



Capped Assessment Program

Halifax Chamber of Commerce Presentation to NSFM All Party Committee

February 3, 2020

Good Afternoon everyone,

My name is Patrick Sullivan and I am the President and CEO of the Halifax Chamber of Commerce. The Halifax Chamber of Commerce is a member-driven, best practice business organization that continuously strives to make our city and province an even more attractive location in which to live, work and play. The 1750 Chamber members employ approximately 65,000 people in Metro Halifax.

We are taking the opportunity to present today regarding the Capped Assessment Program (CAP). We have been consistent in our opposition to the CAP and regularly restated our opposition in our annual provincial pre-budget submissions, including our most recent 2020-2021 Provincial Pre-budget submission: We remain opposed to the CAP and recommend its removal. We also stated *“The Chamber has continuously asked that the Capped Assessment Program (CAP) be reviewed for effectiveness. We support Wayne Mason, past president of the Nova Scotia Federation of Municipalities, in his efforts to review and potentially remove this program. The CAP distorts the property tax system, shifting more of the tax burden on first-time homeowners, reducing the potential amount of municipal revenue, and impacting housing affordability. As the residential tax ratio increases, the greater it impacts our members. It is noted that “if residential properties were taxed at market value, the city could lower the residential tax rate”. We hope that this reduction would also be reflected in the commercial tax rate to ensure businesses are treated fairly. We would still like to see protection tools in place for those with lower incomes or living on a fixed income who would be greatly impacted by the dissolution of the CAP.”*

The original purpose of the CAP was to bring stability, predictability and affordability in situations where long time residents were impacted by spikes in assessments. From research undertaken, particularly by Turner Drake & Partners, these objectives are not being met. Over time there appears to be considerable inequity in the program. Those most needing the support are not the prime beneficiaries since they most often live in rental accommodations not covered by CAP. There is also financial and geographic misalignment. Research revealed significant regressivity. The top 1% of the CAP beneficiaries amounted for 15% of the tax benefit. We know municipal budgets are based on departmental service requirements, and based on annual assessment numbers, the tax rate is set to meet those requirements. In fact, the CAP has introduced distortions in the market-based assessment system simply shifting tax burden to either individuals not covered by the CAP or businesses in communities.



As an advocate for our members, a key concern is that the CAP increases the relative tax burden on the commercial sector by limiting increases of residential assessments, while allowing commercial assessments to rise with the market. Over time, the result has been an increase in the relative tax burden on the commercial sector. Our members consistently cite business climate issues, especially taxes, among their top priority. In Halifax, the commercial sector already pays 3 times the tax rate of the residential sector and in many cases receive fewer services. Typically, the municipal portion of the property tax bill pays for local services related to properties, such as roads, waste removal, sewage, and transit. Residents continue to be the primary consumer of municipal services, while businesses shoulder a much larger burden of the property tax bill.

The Chamber remains concerned about the potential effect on the real estate market. Our strategic goals include support for increased immigration and ensuring Youth retention. These two groups are typically newer homebuyers and will see higher tax bills, because the CAP is removed when a home is purchased by these groups. The economic health of our province is closely tied to our ability to attract and retain young people – policies that discourage new homebuyers could impede our ability to do this.

In summary, The Halifax Chamber of Commerce requests that:

- The CAP be removed in a timely manner
- Municipal revenues be maintained, with the CAP removed, taxes could be lowered for both residents and the business sector.
- And the provincial government, not municipalities, develop an appropriate income-based program to provide the support needed for low income Nova Scotians similar to examples in Ontario who have a credit titled the Ontario Energy and Property Tax Credit.

Thank you for your time,

Patrick Sullivan  
President & CEO,  
Halifax Chamber of Commerce