

[REDACTED]

From: George Cooper [REDACTED]
Sent: April 12, 2022 11:04 AM
To: Premier
Cc: Finance Minister; Economic Development Minister; Minister, DMA; Office of the Legislative Counsel;
George Cooper
Subject: Non-Resident Property Tax Proposal
Attachments: 20220412110809657.pdf

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Please see attached

George Cooper

[REDACTED]

GEORGE T. H. COOPER, CM, CD, QC, LLD.

HALIFAX, N.S.

April 12, 2022

Via Email

Dear Premier Houston:

Re: Non-Resident Property Tax Proposals

I attach a Position Paper on the Government's property tax proposals for non-residents. Please note that this is not intended to express the views on the non-residents, who are fully able to speak for themselves. Instead, it sets out my views of the risks faced by our Province and its one million residents if these proposals are pursued.

You might wish to seek the views of your Ministerial colleagues, and I have copied the Ministers of Finance, Housing, and Economic Development.

I have also copied the Legislative Counsel's office, and by this letter I ask that this letter and the Position Paper go forward to the Law Amendments Committee.

In summary, the Paper makes the following points:

1. Your government's desire to fix Nova Scotia's broken health care system and solve our acute housing problem are admirable.
2. Unfortunately, the property tax proposals will be seen by key decision makers in Canada's business and financial communities as highly discriminatory, and not appropriate for a modern, open, democratic and welcoming society. Nova Scotia's long standing and hard won reputation as a good place to do business will be at serious risk.
3. Business and financial confidence are fragile things. Once shaken, only hard work and time will get it back. In the meanwhile, there is a real risk that investors will pass us by, slowing our Province's growth trajectory.
4. The result will hurt our economy and finances generally. More particularly, it could impair our ability to solve the health and housing crises in a timely way, or as fully as intended.

Thank you for your attention to this important issue, and for your good work on behalf of our Province.

Yours truly,


George Cooper

cc.

Hon. Tim Houston, Premier of Nova Scotia premier@novascotia.ca

Hon. Allan MacMaster, Deputy Premier, Minister of Finance and Treasury Board FinanceMinister@novascotia.ca

Hon. John Lohr, Minister of Municipal Affairs and Housing dmamin@novascotia.ca

Hon. Susan Corkum-Greek, Minister of Economic Development edminister@novascotia.ca

Law Amendments Committee, c/o Office of the Counsel to the Legislative Counsel Legc.office@novascotia.ca

GEORGE T. H. COOPER, CM, CD, QC, LL.D.

HALIFAX, N.S.

POSITION PAPER FOR PREMIER TIM HOUSTON ON NON-RESIDENT PROPERTY TAX PROPOSALS

April 12, 2022

"The law of unintended consequences is the only real law of history." Niall Ferguson

I am a life long, full time resident of Nova Scotia. I am now retired, having worked here all my life. I practiced law for 50 years, was a P.C. candidate for the Nova Scotia Legislature (1974) and a P.C. Member of Parliament (1979–80), served as President of the University of King's College (2012–16), was Managing Trustee for 23 years of the Killam Trusts (\$600 million for graduate scholarships etc. at Dalhousie and five other Canadian universities and the Canada Council), and was Honorary Swedish Consul for Nova Scotia for 12 years. I was co-chair of the private sector 4Front Atlantic Conferences, which led to the Ivany Report and its follow-on adoption by the Province of Nova Scotia. I am immensely proud of our Province's growing success, and look forward to a glowing future. Our growth makes us a Canadian leader for the first time in decades. The spirit of our people is more upbeat than I have seen in my lifetime. Many new opportunities are opening up. There is every sign that your new government, working with the private sector, is committed to policies that will secure our future success.

Yet I am deeply concerned about the proposal for new Property and Deed Transfer Taxes on non-residents. I will say only a little about them; they are fully able to speak for themselves. Instead, I will say why I believe this proposal is bad for Nova Scotia and all who live here permanently.

Our non-resident guests are quickly losing heart. Not being eligible for capped rates, they already pay more than their resident Nova Scotian neighbours. They do not object to this. But they find increases of up to four times or more to be purely discriminatory. They feel they are being penalized for making the "mistake" of investing in Nova Scotia. They are our most devoted ambassadors, yet they feel like outcasts.

Apart from our non-residents, how does the proposed tax harm our Province and its one million (!) permanent residents? In thinking about this, I respectfully suggest that these time tested principles of good government should be guiding:

1. Consistent laws, reasonable taxes and security of property.
2. Opening doors, not closing them.
3. Taxing income, not wealth.
4. Open to citizens of the world, especially fellow Canadians.
5. Looking outward with confidence, not inward with trepidation.
6. Principles, not populism.

7. Discriminatory policies encourage like reactions from citizens and other governments.
8. BUSINESS AND FINANCIAL CONFIDENCE ARE FRAGILE; THEY NEED CONSTANT CARE.

Nova Scotia has always been a warm and welcoming place. Think about the Highland Clearances, the Irish Potato Famine, the Loyalists, the New England Planters, the Lunenburg Germans, the Ukrainians, Jews and other Eastern Europeans, and the Dutch farmers who came after WW II. They all escaped their old, hard, war torn lands. They yearned to live in freedom and work in our fields, on our waters, and in our coal mines and iron and steel mills. True, foreign wars and the tides of far-away history sometimes closed us down: French Acadians dispersed to parts unknown; Black Loyalists banished across the seas; our Indigenous peoples forced to abandon their way of life. But that is not who we are; and where we have gone wrong, we keep on striving to make amends.

Our public policies fit this welcoming picture. Take higher education. For decades we have been ahead of all other Provinces— by a country mile— in attracting university students from across Canada. To these we have added thousands from other countries. We encourage all of them to put down roots and become one of us, and many have. We dearly need this cohort in order to reach the top in the industries that will shape our future success. We also need them if we are to meet your uplifting goal of doubling our population by 2050.

In industry we have been just as open. Since the 1950's and 60's, we have wooed and welcomed industries and businesses from all over the world. Think of Stora Forest Industries (now Port Hawkesbury Paper) and Volvo from Sweden, and Michelin from France. More recently, IBM, EY, Lockheed Martin, and Canadian and foreign banks' back offices. A prime example is your government's commitment of \$27 million to Cognizant to add 1,250 jobs here in Nova Scotia.

In the cultural sector too, we've welcomed thousands to our world famous Celtic Colours, ECMA Music Awards, Acadian Reunions, LAMP music festivals, the Royal Nova Scotia International Tattoo, the film industry, and countless others big and small.

Over the years I've been lucky to be a small part of a number of these, mostly in the industrial and educational sectors. And I have heard nothing from our people but "Welcome to Nova Scotia! Bienvenue a Nouvelle Ecosse! Ciad Mille Failte! Pjila'si Mi'kma'ki!"

In summary, working together Nova Scotians have poured sweat and resources into strong provincial policies to support our industry, education and culture. They all rest on building a warm, welcoming and open place to live and work. And it has succeeded.

So how does this new property taxation policy fit with this picture? Sadly, it doesn't. In fact, it undercuts our long tested policies and their past successes, and puts a drag on our future. If we think about it, the logic of this tax says we should double or triple university fees for our out-of-province students. Does that step lie somewhere in time to come? Probably not. But what about the parents of those students? Will they encourage their children to study elsewhere, fearing that some future Nova Scotia government, following precedent, might do just that? Will investors pass us by, apprehensive

about what they see as some future government's "wonky tax grab" that comes out of the blue—after they have made their investment? I am convinced that the present proposal may be seen by many decision makers as a monster tax grab that is punitive and discriminatory. I fear that word of it could echo and re-echo among decision makers in the office towers of our largest Canadian cities, and sour potential investors on Nova Scotia for years to come. These outcomes would be the law of unintended consequences hard at work, and with a vengeance.

No one deliberately set out to whack non-residents with a new Monster Tax just because some—but by no means all—may be well off and don't vote here. But on the street these taxes are seen as a dark form of discrimination unworthy of an open, modern, democratic, market based society. Many will sell, not to other "come from aways" who are equally repelled by what they see as "punitive" taxes, but to resident Nova Scotians. But these buyers will pay only the standard property tax, thus stripping the new tax of its stated purpose. So in addition to being seen as unworthy, this tax is also seen as unwise even on its own terms—to say nothing of the unintended consequences.

Let's consider PEI. Non-resident land owners there pay more in property taxes than residents. But the extra amount is not strictly a "tax" on them. All PEI land owners, resident and non-resident alike, receive the same property tax bill, with one portion going to the municipality and the other to the Province. However, the Province gives its residents a rebate of 50% of the Provincial portion. PEI sees this not as discrimination against non-residents, but as the payment of a benefit to Islanders. One might perhaps view this as an incentive to residents to remain in PEI, rather than migrate to "greener pastures" as many did in decades past. Either way, the rebate is a matter of the PEI government spending Islanders' own tax money on a legitimate public policy purpose. Even if this amounts in all but name to an extra tax on non-residents, at 50% of only a part of the overall bill it is still much lower than Nova Scotia is proposing.


Moving away from the previously announced non-resident tax proposal presents the government with a difficult political problem. Some Nova Scotia residents might see non-resident property owners as a distant group, and not really part of the community. Following this line of thought these residents may, understandably, be indifferent about a discriminatory tax aimed at "outsiders." Understandable also is that many of the same people might give little thought to the unanticipated adverse effects on the long term prosperity of the Province as a whole. These are, however, the very things that political leaders are called upon to think about and to struggle with on behalf of all of the people they serve. Nor would "let's go ahead and see what happens" cut it. By that time, investors' minds will have hardened. The damage will have been done.

No doubt these consequences were neither intended nor foreseen. But the law of unintended consequences is no less inexorable just because not enough thought was given to them beforehand. I am respectfully asking that the government drop this policy—one that risks great harm for the future of our Province and its permanent residents. This is apart altogether from the harm to our non-resident guests who love Nova Scotia, and whom we dearly need to keep on our side as our most outspoken external supporters. Let's remember too that with the changing nature of work the "digital nomads" among them would be spending more time here, meaning more local spending and higher HST revenues to the Province, such as occurred during the pandemic. At the very least, the

government should shelve its tax proposal for further study, with the dual aim of scaling back dramatically the rate involved, and avoiding its potential adverse consequences for Nova Scotia.

In conclusion, Premier, let it be said that you and your government wisely listened to the people and correctly identified the two most urgent problems facing Nova Scotians today: fixing a broken health care system, and solving a devastating housing shortage. These goals are highly commendable. Achieving them is vital, most of all for our fellow Nova Scotians on lower incomes who too often bear the brunt. But with respect, in an understandable desire to move forward with dispatch, the means chosen are not up to the task. If, as I believe, the property tax proposals risks grave damage to the Province's "brand" and thus its long term business and financial standing, that might even make it impossible to reach these noble goals, either in a timely way, or perhaps at all.

Thank you.

A handwritten signature in blue ink, appearing to read "George Cooper", is written over the printed name.

George Cooper

cc:

Hon. Tim Houston, Premier of Nova Scotia premier@novascotia.ca

Hon. Allan MacMaster, Deputy Premier, Minister of Finance and Treasury Board FinanceMinister@novascotia.ca

Hon. John Lohr, Minister of Municipal Affairs and Housing dmamin@novascotia.ca

Hon. Susan Corkum-Greek, Minister of Economic Development edminister@novascotia.ca

Law Amendments Committee, c/o Office of the Counsel to the Legislative Counsel Legc.office@novascotia.ca