

UNSM Priorities 2009

Payment of Nova Scotia Power Inc. (NSPI) Property Taxes to Municipalities Hosting the Asset

NSPI taxes are collected by the Province and given back to municipalities through equalization, the HST Offset Program and Grants-in-Lieu. Currently this amount is \$31 million. The UNSM has been advocating a change in the distribution formula to ensure that all NSPI property taxes are allocated to those municipalities hosting NSPI assets. This allocation should be based on tax rate times assessment. The UNSM would like NSPI to be taxed the same as any other commercial enterprise. Municipal equalization, HST Offset and grants-in-lieu should be funded through general provincial revenues and not through NSPI taxation.

Full Rebate of HST Offset Program

In Nova Scotia, the Harmonized Sales Tax (HST) consists of two parts; a 5 per cent federal tax (GST) and an 8 per cent provincial tax (PST). Currently municipalities in Nova Scotia receive a 100 per cent rebate on the federal portion of the tax and a rebate on the provincial portion which is capped at \$6 million. The Province provides this rebate through monies collected from NSPI taxation. The UNSM would like to see the Province echo the federal position by offering a 100 per cent rebate on the provincial portion of the HST. The rebate should be funded through provincial general revenues and not through NSPI taxation revenues. The full rebate would result in a more stable, predictable and fairer budgetary structure for all 55 municipalities.

Creation of a Municipal Auditor General

The Province passed legislation in April 2008 (Bill 138) allowing the Minister of Service Nova Scotia and Municipal Relations to appoint a Municipal Auditor General (MAG) for all municipalities in Nova Scotia with the exception of HRM (which has its own MAG through separate legislation). The MAG is scheduled to be in place by April 1, 2010. The MAG will be responsible for assisting Council in holding itself and the municipality's administrators accountable for the quality of stewardship over public funds and for achievement of value for money in the municipality's operations. Presently, municipalities are required under Section 42 of the Municipal Government Act to have financial compliance audits performed annually by an external auditor. Bill 138 extends the scope of the audits to be undertaken to include performance or value-for-money audits. The Minister of Service Nova Scotia and Municipal Relations has agreed to work with the UNSM over the next year to establish this office.

Municipal Sustainability Office

This initiative will maintain the work of the UNSM's Sustainability Office over the next year. This will include at a minimum the following projects: Corporate and Community Emissions Accounting and Reporting Tool for Small and Medium-Sized Municipalities, Smart Street-Lighting Strategies, pilot projects focusing on Municipal Planning for Climate Change Impacts in Coastal Areas, Regional Workshops and a UNSM organizational greening policy.

Low Income Property Tax Relief Policy

At the 2008 UNSM Annual Conference, the membership passed a resolution supporting a province-wide low income property tax relief policy. The policy is based on Statistics Canada's Low Income Cut-off formula. The policy would provide property tax relief to home owners ranging from \$100 to \$500 for household incomes of up to \$23,000 adjusted for municipal population. This policy provides a more equitable method of assisting home owners on low or fixed incomes. The proposed policy would apply to all 55 municipalities unless those municipalities have in place such a policy that met or exceeded the guidelines of the Province-wide policy. The UNSM Board will bring this policy forward to the Province for consideration. As indicated in the original resolution, the proposed policy would only be implemented if the Province was prepared to eliminate their CPI Capping Assessment Program.

Partnership Project with the Province Promoting Municipal Government

The UNSM proposes to partner with the Province to launch an awareness campaign across Nova Scotia to encourage greater participation in municipal government. The target audience for this campaign would include the general public, municipalities, elected officials, provincial government departments and other stakeholders including regional development authorities, community boards, and non-governmental organizations. The campaign would be rolled out across the Province and focus on the importance of municipal government and how citizens, as members of the general public, can participate in municipal government.

Review of CAP Program

The CPI Assessment Capping Program was downloaded onto municipalities by the Province in 2006. The original cap on residential assessment was set at 10 per cent. In 2007, the Province amended the CAP program by reducing the cap on residential property to the Consumer Price Index (CPI) which is currently set at 3.4 per cent. In many cases the cap has had a significant impact on the municipal budgeting process as additional revenues have been required to replace the assessment value lost to the cap. The current research also indicates that the Assessment Capping Program will not help those home owners most in need. It will have the unintended effect of transferring the property tax burden onto property owners with lower assessment values and lower incomes. The Province will be reviewing the Assessment CAP Program in 2010. During 2009, the UNSM Board will determine a course of action to provide its own review of the current legislation. This review will provide important information on how the CPI Cap impacts municipal revenues and low income households.