

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

Dear Sirs/Madame:

I am a Nova Scotia resident and like others I am writing to protest the proposed tax on non-resident property holders. As an economist, I would note that the tax, in addition to not being well thought-out as far as I am aware, is both discriminatory and distortionary. It is not going to do anything to address the housing shortage, which is a supply issue that has certainly not been caused by non-residents who have contributed positively to supply by employing local builder and trades people.

But the tax will have unintended negative effects (negative externalities in economist jargon) in terms of lost business for local entrepreneurs and will likely have lasting effects on the overall performance of our local economy, not to mention the province's reputation as a friendly, accepting place. That is, it is not just non-residents who will be affected, but the province as well. Let me give a personal example.

Like many maritimers (raised in Saint John and attended St Francis Xavier), I found it necessary to find employment away. That said, my wife and I always had a desire to return (as my Ontario friends say: "you guys always want to go back"). In 1992 we purchased a summer home in Marriott's Cove with the intention of retiring here. In 2009, newly retired I did just that and am now a proud "blue noser".

Somewhat before retiring, great friends from Toronto visited us for a weekend. In short order, having fallen in love with our beautiful area, they too purchased a place near by and have since become permanent residents. They both have as well made major contributions to our community in volunteer time and money. In addition we have all have had a series of visitors who have spent money in the area and the province in general.

If that non-resident tax were in place in 1992, we would not have purchased here (couldn't afford it). My friends from Toronto would not have visited and purchased their place. The funds we both spent on renovations and maintenance, as well as in the community in general would not have been spent, with missed revenues and opportunities to grow for local business. The taxes we now pay would not have been paid here. The friends who visited us would have gone elsewhere.

These negative effects need to be taken into considerations when assessing the tax's impact. Have they?

Yours sincerely

Mike Kennedy PhD (economics)

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