



Union of Nova Scotia Municipalities

Mayors and Wardens Vote Unanimously on Property CAP Assessment Program Resolution

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For Immediate Release

Halifax, Nova Scotia – In an unprecedented move last week, Mayors and Wardens from across the province voted unanimously in favour of a resolution put forward by UNSM regarding the property CAP Assessment Program.

“We are happy that everyone in attendance at the meeting was in agreement of this resolution,” says UNSM president, Russell Walker. “UNSM is encouraging the government to review legislation regarding the CAP Assessment Program and is sure with the support of its members, will see results,” he says.

This resolution stems from a report recently prepared for UNSM by Deloitte and Touche, which analyzed the CAP Assessment Program and showed the impact it will have on Nova Scotians in regards to municipal taxes.

“The results of the Deloitte report found that the practice of capping in general leads to an unfair distribution of the municipal tax burden,” says Walker. “It shifts a higher portion of the tax burden to owners of properties that are not eligible for the cap,” he says.

When implemented in 2005, the intent of the CAP Assessment Program was to protect property owners from “dramatic increases” in their property assessments, thereby preventing a significant increase in property taxes from year to year. The cap was set at 10 per cent.

A plan to introduce legislation in 2008 will link the cap rate to the CPI for Nova Scotia, lowering the rate of taxable increases on property assessments. CPI has ranged from 1.8 per cent to 3.4 per cent over the past five years.

Such a low cap rate will significantly broaden the base of capped properties, and shift a higher percentage of the tax burden to properties that are uncapped. There will also be a necessary increase in property tax rates across the board, with an anticipated average of 5.7 per cent. This increase in taxes is necessary to generate annual revenues required to operate the municipality and to cover contributions to provincially-run programs such as education, housing and corrections.

“UNSM is encouraging MLAs to reconsider the legislation regarding the CAP Assessment Program,” says Walker. “UNSM does not support capping in general, but if the practice is to continue, we urge the Province of Nova Scotia to hold the cap at a minimum of 10 per cent,” he says.

UNSM is also encouraging the Province to implement a means test as a way to more fairly assess who is eligible for the property cap. The test would ensure that property owners who are in need are those who are approved for the cap, rather than all property owners whose homes are valued at the qualifying levels. In addition, UNSM would like to see the cap applied to principal residences only, excluding recreational properties and vacant land. UNSM would also like to see the CAP Assessment Program re-evaluated in three years.

-30-

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