

[REDACTED]

From: Lauchlan Currie [REDACTED]
Sent: April 11, 2022 8:28 PM
To: Premier; Finance Minister; barkhousemla@gmail.com; Office of the Legislative Counsel
Subject: Letter & Table | New Property Tax for Non-Residents
Attachments: Letter and Table_New Property Tax for Non-Residents_Honorary Colonel Lauchlan Currie 20220411.pdf

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Dear Sirs/Madame:

I am writing with respect to Nova Scotia's plan to levy a property tax surcharge on non-resident homeowners.

I strongly encourage the province of Nova Scotia to consider the implications of this tax with respect to overall investment in the province.

A few alternate options to consider are:

1. The province could maintain the Deed Transfer Tax but do away with the annual Non-Resident Property Tax; and
2. The non-resident tax could apply to properties in the Halifax and Dartmouth area where a housing shortage exists, but not to the rest of the province.

See table in the attached letter - at a minimum, this tax should be no more punitive than other provincial non-resident taxes.

Sincerely yours,

Lauchlan Currie
Honorary Colonel, The Calgary Highlanders
Co-Chair, ARC Financial Corp.
[REDACTED]

Honorary Colonel Lauchlan Currie

████████████████████ Calgary, Alberta, Canada

████████████████████ East Chester, Nova Scotia, Canada

April 11, 2022

Delivered Via Email

The Honourable Tim Houston, Premier of Nova Scotia

The Honourable Allan MacMaster, Deputy Premier, Minister of Finance and Treasury Board

Danielle Barkhouse, MLA, Chester-St Margaret's Bay

Law Amendments Committee, Office of the Legislative Counsel

Dear Sirs/Madame:

Re: New Property Tax for Non-Residents

My name is Lauchlan Currie, and my family owns a home in Lunenburg County. My principal residence is in Alberta. Both my father's and mother's families have lived in Nova Scotia for close to two hundred years.

I believe that the new property tax is a short-sighted response to the Halifax housing crisis that is ill conceived and unfair for the following five reasons:

1. The tax discriminates against homeowners who are Canadian citizens, many who have deep roots in Nova Scotia;
- 2. The new tax is the highest non-resident property tax in Canada and one of the highest in the world;**
3. The tax will be ineffective in providing more housing for Nova Scotians;
4. The tax will not solve the housing crisis that is centred primarily in Halifax; and
5. The benefits of higher tax revenues will be more than offset by overall lower spending on the part of non-residents, and could result in lower employment numbers, and lower income tax and provincial sales tax revenue.

1. This non-resident tax discriminates against Canadians from other provinces, many of whom have deep roots in Nova Scotia.

My home province of Alberta has enjoyed tremendous growth over the years and has welcomed with open arms other Canadians, many from Nova Scotia, to help build the province. Many of these transplanted Nova Scotians have gone on to be leaders in business, government, education, and health in Alberta and, indeed, across Canada. A number of these same people own seasonal homes or aspire to own seasonal homes in Nova Scotia. Their motivations for owning these seasonal homes range from maintaining a connection to family and friends, preserving their roots, or simply enjoying time in the province, particularly in the summer. These people from across Canada are the best ambassadors for Nova Scotia as they promote tourism to their friends, encourage their children and other students to attend Nova Scotia universities, and often make significant donations to Nova Scotia universities and provincial charities. This discriminatory tax will serve to alienate Nova Scotia's greatest champions across Canada.

2. This tax against non-residents is the most punitive of its kind in our country, and constitutes one of the highest non-resident tax rates in the world. (see attached table).

Other provinces have introduced such a tax, but at a lower rate and, significantly, have often only applied the tax against non-Canadian property owners. For example, in B.C. the tax is only assessed in certain geographic areas where a housing problem exists. In that province, non-Canadians pay a 2 percent tax on property value and out-of-province Canadians pay a 0.5 percent tax. Many provinces do not have such a tax and I am certain that Alberta, which has numerous non-resident homeowners, including Nova Scotians, will never apply this discriminatory tax. This tax is un-Canadian and counter to Nova Scotia's long-time tradition and culture of welcoming people from around the world. Furthermore, Nova Scotia does not have a monopoly on beautiful water frontage or natural scenery. Canadians have countless other alternate venues where cottages can be purchased. By reducing the number of out-of-province buyers, real estate values for properties outside of Halifax will probably fall as will the appraised value of the province's property tax base.

3. I am very skeptical that this tax will generate more housing opportunities in the province by indirectly encouraging the rental of the properties of non-resident owners.

Non-residents generally do not buy cottages in Nova Scotia as rental properties for investment purposes. They want to enjoy these properties, often many times over the year. Finding renters who are willing to vacate the property to accommodate their owners' periodic visits will be problematic if not impossible. The more likely outcome is that non-resident homeowners will choose to sell their properties instead of renting them out. Also, non-residents typically buy houses outside of Halifax in rural areas of the province. These houses are primarily seasonal cottages that are not suitable for year-round occupancy in any event and would not address the housing shortage situation.

4. Nova Scotia's housing shortage is not unique.

The pandemic and low interest rates have created a low inventory of available housing across Canada and the US. But most experts predict that rising interest rates and the end of the pandemic will mollify housing shortages. Real estate prices in Toronto have already recently softened. The housing crisis in Halifax is partly driven by the migration of the population from rural to urban so is not an issue in other parts of the province. Nova Scotia's population was not growing for years, so a knee jerk policy response that reduces non-resident demand for homes outside of Halifax could backfire on the province.

5. Finally, it is clear that the new government's increase in spending on healthcare has led to a large provincial deficit and the need to look to more avenues of revenue.

But has the province factored in the impact that will occur if non-residents choose to sell their properties due to this onerous tax and their spending in the province consequently evaporates? The 27,000 non-resident homeowners bring incremental spending which spurs employment and ultimately results in higher provincial income and sales tax revenue. With an average spending of \$10,000 per year (just my guess) on property maintenance and living expenses, this generates \$270 million of spending (mostly incremental) in the province. These seasonal visitors impose a limited burden on services such as health care, education, and infrastructure. I believe tax revenues from the spending by non-residents more than offsets the revenues from this new tax, not even including the impact of a multiplier effect on consumer spending. In terms of our own property, the sum of capital improvements, maintenance and living expenses, are significantly higher per year than I would have to pay on the new tax. I personally have hired over one hundred people in the last few years, including contractors, professionals, labourers, landscapers, and trades people in Lunenburg County, all of whom pay income tax.

I strongly encourage the province of Nova Scotia to consider the implications of this tax with respect to overall investment in the province. A few alternate options to consider are:

1. The province could maintain the Deed Transfer Tax but do away with the annual Non-Resident Property Tax; and
2. The non-resident tax could apply to properties in the Halifax and Dartmouth area where a housing shortage exists, but not to the rest of the province.

At a minimum, this tax should be no more punitive than other provincial non-resident taxes.

Sincerely,
Lauchlan J. Currie

Non-Resident Provincial Property Taxes across Canada (Additional taxes paid by non-residents)

\$ of Tax per \$100 Property Value (annual)

| | NS | BC | PEI | NB | ON | QC | AB | SK | MB | NF |
|--|------------|-------------------|------------------|----------------|-------------------|----------------|-----|----------------|----------------|----------------|
| Non-Resident Additional Property Tax (above Residents) | | | | | | | | | | |
| Foreigner | 2.0 | 2.0 ¹ | 0.5 ² | 0 ³ | 0 | 0 | 0 | 0 | 0 | 0 |
| Canadian (out-of-province) | 2.0 | 0.5 ¹ | 0.5 ² | 0 ³ | 0 | 0 | 0 | 0 | 0 | 0 |
| Geographic Areas | All | Note 1 | All | All | N/A | N/A | N/A | N/A | N/A | N/A |
| | | | | | | | | | | |
| Non-Resident Additional Transaction Tax (above Residents) | | | | | | | | | | |
| Foreigner | 5.0 | 20.0 ¹ | 0 ⁵ | 0 ⁵ | 20.0 ⁴ | 0 ⁵ | 0 | 0 ⁵ | 0 ⁵ | 0 ⁵ |
| Canadian (out-of-province) | 5.0 | 0 ⁵ | 0 ⁵ | 0 ⁵ | 0 ⁵ | 0 ⁵ | 0 | 0 ⁵ | 0 ⁵ | 0 ⁵ |
| Geographic Areas | All | Note 1 | All | All | All | N/A | N/A | N/A | N/A | N/A |

1. BC | *Speculation and Vacancy Tax* and the *Additional Property Transfer Tax on Foreign Buyers* applies to Vancouver and suburbs, Victoria and suburbs, and Kelowna and a few other areas. Vancouver also has a 3% *Empty Home Tax* but it applies to both in-province and out-of-province homeowners.
2. PEI | There is no non-resident tax, but residents receive \$0.50 per \$1.00 tax credit.
3. NB | There is a \$1.1124 per \$100 property tax on secondary properties held by residents and non-residents.
 - If the property is less than 0.5 hectares, and is owner-occupied, no provincial tax is levied.
4. ON | The *Non-Resident Speculation Tax (NRST)* is 20% on transaction value. Toronto just added a 1% *Vacant Home Tax* but it applies to both in-province and out-of-province homeowners.
5. BC, PEI, NB, ON, QC, SK, MB, NF | Residents and Non-Residents pay a *Land Transfer Tax* so there is no additional tax for Non-Residents, other than for Foreigners in BC and Ontario.

CONCLUSION: Nova Scotia has the HIGHEST Non-Resident Property Taxes and Transaction Taxes in Canada for out-of-province Canadians.