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From: Steve Shapiro [REDACTED] >
Sent: April 14, 2022 9:38 AM
To: Office of the Legislative Counsel
Subject: Supplemental information to letter previously submitted with respect to proposed tax on non residents

** EXTERNAL EMAIL / COURRIEL EXTERNE **

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I called to speak and they told me there were no more spots.
Here's some economic analysis - my "white paper" if you will.

Let's say there's a fellow that lives in Halifax. Say he makes, and spends, \$100 a year. Economists speak of the "multiplier effect." That is how much a dollar of spending impacts the economy because if I purchase a dollar of pastries, the baker then spend some of that dollar of income on coffee, and the coffee shop owner spends some of that dollar . . . And on and on. In the real economy, economists estimate the "multiplier" at 5x, so that \$100 of spending yields \$500 of economic activity.

If a non Nova Scotian buys a cottage and, during the two months they live at their cottage, spends \$20, then the economy will expand by $\$20 \times 5$ or an additional \$100. That's 20% growth and the economy is now \$600.

The same thing happens in reverse. If the summer person is forced to sell their property to the person from Halifax, that additional \$100 of economic activity goes away since the new owner, who lives in Nova Scotia full time, still only spends his original \$100, and the other \$20 of spending is lost. It's even worse if the property is rented, as some of the "rent money" is shipped (and spent) out of province.

What is the real world impact of the proposed legislation? If all 21,000 of us spend, on average, \$10,000 a year in Nova Scotia, and we all either sold or rented to Nova Scotians, then the province would lose \$210,000,000 million in spending, and the economic hit would be \$1.05 Billion. The Tax hit to the government in lost HST alone would be \$157m dollars.

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