it will be to eliminate.

Municipalities worry that there is no exit strategy if the CAP is ever eliminated.

- *There is little awareness about the CAP.*

Municipalities suspect that property owners do not apply because they fear there is a "catch"; that applying might trigger an inspection, which may, in turn, result in a higher assessment. Because the CAP has negative impacts on municipal units, they feel no incentive to promote the program. Finally, municipal units feel that those who do apply are the most able to pay.

- *Capping shifts the tax burden from capped to non-capped accounts.*

This, in the end, is counterproductive to those the program may have been intended to assist. Municipalities also noted the burden shift onto the commercial sector (particularly vulnerable small businesses) and mobile homes. They also observed that apartment rents might increase when uncapped apartment building owners end up with a greater tax burden and must pass those additional costs on to their tenants.

- *Capping shifts the burden among municipalities under the U/A grants and contributions formula.*

Municipal units understand that with capping, those municipalities with high capping are at an advantage as the burden shifts to those with low capping activity.

- *Capping creates an administrative burden on Assessment Services.*

Municipalities worry about the opportunity and the real cost of administering the CAP: that the time and effort required by CAP prevents assessors from doing the work municipalities most value: field work. They recognize that this extra cost is borne by them and they feel this is an unfair shift of costs and of responsibility, particularly when it comes to CAP at CPI, about which they were not consulted.

- *Capping may negatively impact the real estate and construction markets and be a disincentive to growth.*

Municipalities are concerned that people will not move “up” from their homes as they once did because they will realize that if they are capped at their current property, they will have to reapply for capping at their new one. Until they receive the cap at their new property, they will pay taxes on the market value. Rather than trigger higher taxes, they may chose to stay in their current property.

In addition, municipalities expect the CAP to affect growth, particularly in areas with low capping activity. Costs will be higher there for property owners and municipal coffers, and so tax-payers, construction and business may go to areas that have more favourable conditions (i.e. higher capping).

Municipalities' observations on CAP at CPI

Participants noted that all the adverse effects explained above regarding capping, become even more pronounced with a cap at CPI. In addition they noted:

- *CPI does not make sense as a capping percentage.*

The price of milk and bread (consumer basket of goods) has no reflection on municipalities' cost drivers (i.e. fuel, construction, labour) including fixed costs associated with mandatory contributions (education, corrections, assessment, etc.)

- *Capping at CPI is not reflective of "sudden and dramatic" increases in assessment.*

With a cap at CPI, nearly everyone will be eligible, not only those with high assessment increases. Participants acknowledged that this will make market value assessments useless.

- *The lack of information/consultation about why the Province introduced the CAP at CPI is frustrating.*

Municipal units want to understand the rationale behind the legislation. Who introduced the legislation? Why? Some went so far as to say that the lack of consultation and the feeling of disrespect it left them feeling would hinder their ability to work cooperatively with the Province in the future.

- *Municipalities want information and consultation about issues that affect them in advance of legislation being passed, not after.*

Clarifying the program objective (i.e. identification of property tax challenges)

When asked to identify their specific property tax challenges, most municipalities, as aforementioned, reported they had no problems they could not address prior to the CAP. However, the unintended affects of the CAP created problems they now have to manage.

They reported they had the tools under the MGA to address the issues of rising property taxes related to increasing assessments, though they noted that some enhancements to these programs would help them offer assistance to the key populations they were concerned about: seniors, low-income, working poor, and waterfront properties. They said the CAP makes it

harder to offer these programs (i.e. the cost of these relief programs is an expense to municipal units and now they have the added cost of the CAP – some are finding it hard to budget for/offer both relief mechanisms).

Only a couple municipalities acknowledged that high assessments were a problem that the CAP helped address, but these municipalities were also quick to say the current program requires renovations.

Identifying tools for addressing property tax relief

Most municipal units said they had the tools they needed to deal with their property tax problems, but that these might be enhanced to be even more effective. Most are willing to work with the Province to identify and further refine these improvements. The following ideas were common during most sessions:

- *Reconsideration of income levels*

Municipal units advocated greater flexibility or creativity with low income thresholds, recommending:

- Creating new ones, or
- Allowing municipal units to use them at their discretion, or
- Having the Province mandate, through regulation, income levels for which municipalities must provide tax relief.

- *Creation of a menu of programs under the MGA from which municipal units could choose as best fit their circumstances.*

Despite their lack of support for the CAP, municipalities felt that the following improvements would reduce its negative impacts, primarily by reducing its scope and refocusing on intended populations:

- CAP percentage:
 - Keep the percentage at 10 per cent.
 - Phase in a lower percentage (i.e. 10 to eight, etc.)
 - Use an index for CAP that is more indicative of a “municipal basket of goods” as an alternative to CPI.
 - Use an index more reflective of “sudden and dramatic” assessment increases.
 - Institute a means test.
 - Restrict the program to primary residence.
 - Ensure residency criteria and enforcement is rigorous.
 - Use a rolling average for assessment (i.e. five or three year)

- Provide assessment documentation that shows the capped value and the market value for any given account. (Both rolls are currently supplied but are in separate files.)
- Give the CAP at CPI to everyone to save the administration and cost that will be created by the application process.

Participants thought that addressing some of their assessment concerns would help. For example, in each session there were participants who questioned values, feeling that properties might still be under-assessed and that there is a lack of assessors in the field.

PARTICIPATION DETAILS

BREAKDOWN OF ELECTED VS. ADMINISTRATIVE REPRESENTATION BY SESSION

<i>Session Location</i>	<i>Total</i>	<i>Elected</i>	<i>Administrative</i>
Truro	19	7	12
Port Hawkesbury	11	1	10
Coldbrook	23	6	17
Yarmouth	14	5	9
Halifax	12	5	7
Bridgewater	13	5	8
Total	92	29	63

MUNICIPALITIES REPRESENTED

Of 55 municipal units, 14 did not attend a session. The 41 municipal units (or 75 per cent) which sent representatives were two regional municipalities, 19 towns, and 20 rural municipalities.

Yarmouth
Municipality of Kings
Municipality of Pictou
Municipality of Yarmouth
Kingston
Pictou
Municipality of Argyle
Berwick
Trenton
Municipality of Barrington
Kentville
New Glasgow
Municipality of Shelburne
Wolfville
Municipality of Antigonish

Municipality of Clare
Municipality of Chester
Municipality of St. Mary's
Municipality of Digby
Municipality of Hants West
Municipality of Guysborough
Municipality of Queens
Windsor
Port Hawkesbury
Municipality of Annapolis
Hantsport
Municipality of Richmond
Annapolis Royal
Municipality of Hants East
Municipality of Inverness

Bridgetown
HRM
Municipality of Victoria
Municipality of Lunenburg
Municipality of Colchester
Lunenburg

Truro
Bridgewater
Parrsboro
Mahone Bay
Amherst

MUNICIPALITIES THAT DID NOT ATTEND

1. Cape Breton Regional Municipality
2. Cumberland Rural Municipality

And the Towns of:

3. Clark's Harbour
4. Lockeport
5. Shelburne
6. Digby
7. Middleton
8. Stewiacke
9. Springhill
10. Oxford
11. Antigonish
12. Canso
13. Mulgrave
14. Westville

PARTICIPANTS' EVALUATION OF MEETINGS

Participants had the opportunity to evaluate the merit of each session by completing a short questionnaire. Of 92 participants, 78 completed forms. Review of these forms showed that this program was extremely well-received and appreciated. In fact, the positive, polite, constructive comments provided on the evaluation forms were somewhat surprising given the strong negative views about the CAP that participants were forthright expressing during the sessions themselves.

The following is a review of the questions asked and percentage responses. Percentages are rounded up, so may not add to 100 per cent in each case.

Was this session valuable in terms of information provided?

Yes	87 %
Somewhat	10 %
Other	3 %
No	0

Did you feel you had an opportunity to express your views?

Yes	96 %
Somewhat	4 %
No	0

Were your opinions accurately reflected in the notes taken?

Yes	91 %
Somewhat	6 %
No	1 %
Don't know	1 %

Did you feel the session leaders were well-prepared?

Yes	87 %
Somewhat	9 %
No	3 %
No answer	1 %

Was the material delivered to you in advance of the session useful?

Yes	85 %
Somewhat	6 %
No	3 %
No answer	6 %

Participants did not seem to differentiate the final two questions on the evaluation form, and so their specific comments have been combined in a summary below. Only frequent comments are noted here. Copies of the evaluation forms are available in the appendix.

What would you suggest to the session leaders in terms of improvements?

Nothing	27 %
No answer	26 %
Specific answers as summarized below	47 %

Do you have any other feedback you would like to share?

No	23 %
No answer	33 %
Specific answers as summarized below	44 %

The most common feedback given in response to these two questions was that municipal units want involvement and communication before legislation that affects them is set. Another common request was for the notes from all six sessions to be collated and distributed among participants. Further, many expressed a concern that the right person or groups comprehend these notes and feedback.

Several respondents noted that municipal units were able to deal with their own issues.

Finally, a number of respondents mentioned they thought presenters should be better prepared to deal with questions about the history of the CAP legislation, who was responsible for it and where the Province is headed with it.

All of these comments were consistent with feedback given within the sessions themselves.

RESULTS BY SESSION

TRURO

The Truro session was the first and had one of the largest attendances with 19 participants. The overall message was that participants were not in favour of the CAP. They felt it does not address the problems it should, and that it creates more problems, particularly the longer it is in place.

Municipalities' experience with CAP at ten per cent

The discussion about the program revolved around problems these municipal representatives observed. First, they noted that property owners do not know about the CAP.

Then they explained that the CAP program will become very complicated as time goes on noting:

- The CAP creates huge differences in values of homes that are similar when one property is capped and the other is not.
- Older homes are more of an issue—capping may create more of a discrepancy.
- The cap in certain areas is not at an equal base.
- Capping activity affects the assessments of properties over the years. Participants noted that it will make assessments even more complicated, less reliable and less reflective of market in the future.

Participants agreed that capping achieves one tax policy objective, but misses about four others, and shifts the tax burden among taxpayers. The inequity to property owners who are not capped caused concern. The CAP will also shift a burden onto commercial taxpayers. Both of these shifts create problems for municipal units.

Another concern expressed by this group was that the CAP must cause an administrative burden on Assessment, and that extra cost is borne by municipal units. There was significant frustration voiced about this.

Municipalities' observations on CAP at CPI

Municipalities explained that the complications noted in the section above become more pronounced with CAP at CPI. They wondered if the Province was going to offset any losses to municipalities incurred by a CPI cap.

Clarifying the program objective (i.e. identification of property tax challenges)

The over-riding theme during this feedback point was that the Province seems to have addressed a problem that it was unsure of in the first place and used "... a sledgehammer where a flyswatter may have done the trick." This, in turn, creates more challenges for municipal units.

Participants emphasized that property tax issues are a municipal problem not a provincial one. Some municipalities have no property tax problems, others have ones that are unique to them. But overall, they feel they have the tools to deal with their specific issues, and feel that they are best at knowing what those issues are and how to address them. They would like the Province to respect this position.

Some noted that there were "hot spots" that posed problems, and that some property owners were having trouble paying taxes because they exceed the income level for tax relief programs.

Identifying tools for addressing property tax relief

As noted earlier, this group felt they had the tools necessary to address any property tax issues they might have. The group noted that some amendments to the Municipal Government Act might be required to give municipal units greater flexibility or allow for more creativity, particularly when dealing with lower income thresholds and specific geography-related assessment increases.

Other tools discussed during this segment:

1. Assessment process: Set a base year for each municipality. It would not have to be the same for all municipalities as the method applies to each specific circumstances of each unit. Then increase the base assessment by CPI during the period between base years.
2. Use deferral tool.
3. Use area rates.

PORT HAWKESBURY

With a snow-storm threatening the attendance at this session, leaders contacted registrants the night before and asked to start the meeting one hour earlier than scheduled in order to have participants home before the bad weather. Attendance was strong notwithstanding the forecast, with all major municipalities represented with the exception of Cape Breton Regional Municipality.

This group was not in favour of the CAP.

Municipalities' experience with CAP at ten per cent

The Port Hawkesbury participants had many similar observations about the CAP in terms of how complicated it gets over time, how different starting dates for CAP creates problems related to the varying values it generates, how it gets in the way of uniform assessment, and the burden shift to uncapped accounts and commercial entities.

In addition, they noted that the longer the CAP is in place, the harder it will be to take away. They said that non-capped accounts are going to get vocal once they figure out the burden shift. They expressed concern over the fact that there may not be an exit strategy to get out of the CAP program.

This group was detail-oriented and wondered at the even broader unintended impacts of the CAP. For example:

- Effect CAP on Uniform Assessment for individual municipalities – what it does to those with high commercial tax base.
- The effect CAP has on market value. New additions are calculated at market value and are not eligible for cap within the first year. Market increases can be capped. These two features are complicated and frustrating for property owners to understand.
- The CAP's effect on the real estate market (i.e. homes without capping may not be as desirable) and construction market (new construction is not eligible for capping).
- Mobile homes may feel tax burden shift as a result of CAP.

They expressed frustration because they felt that capping creates new problems for municipalities, noting that the Province tried to solve one problem, but created others. They felt that the CAP shifts responsibility to municipalities. They said the burden shift among municipal units with low capping activity to the benefit of those with high capping activity is unfair.

And, like their Truro counterparts, this group was concerned about the cost to administer the CAP program – a cost which municipal units ultimately pay.

Participants noted that property owners are not aware of the CAP, and that those who are reluctant to apply because they fear there is a “catch”, for example, if they apply that will trigger an assessor to come to their property, inspect it, and increase the assessment. Participants reported that some seniors do not like the application process because they are wary about providing personal information. Some reported that municipal staff know little about the program and further, that there is no incentive for them to promote the program, quite the opposite, in fact, because of the negative impact of the CAP on municipalities.

In the end, some participants reported that the market value system of assessment is just fine, but that Assessment Services just has to keep up with it. They said the Province should not be responding with tools like the CAP that affect how municipal units do their taxes.

Municipalities’ observations on CAP at CPI

The group observed that capping at 10 percent was going to complicate things as time goes on, but that capping at CPI was really going to make things problematic in terms of property value discrepancies, tax burden shift, Uniform Assessment shifts and costs.

They worried that the UNSM did not fully understand the CAP and its weaknesses, therefore it may not represent these to the Province.

Clarifying the program objective (i.e. identification of property tax challenges)

When asked what property tax challenges they faced in their specific municipalities, this group focused on four key areas citing that:

- The CAP program itself created a challenge for them as noted in previous feedback points.
- The assessment system needs enhancements in order for municipal units to be more confident in the values Assessment provides.
- There are no problems that municipal units cannot manage on their own.
- There may be problems for the taxpayer of certain properties:
 - seniors, low-income

- low income that may not be eligible for CAP
- shorefront properties -- view of water

Participants discussed a number of ideas in terms of enhancing tools they already have for property tax relief in order to be even more effective. Specifically:

- Low income property tax-payer relief:
 - Reviewing the low income exemption of \$17,500 – municipalities would like to set their own thresholds to address the specific circumstances in their area.
 - Low income property owners are able to claim a provincial income tax credit. Perhaps the Provincial rebate program needs to be augmented with municipal tax relief programs (might include reducing tax rates) so that one program does not preclude someone obtaining relief from the other program.
- Complementary income – municipal property taxes being made tax deductible.
- A tool to address recreational versus primary residence issues - authority to deal with high assessments generated by properties in “hot markets”.
- Enhancements to CAP – although the group was quick to point out they would rather eliminate the CAP, they did feel that if it remains:
 - It should be income tested, in addition to other CAP eligibility criteria. Participants pointed out that Province has access to income and assessment data, therefore they felt that an income test should be manageable.
 - Residency criteria have to be more rigorous, i.e. one must pay provincial tax in order to be eligible. No mechanism is currently in place to test residency of property owners who are “in the CAP program.”

COLDBROOK

This session had the largest attendance, with 22 municipal representatives. Of the six sessions, these representatives seemed to be the most frustrated, potentially because they represented areas where rising assessments have not been a factor. This group gave voice to their dissatisfaction and quizzed presenters on the origins of the CAP, who specifically was responsible for it, and how it became legislation.

As with the previous two sessions, this group was not in favour of the CAP.

Municipalities' experience with CAP at ten per cent

Again, many of the problematic features of the CAP noted in the previous sessions were observed in Coldbrook too. The tax burden shift to un-capped property owners and the commercial sector, the complications as time goes on, the cost to implement the program, the potential to pit neighbour against neighbour, the lack of awareness about the program and the lack of incentive for municipalities to promote it, were all discussed.

However, in this session there was a stronger expression of irritation related to their perception that the Province got involved where it should not have. This left municipalities feeling like the Province thinks municipal units cannot deal with their own budgeting or tax realities. They reported that capping is a real problem for them now and the fact that the legislation exists makes them feel hamstrung. Ultimately all this has contributed to an overall feeling of disrespect that these municipal units experience.

They observed that CAP helped in certain municipal units with waterfront issues, but that CAP here has the potential, especially over time, to be very damaging.

Municipalities' observations on CAP at CPI

The Coldbrook participants said that the CPI index should not be used because it does not reflect municipalities' costs. They suggested that the CAP, if not eliminated, should be set at an index more in line with the "basket of goods" municipalities would use, looking at costs of construction, mandated expenditures, etc. They said that trends in municipal expenditures and revenues are available to the Province, so setting this index would not be difficult.

The group expressed concern that CAP at CPI is not fair to taxpayers – everyone is increased at same rate and so it shifts the burden.

They noted that capping at CPI is not consistent with the CAP objective to protect against “sudden and dramatic” assessment increases.

The absence of information about why government legislated the CAP, and why it went to CPI, is frustrating to municipal units. Some went so far as to say it may impinge their ability to work cooperatively or in partnership with the Province in the future.

Clarifying the program objective (i.e. identification of property tax challenges)

Participants said that they were able to manage changing assessments and what they did to low-income groups/seniors/etc. before, but now CAP, especially at CPI, makes it more challenging for them. They said CAP is the problem they now have to manage and that it restricts their ability to use the tools they previously had.

Identifying tools for addressing property tax relief

Participants reiterated that they do not have problems related to assessment changes, and the tax effects of them, that they cannot address with the tools they have available.

In terms of CAP enhancements/options, they offered these suggestions:

- Market value may need averaging over a period of time as a tool – need an impact analysis of this to comment fully on it.
- An index that should reflect the drivers of municipal units’ budgets (fuel, electricity, education, assessments, policing) the “downloaded” costs should be reflected -- recognition of who “owns the assets, the infrastructure” -- construction indexes are more in the range of eight-to-12 per cent for example.
- AMB should be the filter for the needs of the municipal units
- A tool to exclude:
 - Properties that are appealed;
 - A CAP that has unintended consequences, like unsightly property; or
 - Ones that would have a long term adverse impact on market value assessments.
- Capping decreases so the decreases will go down incrementally.
- Income test.

- Remind seniors through newsletters that rebate programs and capping is available to them.
- Tax collectors association should be consulted.
- Supplementary assessment rolls should be provided. Municipal units would like to see both capped roll and market value roll when they look up a property.
- Real estate “cuts” should be mandated to show “market value” not capped value.
- The group also reviewed property tax relief tools they used, citing the following:
 - Tax deferrals
 - Low income rebates. There was a suggestion that these might be used better, possibly by graduating the income levels based upon other criteria. They are not broadly used in this municipal unit because this has not typically been a problem area for them.

The following suggestions stemmed from the feeling of frustration this group expressed with the Province:

- Create some framework for involvement/consultation/communication and decision-making when a municipal unit has a problem, rather than a one-size fits all — maybe the Assessment Management Board (AMB) gets involved.
- Enhance/empower AMB – if they are responsible for assessment they should have power to make decisions.

YARMOUTH

Fourteen municipal representatives attended the Yarmouth session. Again, the overriding sentiment was against capping, and, as with the Coldbrook session, participants felt they understood their municipal tax relief requirements and had the knowledge and tools to manage their municipal-specific issues.

Municipalities' experience with CAP at ten per cent

The initial discussion in Yarmouth centred around the inequities the CAP generates between municipalities with significant capping versus those with less capping activity, specifically around Uniform Assessments (UA). They observed that fluctuating UA amounts will make it very hard for them to budget because municipalities will not know how many will get the cap.

The group also noted that real estate/mortgage companies may have difficulties if they have access to both capped values and market values. The group advised that such entities should only have access to market values because access to capping information might create advantages and disadvantages when it comes to buying and selling property. The regional manager of Assessment Services advised that only market value is public domain, that capping information is not.

Unintended impacts of the CAP were discussed including the idea that it might be a disincentive to development because if a property has been capped, why would a property owner sell it? When it is sold, its assessment goes back to market value. Would people purchase a property if the taxes are going to be higher than staying in a property that is capped?

The group acknowledged the negative effect of the CAP on smaller areas with less capping, because taxes there will have to increase, so other larger areas may be more attractive to property owners.

Participants in this session were particularly concerned about the costs to administer CAP and how that will increase when the cap is at CPI. Some expressed concern that more assessment field work needs to be done and that the forestry property taxation rate needs to be reviewed because it has been in place since 1978. These municipal representatives were concerned that if Assessment was spending inordinate amounts of time administering the CAP, that assessors would not be out doing the work that was really important to these municipal units.

The timing of the Business Occupancy phase-out with the CAP program was noted as difficult for municipal units to manage. Something with a more modest impact, phased in, might have been more manageable.

The group reported that people were not applying for the CAP, and that those who were are the ones who may be most able to pay. Some municipal units said they had to encourage lower income property owners to apply. With regards to the application process, some participants asked why property owners are not required to re-apply; what if they move away? Assessment might not pick it up if the owner has a box number in NS.

As in the earlier sessions, Yarmouth reported that the CAP interferes with municipal units' own tax relief programs. They, like Coldbrook, expressed a feeling of disrespect for the good work and understanding that municipal units have of their own property tax issues, and frustration that that a blanket approach was used to deal with one municipality's problem.

Municipalities' observations on CAP at CPI

Participants clearly articulated that this consultation should have happened in advance of the capping legislation. Instead, its introduction took everyone by surprise.

As with the Coldbrook session, the Yarmouth group said there is a disconnect between municipal expenditures and the CPI: that the CPI does not represent the "basket of goods" that municipal units must buy.

They predicted that depending upon the CPI for any given year, the program may apply to every property owner. They observed that at ten per cent, the CAP was manageable, but that at CPI it would not be.

Like their counterparts at other sessions, they questioned the origins of Bill 92.

Clarifying the program objective (i.e. identification of property tax challenges)

Similar to their counterparts in other sessions, Yarmouth participants advised that they had no major issues that they do not already have tools to manage. Assessments may not be rising as high as in other areas of the province, so they felt equipped to deal with their issues at the municipal level.

Identifying tools for addressing property tax relief

Participants thoroughly examined their own tax relief solutions and provided feedback on existing tools that might require enhancements or new tools for consideration. They suggested:

- Municipalities being able to set tax rates: urban vs. rural rates, to be able to manage tax burden shift when there are hot spots in a municipal unit.
- A mechanism for municipal units to share information about the tax rates they set, if they are given ability to do so, this may be facilitated by Service Nova Scotia
- Would like the ability to tax non-residents.
- Let municipalities charge taxes based upon what a property owner paid for the property.
- Clare – few appeals, keeping a steady tax rate --- CAP challenges this, tax rebate of \$75 per qualifying households (approx. 18-19 property owners) they also qualify for the provincial subsidy.
- Town of Yarmouth – tax relief for low income, based upon income, straight rebate up to 50 percent of taxes up to \$500.
- Yarmouth County -- low exemption policy.
- Barrington – low income rebate (approx. 120-125 property owners). Their main challenges are created by Business Occupancy Tax and wind farms.
- Annapolis County – low income property tax exemption, looking at threshold, seniors take advantage of provincial program, staff working with property owners who are in arrears (approx. 200 property owners).
- Argyle – tax sale listing is increasing – low income rebate – income limit increases by CPI
- Tax deferral – through MGA, property owners may be suspicious of it.
- Although the group was not in favour of the CAP, they felt the following might make it more manageable:
 - CAP program at CPI should just be given out to everyone, rather than the administrative burden of an application-based program. It should continue to be un-available to non-residents.
 - An interim step between ten per cent and CPI would make it easier to predict the impact and see what experience brings.
 - Criteria should be made more stringent so that primary residence is eligible, but not recreational or income properties.

HALIFAX

The Halifax session had twelve participants and was the only one during which disagreement about the CAP surfaced: there was both strong support, particularly from one councilor, and opposition to the CAP. There were very strong personalities in the tiny room, making it one of the more difficult sessions to facilitate and to keep participants focused. Participants had messages besides those about the CAP that they were steadfast about relaying.

Municipalities' experience with CAP at ten per cent

The arguments against the CAP were consistent with the other sessions:

- The longer the program is in place, the greater the gap between market value and capped value.
- The tax burden will shift to lower income residents. Tax inequities are going to cause problems.
- At ten per cent the CAP is more manageable. At CPI the impact will be huge especially given that CPI has gone quite low....down to 0.6%.
- Assessment system needs discussion.
- Costs to municipal units is a rate that needs to be looked at...it's higher than CPI for a municipal "basket of goods": fuel, electricity, construction and provincial contributions.
- They have mechanisms to deal with low income property tax issues. The CAP program should be at the discretion of municipal councils. There are such different circumstances from each municipal unit, let them deal with it at the municipal level.
- UA shifts: UA for higher-capped municipal units will decrease. There was a feeling expressed that this might even out the playing field for higher-capped municipalities (compared to not having CAP.)
- Municipalities want communication and analysis before legislation.
- People do not understand CAP or assessment. Some people will not apply because they think it will trigger an inspection and higher assessment.
- Attitude that municipalities need to be more responsible is frustrating. Some participants acknowledged that municipal units should be getting together with the Province to work this through and analyzing impact further.
- CAP creates a gap that may encourage sales that burden municipal units more
- Municipalities want to know how much it costs to administer CAP at 10 per cent and at CPI.

- Residential vs. non-residence – what impact on the tax shifting does this have, or should we be giving the municipalities the ability to police? Should we give CAP to everybody? These details/analyses would be useful to municipalities. .
- Municipalities have the ability to charge a maximum tax in addition to the minimum tax
- They requested that the market value roll and the capped roll be combined.

Other observations about CAP noted during this session include:

- CAP may cause increased rents. Apartment owners are not eligible for the CAP, and they will have to pass along the increased tax burden CAP creates to apartment rents.
- CAP will affect seasonal properties – they will pay more in taxes as the tax burden shifts to them.
- There is an optics that this is going to save tax payers – municipalities wondered if Province is going to cap their contributions too.
- The suggestion was made that this presentation go to MLA's so they can hear the municipalities' point of views.
- Finally, there was discussion around whether the eligibility criteria should be more stringent, for example, property owners should only be able to get the cap for their principle residence. One participant recommended CAP apply to the property, not the person.
- The Province should change income tax brackets to be more reflective of today's realities.

Arguments made in favour of the CAP program:

- It does not just address a South Shore problem, there are pockets in other municipal units which benefit.
- Provides some protection to property owners. Value of your home may have no direct relation to your income or ability to pay your taxes. Fixed income or working families have some protections through CAP
- Does not penalize new home owners for new construction or strong market growth.
- Keeps municipalities and provincial government fiscally responsible – takes out "blame game" because both are accountable.

Municipalities' observations on CAP at CPI

Municipalities were concerned around the wording of Bill 92 related to which month's CPI is used to calculate the cap. For example, if it is December's CPI, municipal units will have to wait until February before they get their roll.

If the CAP stays, participants want a review clause in the legislation or a commitment to review.

Clarifying the program objective (i.e. identification of property tax challenges)

Municipalities reported property tax relief issues in certain areas as noted below, but most have tools to address them:

- Seniors
- Waterfront properties
- Lower income
- Neighbourhoods next to "hot spots" – CAP works here

Other challenges noted during this segment include:

- The "sticker shock of property taxes" – rising property values is a good thing, but how do municipalities deal with some property owners inability to pay?
- Service levels are not reflected in assessment
- Taxation of apartments versus condos (services)
- Properties are under-assessed
- Municipal costs are rising: fixed costs and those through provincial legislation
- How does this compare to other places in Canada and how does this impact people's decision to stay here or relocate here

Identifying tools for addressing property tax relief

The group suggested some other tools that might help them:

- Review of the property tax relief tools used by municipalities.
- Clarify the thresholds for income and then define the reduction percentage amount or the specific dollar amount.

In terms of enhancing the CAP program, respondents noted:

- Accessing CRA data might be a cost-effective way of applying a means test to the CAP.
- Eligibility criteria should be revised, stipulating the CAP only applies to principle residence.
- Regarding increased costs to municipalities and how CPI does not keep up with this: Examine five key factors of municipal units and set a rate that is more realistic for them.
- Some thought municipalities should convene with the Province to discuss how municipal units are going to manage increasing expenditures. They do not have the flexibility or broad enough powers under MGA.
 - Environmental and health regulation is adding new costs to mu's
 - Infrastructure deficit
 - Business occupancy elimination – will likely change tax rate change – mu's will face backlash from commercial sector
 - Increased service demand

BRIDGEWATER

The 13 participants in the Bridgewater session were predominantly opposed to the CAP, but at least one felt that it could work with enhancements and more stringent criteria. Comments provided during this session were clear, well-articulated, and respectful.

Municipalities' experience with CAP at ten per cent

The favourable position expressed about the CAP stemmed from the recognition that Assessment is a provincial mandate and that rising assessments are dealt with at that level. Further, capping does have the potential to equalize the tax burden felt by some property owners if the principle residence is stipulated and a means test is conducted. Otherwise, all the other negative impacts will prevail, as noted in other sessions. In Bridgewater these included:

- Helps the higher-capped, arguably higher-income property owner, to the detriment of those who do not get the cap.
- Shift of UA burden to lower-capped municipalities. Observation made that some of these lower-capped municipal units have highest tax rates.
- The CAP will put more burden on apartment dwellers because the buildings are not eligible for the cap and landlords will have to pass the tax burden on to their tenants.
- If municipalities do not want to raise residential rates, what option is left?
 - If they raise commercial rates there is a negative effect on small business. Some raised a concern that Municipal Services staff may not be hearing from small business through the review process. They admitted that the rural business perspective is hard to obtain, but suggested trying regional development authorities.
 - Services: they have no control over many of these which are provincially mandated, but there is an illusion that municipal units can control increasing budgets/costs.
- The challenge for municipalities is that they have expenditures and they have to charge taxes.
- They acknowledged the costs to administer the CAP is borne by Assessment and ultimately by them.
- It will be a big adjustment out of the CAP - the longer the CAP is in the harder it will be to eliminate.

Municipalities' observations on CAP at CPI

As with the other sessions, the Bridgewater participants reported that their expenditures do not increase within the CPI. They recommended that municipal payments for education, corrections and assessment increases be capped at CPI. They said that the CPI CAP provides no recognition for growth because growth that municipal units want does not happen within CPI. This puts more pressure on municipalities to increase their tax revenues. Finally, it sends the wrong message to the public that municipalities should be able to manage their expenditures within CPI.

They said that under CPI, virtually everyone will be eligible, and that that makes a farce of the assessment system.

There were strong feelings articulated that the three parties do not fully understand the legislation and its impact. A recommendation was made that all three caucuses hear from the UNSM and from the Department, prior to the filing of this report in the House

Clarifying the program objective (i.e. identification of property tax challenges)

Bridgewater session participants noted that the main problem was "the wallet" problem, or the tax bill problem. Some people just can not afford their taxes. Some were in jeopardy of losing their homes because they had been in the family for years, the property owners were on fixed incomes, and their assessments were increasing. CAP was intended to help here.

In addition, high property values are preventing young people from moving into certain areas. This makes it difficult for businesses and growth. CAP was intended to help here too.

Participants indicated that the program objective for them has not changed. But, the intention was not to help all Nova Scotians. All Nova Scotians did not need it. But the CAP helps all Nova Scotians and they say that this is a problem.

Another problem they face is that services may not be improving, but taxes are increasing because assessments are increasing. This is very hard to explain to property owners.

Identifying tools for addressing property tax relief

Although the CAP was mostly unpopular, participants agreed that if it remains:

- Do a means test. Income tax assessments for all people living in that property should be reviewed.
- Criteria should stipulate “principle residence.”
- Whether there is a means test or not:
 - Property owners should chose which property – recreational or principle residence – on which to apply the CAP
 - Assessments could reflect recreational class; commercial class; residential class – let property owner chose.
- Maybe resource property should be eligible for capping.
- Leave CAP at 10 per cent or something more representative of dramatic increases. That would be more manageable.
- Municipalities have tools, or access to them, maybe they need to have mandates to use them.
- Income thresholds may be different for tax relief.
- Some municipalities require an affidavit before tax relief is given.
- Deferrals – with a lien on property -- creates cash flow problems (meet the means test and principle residence test) but should be discretionary.
- A suggestion was made that municipal units would like a “menu” of programs under the MGA. The criteria might need to be looked at. These tools are less costly administratively and they seem to get at the problems in a more targeted way. Province mandates income level through regulation and municipalities have flexibility in determining degree of relief. Municipalities would like to know these levels before they do their budgeting.
- An adjustment to the UA should be given for the reduction in taxes.
- The Province needs to come up with ways to manage the CAP if/when it is eliminated – the longer it is in place, the harder it will be to remove.

APPENDIX

INVITATION

MEMORANDUM

Office of the Deputy Minister
P.O. Box 216
Halifax, Nova Scotia
B3J 2M4
Phone: (902) 424-4100
Fax: (90) 424-0581

TO: All Municipal Mayors, Wardens and CAOs

FROM: Greg Keefe, Deputy Minister

DATE: January 12, 2007

RE: Rescheduling of Regional Discussion Sessions on Capped Assessment Program

On behalf of the Municipal Services Division, I would like to extend an invitation to participate in one of six discussion sessions to be held around the province regarding the Capped Assessment Program (CAP). These sessions form part of the provincial plan to review the CAP program as mandated by existing legislation. Please consider extending this invitation to key staff within your tax department.

To support your participation in the session, please find attached a detailed information package containing the following: an agenda and further details on the discussion sessions; relevant research identified through the literature and jurisdictional reviews to date; and data 'snapshots' tailored to your municipality based on updated analysis that considers the recent introduction of the Consumer Price Index (CPI) in the capping formula. We will discuss this information in more detail at the sessions.

Regional discussion sessions will be offered at the following dates and locations. Participants are encouraged to attend the session located within their region, as session materials will be tailored to focus on issues specific to the region in which they are held.

Jan. 25	Best Western Glengarry Hotel, Truro
Jan. 26	Civic Centre, Port Hawkesbury
Jan. 29	Wandlyn Inn, Coldbrook
Jan. 31	Rodd Colony Harbour Inn, Yarmouth
Feb. 6	Halifax (TBD)
Feb. 7	Wandlyn Inn, Bridgewater

Please note: sessions in Truro, Coldbrook, Halifax and Bridgewater will run from 8:30 AM to 3 PM; sessions in Port Hawkesbury and Yarmouth will run from 9:30 AM to 4 PM. Light refreshments and lunch will be provided.

Page 2

January 12, 2007

Mayors, Wardens & CAOs

Please confirm your attendance no later than Friday, January 19 with Margo Horne at mhorne@gov.ns.ca or (902) 424-6333 so that the necessary arrangements can be made.

If you require any additional information regarding these sessions, or if you are unable to attend and would like to forward your input regarding the Capped Assessment Program, please feel free to contact Lynn Bowen Avery at bowenal@gov.ns.ca or (902) 424-0838.

Yours truly,

Greg Keefe, CMA

Deputy Minister

cc: Russell Walker, President of the Union of Nova Scotia Municipalities

EVALUATION FORMS FROM SESSIONS

REGISTRATION LIST FOR EACH SESSION

**BEST WESTERN GLENGARRY , TRURO
THURSDAY, JANUARY 25/07**

In Attendance (Y/N)	Registrants	Title	Municipal Unit
Yes	Arbing, Vince	Treasurer	Town of Amherst
Yes	Benson, Susan		Town of Pictou
Yes	Brown, Ashley	CAO	Town of Parrsboro
No	Campbell, Donna	Finance Manager	Mun. Of Colchester
Yes	Cornish, Karen	Deputy Treasurer	Mun. Of Pictou
Yes	Cullen, Brian	CAO	Mun. Of Pictou
Yes	Glasgow, Ian	CAO	Mun. Of East Hants
Yes	Hallee, Jerry	Mayor	Town of Amherst
Yes	Hartling, Terry	Regional Manager	
Yes	Hawes, Joe	Mayor	Town of Pictou
No	Herritt, Greg	CAO	Town of Amherst
Yes	Kampen, Debbie	CAO	Town of Trenton
Yes	MacDonald, Allister	Warden	Mun. Of Pictou
Yes	MacGillivray, Cathy	Deputy Clerk	Town of Trenton
Yes	MacIsaac, Gary	CAO	Mun. Of Colchester
Yes	Matheson, Hugh	Deputy Mayor	Mun. Of Colchester
Yes	Mills, Bill	Mayor	Town of Truro
Yes	Moore, Jennifer	Revenue Officer	Town of Amherst
Yes	Nolan, Connie	Director of Finance	Mun. Of East Hants
Yes	Patterson, John	Warden	Mun. Of East Hants
Yes	Robinson, Doug	Mayor	Town of Parrsboro
No	Tabor, Don	CAO	Town of Springhill

Yes	Smith, David	CAO	Town of New Glasgow
Yes	Wills, Paul	Director of Corporate Serv	Town of New Glasgow
Yes	Hartling, Terry	Regional Manager, Assessment Services	SNMR

**CIVIC CENTRE, PORT HAWKESBURY
FRIDAY, JANUARY 26/07**

In Attendance (Y/N)	Registrants	Title	Municipal Unit
Yes	Bond, Alan	CAO	Mun. Of Antigonish
No	Clark, David	Warden	Mun. Of St. Mary's
Yes	Davis, Jim	Director of Finance	Town of Port Hawkesbury
No	Davis, Pauline	Director of Taxation	Mun. Of Victoria
Yes	DeLorey, Herbert	Warden	Mun. Of Antigonish
Yes	Digout, Louis	CAO	Mun. Of Richmond
Yes	Gillis, David	CAO	Mun. Of St. Mary's
Yes	Hudson, Sandy	CAO	Mun. Of Victoria
No	MacDonald, Aleen	Tax Collector	Town of Port Hawkesbury
Yes	MacDonald, Stuart	Deputy Clerk Treasurer	Mun. Of Richmond
Yes	MacEachern, Malcolm	Accountant	Mun. Of Inverness
Yes	MacLean, Roy	Municipal Property Clerk	Mun. Of Inverness
Yes	Marchand, Don	Tax Collector	Mun. Of Richmaond
Yes	Melong, Brian	Director of Finance	Mun. Of Guysborough
Yes		Regional Manager Assessment Services	SNSMR

**WANDLYN INN, COLDBROOK
MONDAY, JANUARY 29/07**

In Attendance (Y/N)	NAME	POSITION	UNIT
Yes	Allen, Anna	Mayor	Town of Windsor
Yes	Armstrong, Doug	Director of Finance	Town of Windsor
Yes	Balcolm, Sharon	Chairperson	Village of Kingston
Yes	Boyer, Amery	CAO	Town of Annapolis Royal
No	Corkum, Dave	Mayor	Town of Kentville
Yes	Coutinho, Louis	CAO	Town of Windsor
Yes	Crowell, Debra	Director of Finance	Town of Kentville
Yes	Folker, Wayne	Mayor	Town of Hantsport
Yes	Fraser, Linda	CAO	Mun. Of Digby
No	Fuller, John	Councillor	Mun. Of Kings
Yes	Langmead, John	CAO	Town of Bridgetown
Yes	Lawrence, Jeff	CAO	Town of Hantport
Yes	MacLean, Mike	Director of Finance	Town of Berwick
Yes	Marshall, Art	Mayor	Town of Bridgetown
Yes	McKenna, Bill	Dir. Of Corporate Services	Mun. Of Kings
Yes	Mullins, Ron	Director of Finance	Mun. Of West Hants
Yes	Porter, Brian	Director of Finance	Town of Wolfville
No	Rafuse, Kathleen	Director of Finance	Region of Queens
Yes	Rice, Kelly	Clerk Treasurer	Village of Kingston
Yes	Salsman, Wendy	Revenue Accountant	Mun. Of Kings
Yes	Smith, Brian	CAO	Mun. Of Kings
Yes	Stewart, Patricia		Town of Wolfville

Yes	Thurber, James	Warden	Mun. Of Digby
Yes	Whalen, Fred	Warden	Mun. Of Kings
Yes	Young, Melissa		Town of Bridgetown
Yes	Seewold, Tanis	Regional Manager, Assessment Services	SNSMR

**RODD COLONY HARBOUR INN, YARMOUTH
WEDNESDAY, JANUARY 31/07**

In Attendance (Y/N)	Registrants	Title	Municipal Unit
Yes	Boudreau, Peggy	Revenue Administrator	Mun. Of Argyle
Yes	Comeau, Delphis	CAO	Mun. Of Clare
Yes	Crosby, Ken	Councillor	Mun. Of Yarmouth
Yes	Entremont, Aldric	Warden	Mun. Of Argyle
Yes	Doucet, Jeannette	Deputy Clerk	Mun. Of Clare
Yes	Goodwin, Staley	Councillor	Mun. Of Yarmouth
Yes	Halliday, Louise	Warden	Mun. Of Barrington
Yes	Holland, Brian	Clerk Treasurer	Mun. Of Barrington
Yes	Hudson, Shelly	Tax Dept.	Mun. Of Yarmouth
Yes	LeBlanc, Trudy	Deputy CAO	Mun. Of Yarmouth
Yes	Jean Melanson	Warden	Mun. Of Clare
No	Moses, Ken	CAO	Mun. Of Yarmouth
Yes	Power, Linda	Taxation Clerk	Mun. Of Yarmouth
No	Raymond, Matthew	Deputy Clerk	Town of Digby
Yes	Robicheau, Keith	CAO	Mun. Of Annapolis
No	Smith, Bryan	Warden	Mun. Of Yarmouth
Yes	Verran, Gerry	Director of Finance	Town of Yarmouth
Yes	Seewold, Tanis	Regional Assessment Manager	SNMR

**FUTURE INN, HALIFAX
TUESDAY, FEBRUARY 6/07**

In Attendance (Y/N)	Registrants	Title	Municipal Unit
Yes	Adams, Steve	Councillor	HRM
Yes	Bennett, Shannon	Researcher	HRM
Yes	Fisher, Bruce	Manager/Fiscal&Tax Policy	HRM
Yes	Goldburg, Lyle	Researcher	UNSM
Yes	Gorall, Nathan	Executive Director	SNSMR
Yes	Hum, Debbie	Councillor	HRM
Yes	Karrell, Debbie	Assessment Services	SNSMR
No	Kent, Becky	Councillor	HRM
Yes	MacLean, Ann	Mayor	Town of New Glasgow
Yes	MacLellan, Lloyd	Regional Manager	
Yes	MacNeil, Andre	Financial Consultant	HRM
No	Martin, Gary	Councillor	HRM
Yes	McClusky, Gloria	Councillor	HRM
Yes	McDougall, Dan	CAO	Mun. Of Guysborough
Yes	Mersereau, John	Policy Analyst	SNSMR
Yes	Mosher, Linda	Councillor	HRM
Yes	O'Toole, Cathie	A/Director of Finance	HRM
Yes	Simpson, Ken	Executive Director	UNSM
No	Snow, Krista	Councillor	HRM
Yes	Karrel, Debi	Regional Manager, Assessment Services	SNSMR
Yes	Lloyd MacLellan	Regional Manager, Assessment Services	SNSMR

**WANDLYN INN, BRIDGEWATER
WEDNESDAY, FEBRUARY 7/07**

In Attendance (Y/N)	Registrants	Title	Municipal Unit
Yes	Carey, Dwayne	Director of Finance	Mun. Of Shelburne
Yes	Feeney, Joe	Mayor	Town of Mahone Bay
No	Garber, Elmer	Deputy Warden	Mun. Of Lunenburg
No	Graham, Steve	Director of Finance	Mun. Of Chester
Yes	Hiltz, Darrell	CAO	Mun. Of Chester
Yes	Keating, Jennifer	Deputy Treasurer	Region of Queens Mun.
Yes	Leefe, John	Mayor	Region of Queens Mun.
Yes	Mawhinney, Laurence	Mayor	Town of Lunenburg
Yes	Pettipas, Gordon	Director of Finance	Mun. Of Lunenburg
No	Renton, Bea	Town Manager	Town of Lunenburg
Yes	Smith, Ken	CAO	Town of Bridgewater
Yes	Webber, Allen	Warden	Mun. Of Chester
Yes	Wentzell, Elana	Director of Finance	Town of Lunenburg
Yes	Wentzell, Jack	Warden	Mun. Of Lunenburg
Yes	Wentzell, Jim	CAO	Town of Mahone Bay
Yes	Wilson, Tammy	Acting CAO	Mun. Of Lunenburg
No	Young, Joyce	CAO	Town of Lockeport
Yes	Seawold, Tanis	Regional Manager, Assessment Services	SNSMR

NOTES TAKEN FROM EACH SESSION

Municipal Feedback – Truro

Experience with Assessment Capping Program to date

- People don't know about it
- How to explain the home that is capped, at time of sale – creates huge difference in price of homes that are similar
- Seems to be an inequity to the average property owner
- Cap shouldn't disappear when property is sold
- Older homes are more of an issue—capping may create more of a discrepancy
- We're in our infancy – how does the capping activity affect the assessment of properties over the years. If it's an impact now, what will it look like in a number of years? It gets complicated
- What does scenario look like at 100 per cent participation at 10 percent
 - The cap in certain areas is not at an equal base
 - Capping achieves one tax policy objective, but misses about four others, and seems like shifting tax burden among tax payers
 - Cap must cause administrative burden on Assessment and that extra cost is borne by MUNICIPAL UNIT's

Comments on the program

- In favor? Not in favor?
- CAP doesn't solve the problem it was set out to solve.
- Commercial will bear a burden under CAP – that creates a whole other problem for municipal units.
- Province seems to have addressed a problem that they were unsure of in the first place – a sledgehammer where a flyswatter may have done the trick.
- It's not affecting province's pocketbook, but it 's affecting municipal units.

Observations on CAP at CPI

- What is government prepared to do to offset any losses incurred by CPI Cap.

What is the problem we are trying to solve?

- It's a municipal problem not a provincial one. Municipal units may not even have problems, others have ones that are unique to them. We have tools to use to deal with our issues....let us do that.
- Disproportionate tax burden
- Municipalities issue is raising revenue
- Tax is problem, not assessment
- Hot spots in really small locations—a tool to vary the tool based upon other things, like location.
- Entry level, exceed the income level --- no tool here
- Show calculation of CAP on the notice
- User pay

Based upon problem definition

- Have a base year to set the assessment, then re-assess at CPI until the next base year (i.e. 3-5 years)
- Use deferral tool
- Amend municipal government act to allow more creativity/flexibility
- Area rates

Municipal Feedback – Port Hawkesbury Session

Experience with Assessment Capping Program to date

- Gets complicated over time at 10 per cent, at CPI will be even more complicated -- early on it's not a big deal
- Different starting dates for CAP creates problems related to the varying values
- Capping creates other problems for MU's – tried to solve one problem, but created others
- CAP shifts responsibility to MU's
- The further you go with CAP the harder it is to take it away
- Gets in the way of uniform assessment
- Non-capped accounts are going to get vocal once they figure out the burden shift
- Market value was fine – just have to keep up with it
- Effect of ua on individual municipalities – what it does to those with high commercial
- Discussion around what cap does to market value – new additions, increases in market value vs. capped values
- Residency requirement may not be clear
- What does it do to real estate market and construction market
- CAP may create unfairness between property owner
- Burden shift among low-capped MU's vs. high-capped MU's unfair
- Mobile homes may feel tax burden shift as a result of CAP

Comments on the program

- Not in favor
- Province should not be responding with tools like the CAP that affect how MU's do their taxes
- It's done what it's intended to do for those who have applied but our staff no little about it. It's complicated to explain
- Seniors feel that province is controlling their property – suspicious of government – education may be the key
- Why would mu's promote capping
- Concern that when I sell I'll have to pay all those taxes – what's the catch
- Feeling that UNSM may not understand the program, its weaknesses, therefore they may not represent this to the Province
- No exit strategy for CAP

Observations on CAP at CPI

- It would be interesting to have details on ua – the projected effect.
- What does this program cost to administer?

What is the problem we are trying to solve? Key themes we heard:

- The issue may be the cap program
- The issue may be the assessment system
- There is no problem that municipal units can't manage on their own
- Hot spots, like waterfront properties -- creates a problem for the taxpayer of certain properties
 - seniors, low-income
 - low income that may not be eligible for CAP
 - shorefront properties -- view of water

Does the CAP address this problem? NO

Based upon problem definition

- Low income exemption \$17,500
- What's missing now is a tool to address this recreational /primary residences property issue – authority to deal with assessments that deal with high assessments generated by these sorts of properties.
- Income based
- Residency criteria – does definition have to change? Has to be more rigorous, i.e. pay provincial tax. No mechanism in place to test residency of property owners who are "in the CAP program"
- As far as cap goes – low income test, plus CAP eligibility
- Low income people being able to claim a provincial income tax credit
- Commercial tax payers subsidize residential
- Exemption for low income, plus provincial rebates
- Provincial rebate program may need to be new/enhanced
- Municipal unit's subsidizing the rebate through their programs
- Province has access to income/assessments – if they see discrepancies they should do something
- reduce tax rates
- complementary income – municipal property taxes being made tax deductible

Municipal Feedback – Coldbrook Session

Experience with Assessment Capping Program to date

- Are we switching the burden to lower-valued homes? CPI
- No income test is a problem
- May pit neighbour against neighbour
- Gets complicated as time goes on
- Cost to implement and maintain the assessment cost incurred by CAP program
- Public information is seriously lacking on CAP
- Commercial sector is concerned – why have they been excluded?
- Real estate “cuts” should be mandated to show “market value” not capped value
- Maybe add something for municipal unit’s to see both capped roll and market value roll
- Not enough education/participation – what incentive is there for municipal unit’s to promote it
- If it’s a provincial rebate program, I.e assessment spike, then they should respond to it, not municipal units
- Capping got out of hand--- poses real problem to municipal unit’s
- Disrespectful of municipal unit’s
 - feels like a done-deal
 - municipalities understand their own budgeting, CAP just complicated thing
 - suggests municipal unit’s can’t deal with their tax realities

Observations on CAP at CPI

- CPI is not index that should be used—something more reflective of municipal unit’s reality
- Trends in municipal unit expenditures and revenues is available
- Dooms municipal unit’s to mediocrity
- Not fair to taxpayers – everyone is increased at same rate and so it shifts the burden
- CPI doesn’t connect with the “sudden and dramatic”
- The absence of information about why government legislated the CAP, and why it went to CPI, is frustrating to municipal unit’s and may impinge their ability to work cooperatively/in partnership with the Province

What is the problem we are trying to solve?

- CAP is the program we now have to deal with
- We had tools to deal with changing assessment and what that did to low-income groups/seniors/etc. before, but now CAP, especially at CPI, makes it more challenging
- This group felt they had the tools without CAP to manage the “sudden and dramatic” effects of assessment

- Observation that CAP helped in certain municipal unit's with waterfront issues, but that CAP here has the potential, especially over time, to be very damaging

Does the CAP address this problem?

No – we had tools before, CAP restricts our ability to use those tools. No need for it from a municipal perspective.

Based upon problem definition

We don't have problems related to assessment changes, and the tax effects of them, that we cannot address with the tools we have available to us.

CAP enhancements/options

- Market value may need averaging over a period of time as a tool – need an impact analysis of this to comment fully on it – as an option to the CAP
- An index that should reflect the drivers of municipal unit's budgets (fuel, electricity, education, assessments, policing) the "downloaded" costs should be reflected -- recognition of who "owns the assets, the infrastructure" construction indexes are more in the range of 8-12 % for example
- AMB should be the filter for the needs of the municipal unit's
- A tool to exclude properties that are appealed – a CAP that has unintended consequences, like unsightly property, or the long term adverse impact on market value assessments
- Capping decreases so the decreases will go down incrementally
- Income test

Tools?

- tax deferrals
- low income rebates—use them a bit better, graduate the income level based upon other criteria...we'd have been using them if there was a problem to be addressed
- create some framework for involvement/consultation/communication and decision-making when a municipal unit has a problem, rather than a one-size fits all
- so even if there is a municipal-specific problem, the framework would be useful—maybe the AMB gets involved here
- enhance/empower AMB – if they are responsible for assessment they should have power to make decisions
- remind seniors through newsletters that rebate program is there, etc.
- tax collectors association should be consulted
- supplementary assessment rolls
- municipal income tax system, no property tax
- figure out where problem is: is it municipal, provincial or federal taxes that are posing the problem?

Municipal Feedback – Yarmouth Session

Experience with Assessment Capping Program to date

- Question around burden shift to municipalities who have significant capping vs. those with less capping activity UA
- Fluctuating UA amount will make it very hard for MU's to budget – we don't know how many will get the cap
- New construction will not be capped in the first year, but will be considered in the market value assessment
- Real estate/mortgage companies may have difficulties....they should just have market value
- Market value and capped value should appear on mu's documentation
- Costs to administer CAP and what that will increase to when we go to CPI? Who will bear that cost?
- Should costs be borne proportionally by those with higher capping
- Concern that administration of CAP may undermine the good work that assessment does
- Business occupancy phase-out and CAP admin. Creates opportunity cost relative to work that Assessment does.....something with a more modest impact, phased in, might have been more manageable
- Why aren't people signing up: they are afraid: Universal
 - Interferes with municipal unit's own tax relief programs
- Feeling of disrespect for the good work and understanding that mu's have of their own property owners
- Feeling that a blanket approach was used to deal with one municipality's problem
- This consultation should have happened in advance of the capping legislation – took everyone by surprise
- Ability to pay is not considered – MU's have tools to deal with this, but CAP does not
- Seems that those who are applying are the ones who may be most able to pay – have had to encourage lower income property owners to apply
- A lot of unintended impacts – might be a demotivator to development because if a property has been capped, why would I sell it?
- We can get the advantages of it without the disadvantages

Observations on CAP at CPI

- Disconnect between what municipalities have to pay to keep up with mandated services and CPI: this is really not the "basket of services" that mu's have to consider
- It may apply to everyone depending upon what CPI actually is
- Let the municipalities deal with it
- Not in favour

- Application process—why don't property owners have to re-apply; what if they move away? Assessment might not pick it up if the owner has a box number in NS
- How did this CAP at CPI originate? Where did it come from.
- May affect smaller areas with less capping, because taxes will have to increase, so other larger areas may be more attractive to property owners
- At 10 percent it was at least manageable, at CPI it isn't
- CAP may affect a lot of properties

Are there tax-related challenges in your municipal unit?

- No major issues that we don't already have tools to manage. Assessments may not be rising as high as in other areas of the province
- Forestry taxation – province sets this rate, it's been in place since 1978
- Income properties can be eligible for the CAP, should be about personal residence...make criteria more stringent
- Assessment field work needs to be augmented

Tools?

- Municipalities being able to set tax rates: urban vs. rural rates, to be able to manage tax burden shift when there are hot spots in an mu
- A mechanism for mu's to share information about the tax rates they set, if they are giving ability to do so, maybe facilitated by Service Nova Scotia

Clare – few appeals, keeping a steady tax rate --- CAP challenges this, tax rebate of \$75 per qualifying households (18-19) they also qualify for the provincial subsidy

Town of Yarmouth – tax relief – for low income, based upon income, straight rebate up to 50 percent of taxes up to \$500

Low exemption policy in Yarmouth co.

Barrington – low income rebate (120-125) Our main challenges are created by province (BoT) wind farms

Annapolis Co – low income property tax exemption, looking at threshold, seniors take advantage of provincial program, staff working with property owners who are in arrears (200)

Argyle – tax sale listing is increasing – low income rebate – income limit increases by CPI

Tax deferral – through MGA, property owners may be suspicious of it

- give us the ability to tax non-residents
- CAP program at CPI should just be given out to everyone, rather than the administrative burden of an application based program – still not available to non-residents
- CAP at 10% was at least manageable
- Let municipalities charge taxes based upon what they paid for the property
- An interim step between 10% and CPI would make it easier to predict impact/see what experience brings

Municipal Feedback – Halifax Session

Experience with Assessment Capping Program to date

- the longer the program is in place, the greater the gap between market value and capped value
- It's not just a south shore problem... there are pockets in other municipal unit's
- Guysborough did an analysis between low-income accounts vs. CAP – shifted burden to lower income residents
- HRM may be shifting tax burden to apartment rents
- New Glasgow at 10% – this might be more manageable. At CPI impact will be huge
- CPI has gone quite low....down to 0.6%, definitely going to be a problem
- Assessment system needs discussion
- Costs to municipal units is a rate that needs to be looked at...it's higher than CPI: needs to reflect municipal expenditures, municipal basket of goods: fuel, electricity, construction and provincial contributions
- We have mechanisms to deal with low income
- One-year lag in UA
- UA for higher-capped municipal unit's will go down, feeling that this might even out the playing field for higher-capped municipal unit's (compared to not having CAP)
- Uniform assessment – what has to happen to UA to have it changed to market value vs. capped? Legislation would have to change, Municipal Grants Act.
- Provides some protection to property owners, taxes are a consideration, value of home may have no direct relation to your income
- Doesn't penalize new home owners for new construction or strong market growth
- Fixed income or working families have some protections through CAP
- Keeps municipalities and provincial government fiscally responsible – takes out "blame game": both are accountable
- We should be getting together with the province to work this through and analyzing impact further
- Income tax brackets have not changed
- There is an optics that this is going to save tax payers – we are assuming that Province is going to cap contributions too.
- We need communication and analysis BEFORE legislation
- People don't understand CAP, don't understand assessment
- Attitude that municipalities need to be more responsible is frustrating there needs to be more working together
- Why isn't this presentation going to MLA's -- some other mechanism so they can hear the municipal unit's point of views
- No consistency in terms of values with CAP several years out
- Waterfront properties – can we demonstrate that CAP has fixed it
- CAP will affect seasonal properties – they'll pay more in taxes--- more shift to them

- Taxes vs. service may not correlate – cap creates a gap that may encourage sales that burden municipal unit's more
- At 10% is that a reasonable increase for a tax payer
- Cost to administer this at 10 % and at CPI
- Residential vs. non-residence – what impact on the tax shifting does this have, or should we be giving the municipalities the ability to police, or should we give it to everybody? Maybe get this number out to municipalities. The CAP program should be at the discretion of municipal councils
- Some people don't apply because they figure it will trigger being reassessed higher
- Some flexibility in application system
- Municipalities have the ability to charge a maximum tax in addition to the minimum tax
- There are such different circumstances from each municipal unit, let them deal with it at the municipal levels.....discussion around UA shifts
- Capped values are private?
- We need the market value roll in addition to the capped
- Based upon Dec. CPI – concern around wording – this makes it difficult because municipal unit's will have to wait 'til February 'til they get their roll out. Maybe it's September-September
- Does there need to be a review clause in legislation? A clause or a commitment
- Tax inequities are going to cause problems

Observations on CAP at CPI

- Criteria could be set better—your principle residence only
- Cap is not on the person, it should be on the property.

Are there tax-related challenges in your municipal unit?

- municipalities have tax relief issues with these areas, but most have tools and use them as below:
 - seniors -- rebates which increase with CPI for both seniors and low-income; also use low income provisions for capital costs (senior or otherwise); low income deferred payments; use a low income approach to other charges (recreations)
 - waterfront properties –
 - lower income ability to pay tax
 - neighbourhoods next to "hot spots" – CAP does the trick here (at 10 % is predictable)
 - (enhancement would be the criteria re. the principle residence)

Tool– may be to talk about these tools in terms of the whole province's use of them

- Tool that might help would be the ability to clarify the thresholds for income and then define the reduction percentage amount, the amount itself or the

- Tool that might help is access to CRA to deal with administrative costs
- sticker shock of property taxes – rising property values is a good thing, but what do you do to deal with ability to pay.
- service levels aren't reflected in assessment
- no link to ability to pay – no measure to see if you can afford it
- taxation of apartments vs. condos (services) --
- under average assessment
- municipal costs are rising: fixed costs and those through provincial legislation -- possible solution would be to look at 5 key factors of municipal unit's and set a rate that's more realistic for municipal unit's – municipalities don't have the flexibility or broad powers under MGA
- environmental and health regulation is adding new costs to municipal unit's
- infrastructure deficit
- business occupancy elimination – will likely change tax rate change -- municipal unit's will face backlash from commercial sector
- increased service demand
- how does this compare to other places in Canada and how does this impact people's decision to stay here or relocate here
- look at a municipal index/basket of goods for the index vs. CPI
- sit down with province to discuss how municipal units are going to manage increasing expenditures (look at revenues) may not relate to this legislation, but in the future.
- commercial comes in, costs go up, this is not reinvested into municipal units. Service centre don't reflect costs

Assessment:

- no door-to-door assessment/ assessors in the field
- do we need to revisit three-year assessments
- backdating:
- program may need to be attached to the property – this may make it problematic from the amount of taxes paid.

Municipal Feedback – Bridgewater Session

Experience with Assessment Capping Program to date

- Helps the higher-capped, arguably higher-income property owner, to the detriment of those who don't get the cap
- Does have the potential to equalize if principle residence is stipulated and a means test
- Another flaw noted: shift of UA burden to lower-capped municipalities. Observation made that some of these lower capped municipal unit's have highest tax rates
- The CAP will put more burden on apartment dwellers because the buildings are not eligible for the cap and landlords will have to pass the tax burden on to their tenants
- Maybe we need band-aids and not a blanket: we need to cure the cold, not pneumonia
- If municipal units don't want to raise residential rate, what option is left?
 - Commercial rate – negative effect on small business. May not be hearing from small business through review process – rural business perspective is hard to obtain (regional development authorities)
 - Services: we have no control over many of these – this is an illusion that we can control this
- The challenge for municipal units is that they have expenditures and then have to charge taxes. Two sides.
- The costs to administer the program to municipal unit's and to assessment, what would you save if you did not have the program
- When are we going to make that big adjustment out of cap—the longer the cap is in the harder it will be to get out of
- Recognition that assessment is a provincial mandate and that rising assessments are dealt with at that level.

Observations on CAP at CPI

- Will education, corrections and assessment increases be capped at CPI
- No recognition for growth: growth that municipal unit's want does not happen within CPI that puts more pressure on us to increase tax revenues
- Growth capped at CPI but our expenditures are not: whatever percentage is used, contributions should be capped at that level too.
- Virtually everyone will be eligible—what that does to the assessment system, makes it farce
- Sends the wrong image to the public that we should be able to manage within CPI
- Not going to help one bit – not going to help with tax burden faced by municipal unit

- Feeling that three parties don't fully understand the legislation and its impact – recommendation that all three parties caucuses hear from UNSM and from the department, prior to the filing of this report in the House

Are there tax-related challenges in your municipal unit?

- The tax bill problem - the wallet problem
- It's a problem of the cost to municipalities
- The people who were in jeopardy of losing their homes (family homes, fixed incomes, higher assessments)
- The services may not be improving, but taxes are because assessments are increasing – hard to explain to property owners
- The objective has not changed – we did not set out to help all Nova Scotians – we've got the drink watered down! All Nova Scotians did not need it.
- High property values are preventing young people from moving into certain areas makes it difficult for businesses, growth. CAP was intended to help here too.

•Based upon problem definition

•Tools?

Re. CAP program: we don't like it

- DO means test it – one with more teeth
- Criteria should stipulate "principle residence"
- In the absence of a means test you could/or with it:
 - property owners would chose which property, recreational or principle residence, on which to apply the CAP
 - assessments could reflect recreational class; commercial class; residential class – let property owner chose
- Do we need to look at resource property being capable?
- We don't need to go with CPI if we go with these other measures. If it was left at 10% or something more representative of dramatic increases that would be more manageable.
- We have tools, or access to them, maybe we need to have mandates to use them. But, uniform assessment doesn't change
- Income test: we look at income tax assessments for all people living in that property
- Thresholds may be different
- Affidavit required in some municipal unit's
- Amount of tax relief is based upon different income levels
- Deferrals – with a lien on property....creates cash flow problems (meet the means test and principle residence test) should be discretionary
- Give us a menu and let us chose what we need under the MGA – we have this but the criteria might need to be looked at. These tools are less costly administratively and they seem to get at the problems in a more targeted way. Province mandates income level through

regulation and municipalities have flexibility in determining degree of relief. Let us know these levels before municipal unit's do their budgeting

- The adjustment to the UA should be given for the reduction in taxes
- If the CAP stays in place, the province needs to come up with ways to manage it if/when it does go away -- as the ratchet clicks forward, it's harder to revert back

APPENDIX Y

CAP Online Survey

As part of the legislated review of the Capped Assessment Program (CAP), Service Nova Scotia and Municipal Relations has scheduled regional discussion sessions with our municipal partners around the province. The following survey offers municipalities an additional opportunity to provide their feedback on the CAP.

Please note: closing date for this survey will be Friday, February 16, 2007.

For more information on the CAP, please visit:

<http://gov.ns.ca/snsmr/asmt/cap/>

1. Did you attend a Capped Assessment Program (CAP) municipal discussion session?
 - Yes
 - No

2. If yes, which session did you attend?
Please select from the following:
 - Truro
 - Port Hawkesbury
 - Coldbrook
 - Yarmouth
 - Halifax
 - Bridgewater
 - Assessment Management Board
 - Union of Nova Scotia Municipalities
 - Commercial

3. Which of the following best describes your role?
Please select from the following:
 - Mayor
 - Warden
 - Other elected official
 - Municipal staff
 - Commercial sector representative
 - Member of the public
 - Member of the media
 - Other

4. What is the name of your municipality?

5. Some confusion appears to exist amongst stakeholders as to what problem the CAP is designed to address. (i.e., limit rising assessments? Keep seniors in their homes? Increase the transparency of the link between tax burden and tax rate?)

What do you see as the problem that needs to be addressed?

6. The CAP program is designed to protect residential and resource property owners from the tax effects of sudden and dramatic increases in assessments. Do you think the CAP addresses this problem in your municipality?

- Yes
- No
- Don't know

7. If no, why not?

1. What overall effect has the Capped Assessment Program had on your municipality?

- Positive effect
- Negative effect
- Don't know

2. If you answered "positive effect" or "negative effect", please explain:

3. How do you think a cap at the Nova Scotia Consumer Price Index (CPI) will impact your municipality?

- Positive impact
- Negative impact
- Don't know

11. If you answered "positive impact" or "negative impact", please explain:

12. What observations/recommendations regarding the CAP would you like us to consider in our review of this program?

13. What is the main message you would like to provide to the Province regarding the Capped Assessment Program?

14. Any additional comments related to assessment/taxation/capping that you would like to add?

Thank you for your participation!