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From: Suzi Fraser [REDACTED]
Sent: April 12, 2022 6:18 PM
To: Office of the Legislative Counsel
Subject: Non Residents tax

**** EXTERNAL EMAIL / COURRIEL EXTERNE ****

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To Whom it May Concern,

As a business owner in Nova Scotia, particularly one outside of the major metropolitan areas, I am writing because I am concerned about the impact of the proposed non-resident tax levies on Nova Scotia's local business communities. While understanding there is a current, crucial housing shortage, I am not convinced that these levies will address the issue, or that they are entirely reasonable or viable. The impact on local businesses could be severe.

It seems that the goals of these taxes are twofold: first, to force the sale of non-resident properties to make housing available to Nova Scotians and/or cool the market, and second, to raise funds for additional housing initiatives. The suggestion that non-residents become residents, or that these properties become long term rentals to Nova Scotians seem to be neither sensible nor viable. I would like to discuss the possible ramifications of each of these.

1). Force the sale of homes so that Nova Scotians can buy them. This hardly addresses the affordable housing issue. Many of these homes are: a) patently not "affordable", b) unsuitable for year round occupancy or c) located far from available work. Additionally, while many homes being for sale all at once might "cool the market", because of the points just given that would depress only the seasonal housing market, not the general housing market. Cratering the housing market in areas that have a large proportion of seasonal residents is unlikely to help local business. People who suddenly see the value of their home plummet are unlikely to feel they have much in the way of discretionary funds, nor are they likely to invest further in these properties until the market recovers.

2). Raise funds for additional housing initiatives. As a Nova Scotia resident, I am fully aware that steps need to be taken to address this critical issue. I note that the budget calls for \$25 million, plus some capital costs, for these initiatives. Given a total housing budget of, say, \$30 million, this amount could be met by the 27,000 non-residents paying on average, about \$1200. However, at 2% tax, properties valued as little as \$100,000 would be paying \$2000 dollars in additional tax. A 500,000 home would be paying \$10,000 annually. The proposed taxes are so far beyond what is required in the budget, it is shocking. Again, from a business point of view, it would leave those non-residents who decide to "pay and stay" with far, far less discretionary income. Local business would be hard hit.

3) Become resident. While acknowledging that this would bring in additional income tax to the province and possibly also slightly increase HST revenue, consider whether this is a realistic scenario. It is unlikely to be a viable option for non-residents who still have families in school, or business ties elsewhere. The age profile of the people most likely to choose this option would almost certainly be over 60, so the increased healthcare costs may not be offset by increased taxes to the province.

Furthermore, it would likely shift spending from tourist/vacation/luxury activities such as eating out and taking tours, to more mundane purchases such as groceries. In municipalities, such as mine, which largely depend on discretionary purchases, businesses could be expected to suffer a downturn. Finally, when owners opt to become resident, their property assessments would become subject to capping, thus lowering the taxes the municipality currently collects.

4). Rent their properties year-round to Nova Scotians. First, the vast majority of non-resident properties are not investment homes. Renting year-round to Nova Scotians would eliminate entirely the purpose for which they were bought, so no one is going to do that unless they cannot manage to come themselves (for example, were a pandemic to occur). Second, how many of these homes would be rented by Nova Scotians? The same points made about selling properties also apply here. If these properties can only be occupied for part of the year, are expensive, or are in areas remote from available work, it doesn't help anyone, certainly not local business, to suggest they can simply be rented to Nova Scotians. Even if they can be rented, this would simply shift money around the province, not bring in new dollars.

In conclusion, I would say this – if you are going to insist that this tax is the only way to address the issue, at least make it a tax that non-residents can contemplate paying. Do not drive away people who bring vibrancy to our communities, not to mention contribute through volunteer work, funding of municipal campaigns and charitable giving.

Some of these families have literally had a presence in Nova Scotia for generations. Many others have strong ties here. It does business no good at all to have the province be seen in the broader world as a place that so under appreciates the contributions of the people who come here.

Yours respectfully,

Suzan Fraser
Chester