

McDonald, David S

From: John MacRitchie [REDACTED]
Sent: April 14, 2022 2:31 PM
To: Office of the Legislative Counsel
Subject: Submission to Law Amendments Committee - Bill 149
Attachments: NS Law Amendments Committee - Bill 149 - MacRitchie.pdf

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Dear members of the Law Amendments Committee:

I requested, by phone on April 13th, an opportunity to speak to the Law Amendments Committee regarding Bill 149 - Financial Measures (2022) Act.

I have not heard back regarding a time to speak to the committee at the session today, April 14th.

I am attaching my speaking notes as a submission to the committee should a speaking time not be available. I remain very interested in an opportunity to speak directly to the committee.

Thank you very much for the opportunity to make a submission.

Please provide a confirmation of receipt.

Sincerely yours,
John

--

John MacRitchie

[REDACTED], Toronto, ON [REDACTED]
[REDACTED]
[REDACTED]

Nova Scotia Legislature

Law Amendments Committee

Meeting of 14 April 2022 - Bill No. 149 – Financial Measures (2022) Act

Representation by John MacRitchie, Toronto, ON / Bucklaw, NS regarding the Non-resident Property Tax.

Thank you Mr. Chair. Members of the committee. I am grateful for the opportunity to speak to you today.

My name is John MacRitchie. I am a Canadian who grew up in Sydney and now lives in Toronto.

I am here today to express my opposition to the proposed tax of non-resident residential properties.

1. The tax will have unintended - very emotional - consequences.
2. It is unlikely to meet its stated policy objectives of making more housing available in Nova Scotia.
3. And it is simply undemocratic.

Several years ago, I took on responsibility for my family property in Bucklaw, Cape Breton, between Whycocomagh and Baddeck.

The proposed changes will triple the current tax on the property. When I consider the removal of the property tax cap when I took on the property just a couple of years ago, the tax will be increased by 426%.

The Emotional Response Impact

So let's consider the emotional response impact:

The property has been in my family for over 145 years. I am not the first to have left for work outside of Nova Scotia. My ancestors left for the Klondike and then to the Boston states (twice). We always kept the property and we always paid its taxes.

Having held property for 145 years, we can hardly be accused of "squeezing out our own" as suggested by one government Minister in the text of a letter I reviewed to another non-resident.

And we did not leave Cape Breton to "prove our mettle" as was suggested in the same letter. We left to seek opportunities and to feed our families.

In most of my lifetime, the property has been a seasonal residence and not habitable for 4 months of the year - the buildings have to be closed and are not accessible in the winter.

Don Mills, Nova Scotia resident and co-founder and former CEO of Corporate Research Associates in Halifax describes the fragility of reputation and the clear risk that he sees in alienating non-residents and potential investors in a recent article on this tax.

In my case, I have always made a specific effort to buy locally when I am in Cape Breton, typically from small, locally owned businesses such as:

In Baddeck

- Home Hardware
- Stone's Pharmacy
- The Co-Op
- Tom's Pizza
- The Outdoor Store
- McRae's Garage

My wife and I were married at the Inverary Inn in Baddeck, joined family and friends from Ontario, the United States and the UK

In Nyanza:

- The Herring Choker Deli
- Big Spruce Brewery

And in Whycomagh:

- Charlene's Restaurant
- The Co-op
- Home Hardware
- MacAuley's Service Station
- The Farmer's Daughter store

I choose to support these businesses because I want them to be there even when it often means paying higher prices.

Mr Mills also mentioned the ambassador role that non-residents play.

To that point, I am asked often enough for advice on visits to Nova Scotia that I put together a Google map so I could share my favourite places and businesses with friends and friends of friends planning trips to the province.

And, to quote again from the Minister's letter, perhaps "home renovations, landscaping, dining and retail spending by our seasonal residents, this does not a healthy economy make."

So perhaps we can set my retail contributions aside.

But, over the past 3 years in my day job, I had the opportunity to build a collaboration with colleagues at another institution in Nova Scotia. That has led to a project that in its first phase already attracted over \$1.2M in Federal funding in Nova Scotia and a similar amount in Ontario to drive economic impact and high value skills development and job creation. The project has already produced results that far exceed the investment and we are now building it out nationally with partners across Canada.

Would I have pursued this project with the same enthusiasm with a partner in Nova Scotia - a very capable team by the way - if I did not have my roots in Nova Scotia?

I am not sure.

It certainly was a plus for me to work with a team from Nova Scotia and to build something nationally with them. With the ups and downs of any complex project it certainly helps to have factors like that keep you going.

Given what I have described, I want you to consider how you would react if you faced a similar situation that this tax presents.

Ineffective in Reaching Policy Objectives

On to the policy effectiveness...

My emotional response aside, I am completely unconvinced that this will be effective from a policy standpoint. If the logic held, I might not be happy, but I could understand and I might not be standing here.

Many, if not most of the properties that are caught in this tax will be rural and seasonal residences. Many will be like ours, are neither habitable, nor accessible for several months of the year.

I cannot rent the property for 12 months to a Nova Scotian. I could sell it to a Nova Scotian who would then pay less tax, but it would still be a very rural, very seasonal property and add nothing to your housing stock.

Perhaps the committee should request more details in their review of the bill:

- How many seasonal or second home properties are in the province?
- How many of the non-resident properties are seasonal?
- How many of these seasonal properties are habitable in the winter?

Frankly, if the way to address the housing issue is through seasonal properties, why limit the tax to non-residents?

If this was effective, why not tax any seasonal properties regardless of the residency of the owner?

Further, I suspect that the migration changes we have seen in the past 2 years may be a temporary phenomena. While we will end up with more remote or hybrid work than pre-pandemic, the shift may not be as dramatic as some have predicted.

You need to look closely as to whether you are dealing with a temporary supply / demand imbalance or a trend that will continue. In either case, the market can adapt although it takes time to catch up and imposing an on-going tax like this to address a temporary situation does not make sense.

An Undemocratic Tax

Finally, and the aspect that most irritates me about this law is that it is simply taxation without representation. It is fundamentally undemocratic.

Traditionally, as Canadians we recognize the value of shared responsibilities to look out for each other. As a Canadian I do not hold individual freedoms above all else and I recognize my responsibility to look out for others.

Our federal tax transfer system, the equalization payments system, and how we approach healthcare are all macro examples of this.

Decisions to penalize other members of the country simply because they are not residents of the province threaten the trust on which these systems are based.

This tax is probably a small thing, but it feeds into the populist rhetoric that we each only have to be able to look out for ourselves (“our own”) and everything will be fine.

That is not the view I hold, and it is not how I believe we have built what is unique and wonderful about this country.

This is a bad law - it will damage the reputation of the province, it will not be effective in meeting its policy goals and it is undemocratic and inconsistent with how we have built Canada.

Simply drop it.

I know the province has fiscal, social and economic challenges. Many of us non-residents are very willing to work with you to find creative solutions and new ideas. We have been ambassadors for the province and we want to continue to contribute.

Thank you.

John MacRitchie
Toronto, ON / Bucklaw, NS