

## **Rebuilding the Municipal Tax System Frequently Asked Questions for Apartment Owners**

HRM's Tax Reform Committee has researched and gathered public input to propose changes to the municipal tax system. This Spring, the Committee hosted 13 Open Houses throughout HRM to gather public feedback on its ideas for a new system.

The current municipal tax system is based on property values. The Committee believes a new municipal property tax system should be service-based and consider the ability to pay.

The Tax Reform Committee proposes that:

- There would be nine municipal tax rates, each levied at a flat rate per home, defined by service: hydrants, solid waste, local roads, local transit, sidewalks, community recreation facilities, regional roads, regional transit, and a broad regional tax (for police, fire, libraries, and other costs).
- Multi-unit buildings (apartments and condos) would be taxed at a reduced rate.
- There would be an increase in support for lower-income families.
- The deed transfer tax would be eliminated.
- Assessment would remain on provincial services such as mandatory education.

---

### **Q. Will property taxes increase for apartments?**

**A.** Under tax reform, the average apartment in a 100-unit building would pay \$477 per unit compared to \$1,316 per single family home (meaning each unit would pay 36% less than a single family home).

As the system exists today, the average apartment unit pays \$420. Under the new system, the increase is \$57 or 13.6%.

See examples of the calculation at:

[www.halifax.ca/taxreform/documents/SampleTaxBillsAptsCondos.pdf](http://www.halifax.ca/taxreform/documents/SampleTaxBillsAptsCondos.pdf)

### **Q. Is the “flat tax” proposed in the new system only beneficial to the rich?**

**A.** The proposed “flat tax” is not based on income. It is based on services. A flat tax does not mean that taxes on apartment units are higher than those on a single family home. Apartments will pay only about 36% of what a single-family home does.

**Q. Does the “flat tax” in the proposal consider the age or value of a condo or apartment building?**

A. The flat tax looks at services received, not at age or value. Under the new system, condos would pay more taxes than apartments – because they receive solid waste service while apartments do not.

For more information, visit:

[www.halifax.ca/taxreform/documents/SampleTaxBillsAptsCondos.pdf](http://www.halifax.ca/taxreform/documents/SampleTaxBillsAptsCondos.pdf)

**Q. Under the proposed system, will property taxes increase for lower income earners?**

A. The current tax system is based on the assessed value of your home. Under the proposed system, the municipal tax bill will depend on the mix of services available to the resident, and the current tax rate. The homes that will likely not see a major change are those that are assessed from \$128,000 to \$183,000 (single-family homes) and about \$56,800 per apartment unit. About half of single-family homes will pay less and half will pay more.

Low-income individuals will be eligible for tax rebates regardless of their home value.

**Q. Under the proposed system, will property taxes decrease for higher income earners?**

A. The current tax system is based on the assessed value of your home, not on income or the services received. Under the proposed tax system, residents would be taxed based on the services received/ available to them.

Under the proposal, residents will see a number of changes. The new system would allow more opportunity for low-income families to receive a property tax rebate.

Check out how Tax Reform affects you at [www.halifax.ca/taxreform/Calculator.html](http://www.halifax.ca/taxreform/Calculator.html)

**Q. Does any other Municipality in North America use this proposed system?**

A. There are many types of municipal tax systems across North America and the world. Many systems are based on something other than property values. The proposed system is designed to work here in HRM with our services. It's designed to be simple, transparent and equitable.

For more information visit:

[www.halifax.ca/taxreform/documents/SummaryofLocalTaxInformationJanuary07.pdf](http://www.halifax.ca/taxreform/documents/SummaryofLocalTaxInformationJanuary07.pdf)

**Q. Will phasing out the deed transfer tax mean higher taxes for residents?**

**A.** The purchaser of a property, at time of purchase, currently pays the Deed Transfer Tax. The proposed change means this transaction-based tax will be eliminated. This is a revenue neutral change meaning that revenues would have to increase to offset the declining deed transfer revenues.

**Tax Reform is about improving the tax system, the Tax Reform Committee will be looking at revisions to its proposal before it goes back to Council**

**We want to hear from you! Fill out our online survey at [www.halifax.ca/taxreform](http://www.halifax.ca/taxreform)**