

**TO: Mayors/Wardens, Councillors, All Units**

**CC: Chief Administrative Officers/Clerk-Treasurers, All Units**

**FR: Betty MacDonald, Executive Director**

**RE: WHY WE NEED A REVIEW OF THE CAP PROGRAM—OP-ED**

Over the last week there have been a few articles in the media around the CAP program. As you know, one of UNSM's resolutions last week was to request the Province undertake a review of the program. UNSM has sent a response to the Editor of the Herald, which is attached.

In case you are asked by your citizens, we thought the following might help you answer some of their questions.

### **Why We Need a Review of the CAP Program**

1. For every dollar someone saves under the CAP, someone else pays a dollar more. Who is saving, who is paying more, and is it achieving what was intended?
2. The CAP is not working for everyone – there are lots of stories about young families wanting to buy their first house, but not able to afford the property tax, and about seniors looking to downsize having to pay higher taxes on a smaller home.
3. The CAP raises questions:
  - Is it appropriate that two similar houses with the same services in the same municipality are paying very different amounts of property taxes?
  - Is it appropriate that a higher assessed house pays less in property taxes than a lower assessed house?
4. This is about how the tax burden is distributed, not about how much municipalities collect in property tax revenues.
5. Municipalities are concerned about individual homeowners experiencing significant increases in market assessments through no action of their own. This situation needs to be addressed in any changes going forward.
6. Municipalities are concerned about individual homeowners with lower income who are not able to pay their property tax. This situation needs to be addressed in any changes going forward.
7. The people who are paying more under the CAP deserve a review of the program.
8. This situation of assessments rising 10% or more, which led to the CAP, is not the situation of today. Today's needs are likely not the same – is the CAP helping address the issues of today?
9. Municipalities want to know if there is a better way to help those who need assistance the most.
10. Municipalities take their responsibility towards taxation seriously. It is critical that the public's tax system have public credibility and be consistently applied. That is why we want an independent a Provincial review into the inconsistencies and side-effects that we are observing.

If you have any questions or concerns, please give me a call.

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## The Union of Nova Scotia Municipalities

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Editor  
Chronicle Herald

Halifax, Nova Scotia

November 16, 2017

Dear Sir/Madam;

The November 11<sup>th</sup> article entitled "Stable Property Taxes: HRM Council get used to it" pointed out the desire of homeowners to know what their taxes will be and for those taxes to be affordable. The organization I represent understands this, and does not want to do anything that would result in people having to sell their home and move because they could not afford significant increases in property taxes due to rising assessments. The provincial property tax program (CAP) came into effect in 2001 to ensure this didn't happen. However, the program has never been reviewed to ensure it was achieving the intended effect, and there are anecdotal stories that suggest it is not. The Union of Nova Scotia Municipalities is asking for a review of the program to determine if it is achieving its goal, and if it is not, to explore alternatives.

The CAP program does save some people money. But for every dollar one person saves, another person is paying a dollar more. The question is whether the people who are saving money are the ones who need it the most, and whether the people who need help the most are receiving the help they need.

All provinces in Canada have granted property tax as the primary revenue tool for municipalities to pay for local services. Property tax is a tax on wealth. Just as people with higher incomes are expected to pay higher taxes, people with higher property values are expected to pay higher property taxes. In looking at what is happening under the CAP program, one can see that some houses with higher market assessed values are paying less in property taxes than others in the same community with lower assessed values.

This is not about how much is raised through property taxes - that is up to Councils to explain to their citizens. This is about how the burden of taxes is distributed amongst property owners. The current legislation dictates how this is done, not Councils.

We are asking for a review to ensure the homeowners who need assistance to stay in their home are getting it. There are alternatives. Assistance to lower income property owners would be expected. A spike protection may also be considered, so that those properties experiencing an assessment increase

greater than, for example, 10%, would be able to phase in the increase. Averaging of assessments over three years should also be considered. And there should be lots of time to make the adjustment from the current program to a new program. Other alternatives should also be included in the review.

The current system is not working for people buying a home, whether they be new families, or seniors looking to downsize. They at least deserve to have their experiences considered and the province is the only one who can help.

I understand letters to be published must be 200 words or less – I have attached a shorter version of this letter.

Sincerely,

A handwritten signature in black ink that reads 'Geoff Stewart'. The signature is written in a cursive, slightly slanted style.

Councillor Geoff Stewart  
President, Union of Nova Scotia Municipalities

cc. UNSM Board