



November 27, 2006

The Honourable Jamie Muir
Minister, Service Nova Scotia and Municipal Relations
14th Floor, Maritime Centre
1505 Barrington Street
P.O. Box 216
Halifax, Nova Scotia B3J 2M4

Re.: Changes to Assessment Act

Dear Mr. Muir,

I am writing to express my concern regarding recent changes to the Assessment Act as proposed in Bill 92, specifically - the extension of the assessment cap and the setting of the "prescribed percentage" as the percentage increase in the Consumer Price Index (CPI).

In 2004 when the assessment cap was first introduced the Chamber expressed its concerns of citing potential increased reliance on the business community for tax revenues and payment discrepancies between neighbours and communities. Furthermore, it is not clear that the current assessment cap is meeting some of the desired objectives. Based on information from the Halifax Regional Municipality only 3% of applicants are low-income homeowners and more than half of those on the cap have below average taxes.

Bill 92, particularly with changes as introduced at the law amendments committee linking the cap to CPI, exacerbates these problems. The economic impacts of having a prescribed percentage set at CPI will be far reaching and are far from well understood. At the very least it will create a disincentive to new homebuyers. This change will also increase the inequities in the tax system of particularly with respect to new homebuyers, homeowners trying to sell, and ineligible taxpayers. Limiting the assessment base, particularly in an environment where most municipalities rely on market-based assessment, will almost surely result in higher tax rates of and while this does not necessarily mean paying higher taxes, it is a perception we can do without.

Furthermore, with a significantly increased number of persons eligible to apply for the Cap Assessment Program (CAP) - the administrative costs of such a change will be not be trivial.

In addition, I have grave concerns about the manner in which this legislation was brought forward. These are changes that will have serious and significant impacts on municipalities across the province and on the province's economy. I firmly believe a review of the CAP should have been conducted prior to changing

the legislation. Also the time line of the bill (Introduction on November 8, Second Hearing on November 14th and 16th, Law Amendments on November 23)ó provided little chance for the issue to be thoroughly debated by affected parties. In addition, changes introduced at the Law Amendments committee were substantial.

We at the Chamber recognize that assessment-based taxation has some considerable short-comings. However, we believe to continue with an assessment cap and to link prescribed percentages to the CPI is a cure whose effects are worse than the disease.

I strongly urge you to reconsider the cap extension and new òprescribed percentageö. Instead, letø proceed with the promised full review of the assessment cap. We must not be building on the iniquities in the current system and now creating new ones, rather we should take this opportunity to support substantial tax reform in Nova Scotia.

Sincerely,



Valerie A. Payn
President

Cc.: Directors - Halifax Chamber of Commerce Board of Directors
Mr. Dan English, CAO - Halifax Regional Municipality
The Honourable Rodney MacDonald, Premier of Nova Scotia