

# WORKING TOGETHER

## to Rebuild the Municipal Tax System In HRM



### WHAT IS TAX REFORM?

Tax reform means reviewing the municipal tax system in HRM. Currently, the main way HRM can tax residents is on the “value” of their property. Reforming the municipal tax system would mean exploring other tax systems rather than relying on property values.

**We are seeking community agreement on what we want our municipal tax system to do for us .**

### WHY CONSIDER CHANGE?

Taxpayers have expressed concern about the municipal tax system and HRM is listening. In the past several years, there has been increasing debate over the relevance of using property assessment values for municipal tax purposes. We would like to discuss tax options with citizens to come up with a system that better suits the needs of our growing municipality .

### HOW DOES THIS AFFECT ME?

As a citizen of HRM, the tax system affects you directly. Changing the current system could impact the economy and future taxes, including your own personal tax bill . The consultation will provide an opportunity to have your voice heard and learn more about the municipal tax system , and future taxation options for HRM.



# Did You Know?

Municipal taxes pay for municipal services such as police, fire, roads, and solid waste to name a few. It also includes provincial costs that the municipality is required to pay, such as education.

Currently, over 78% of municipal revenues come from property tax. Other sources of revenue include user fees for sewer, deed transfer taxes, and transit fares.

Property tax is charged, based on the estimated value of your property. This value is determined by the provincial assessment service.

Market value is the amount of money that a property is expected to sell for.

## WHAT DO WE WANT OUR TAX SYSTEM TO DO TO US?

### **What should the municipal taxes be based on?**

Historically, property assessment related very closely to a family's income level. Many think assessment values reflect the level of municipal services. However, property value assessments are not always reflective of a person's ability to pay or the municipal services available. Is it time for a change?

**Should the municipal tax system be based on the services available? Or, should it be based on ability to pay? Would a combination of the two work?**

### **What is important to you in a municipal tax system?**

It is not enough to say that the municipal tax system needs to be changed. HRM needs to develop a clear and meaningful vision for the tax system. How can it support a strategic vision for the Municipality? What is important to you?

- Tax bills are stable and predictable from year to year
- The tax system is easy to understand
- The tax system results in consistency between taxpayers in similar circumstances
- The tax system supports economic growth

### **What options might exist for a new tax system?**

Provincial law limits what municipalities can do. HRM may have to seek legislative amendments. Some options may be more difficult to implement than others. The following are a few of the options that could work in HRM. What options appeal to you?

- Keep the current tax system based on property values
- Implement a municipal sales, income, liquor, or fuel tax
- Apply a frontage, acreage, or property charge
- Apply a flat tax such as a dwelling unit fee
- Increase tax relief for low & middle income tax payers



## WHAT DO WE WANT OUR TAX SYSTEM TO DO TO US?

### Case 1 - Services

#### Scenario:

A middle-aged couple have lived on their waterfront property for over twenty years. Recently a lot of development has occurred around them. Because of this their property assessment has been increasing dramatically, despite the fact that their municipal services have remained the same.

#### Discussion point:

Should municipal taxes be based on the level of services available?

### Case 2 - Income and Ability to Pay

#### Scenario:

Michelle has owned her home for many years. Her income consists of a modest pension that is fixed. Michelle doesn't qualify for a low income rebate. Each year her home rises in value, hence, her taxes take up a bigger share of her income.

#### Discussion point:

Should municipal taxes be based on the ability to pay?

### Case 3 - Income and Services

#### Scenario:

Claude owns a home with a low assessment value and knows that other people in HRM, including some of his neighbours, pay higher property taxes. His municipal services have been increasing, and so has his income. Claude is worried that his municipal property taxes may increase after tax reform.

#### Discussion point:

Should municipal taxes be based on municipal services? Should they reflect ability to pay? Or, a combination of the two?

## Quick Facts:

Property taxes were first levied in Nova Scotia in 1882 and originally included all forms of wealth such as cash, furniture and silverware.

Residential taxes per single home range from under \$1,000 to over \$35,000. (The average is around \$1,900).

HRM has an urban, suburban, and rural general property tax rate. Suburban and rural residents do not typically pay for transit service or sidewalks.

The commercial tax rate is 2.86 times the residential rate. The average commercial tax bill is \$35,000.



# LET'S TALK TAXES

## HRM is looking for your insight on municipal tax reform

### HOW DO I GET INVOLVED?

In December 2006, HRM's Regional Council established a Tax Reform Committee (TRC) that will provide an important link between HRM and the community. If you have an idea on how to improve HRM's tax system, or if you feel things are just fine the way they are, we encourage you to get involved. The TRC will be accepting submissions from the general public via the contact options provided on this page.

You may also wish to share your ideas with others at the Tax Workshops, where HRM residents will be brought together to discuss re-building the municipal tax system. HRM will be seeking a broad representation of all taxpayers to attend these sessions. Initial sessions are scheduled to begin in the spring of 2007, with follow up sessions resuming in the fall.

**Should the municipal tax system be based on the service available? Or, should it be based on the ability to pay? Would some combination of the two work?**

**What Principles are important to you in a municipal tax system?**

### To provide your comments or register for a Workshop, please contact us at:

Phone message system: 490-4886  
fax: 490 - 5622  
E-mail: [taxreform@halifax.ca](mailto:taxreform@halifax.ca)

TDD / TTY 490 - 6645  
Toll free in NS # 1-800-835-6428  
Tax Reform PO Box 1749 Halifax NS, B3J 3A5

### To request more information, please contact:

Corporate Call Centre at **490-4000** or log onto our Website at [www.halifax.ca/taxreform](http://www.halifax.ca/taxreform)

### SCHEDULED WORKSHOPS

**May 23 - Halifax**  
St. James Anglican Church Hall  
2668 Joseph Howe Drive  
7:00 - 9:00 pm

**May 24 - Sheet Harbour**  
Lions Centre  
183 Pool Rd.  
7:00 - 9:00 pm

**May 28 - Cole Harbour Place**  
51 Forest Hills Parkway  
7:00 - 9:00 pm

**May 30 - Hammonds Plains**  
Firefighters Community Hall  
2041 Hammonds Plains Road  
7:00 - 9:00 pm

**May 31 - Business Community**  
Halifax Forum  
2901 Windsor Street  
9:00 - 11:00 am