

To members of the Law Amendments Committee,

The new property tax applied to non-residents, in **Bill 149**, is deemed necessary to help Nova Scotians gain access to housing at a time when vacancy rates are extremely low and house prices are soaring. While this is a laudable objective, it is unclear how this measure will help the situation. Instead, it is likely to have unintended, negative consequences.

A note on our personal situation. Our family has had a continuous presence in the Guysborough area since 1782. Our great, great, great, great, great grandfather fought for the British during the American Revolution, was captured and imprisoned. After the war, like many soldiers on the British side, he was given a land grant, in Guysborough County, Nova Scotia. While most of the soldiers eventually left, our ancestor stayed, and the family has had a presence here ever since.

Family members moved to central Canada three generations ago to find work, yet they always returned each summer. We continue this tradition, and hope that our children will do the same. Our parents were determined to make this a place where they could see their children and grandchildren during the summers. Such was their love for, and connection to, this place, that they chose to be buried in the tiny cemetery at the top of the hill, at the edge of the property. Our sister is also buried there.

We own an unheated, uninsulated cottage on Chedabucto Bay. No one could live here during the winter. Because it is not winterized, the property cannot be rented out on a year-round basis.

The new measure will more than triple our property taxes, which will certainly be a hardship for our family members. We may eventually have to sell the property as a result. However, it defies understanding as to how our selling an unwinterized cottage, with no highspeed Internet access, perched on a rapidly eroding shore on Chedabucto Bay, will augment the housing stock for Nova Scotia families, especially those living in cities such as Halifax where the impact of the shortage is most deeply felt.

Although, the new tax was proposed as a way to cool the overheated housing market, presumably by increasing availability, even Finance Minister Allan MacMaster now admits that it is unclear whether it will achieve these goals. On the other hand, if the tax is considered a source of government revenue, why set it so high that it forces people to sell, ultimately drying up this revenue stream?

In conclusion, while government action to improve the housing situation is necessary, the property tax on non-residents is not the way forward.

1. The tax is unjust and punitive, tripling property taxes for non-residents in one stroke.
2. With this tax, Nova Scotia becomes one of only three provinces to have such a tax for out-of-province Canadian residents, along with Prince Edward Island and British Columbia. Shockingly, the proposed Nova Scotia tax is *four times the rate of those provinces* (\$2.00 / \$100 compared with \$0.5 / \$100). This rate is excessive and unjust.

3. It will penalize those many Nova Scotians with property who moved west to find work, and whose life-dream is to return home as soon as their economic situation permits, to live in the province full-time.
4. There is no logic in applying this tax to unheated, unwinterized cottages, in areas far from the major job markets. How would increasing the availability of such seasonal housing help the present housing shortage for Nova Scotia families who need a home, not a cottage, and at a reasonable price?
5. While residents may acquire cottage properties as second homes that are freed up by non-residents forced to sell, there will be a net economic loss to the province by the drying up of money brought in by seasonal residents; at the same time, the revenue from the tax will decline.
6. There seems to be little or no solid research and no consultation behind the proposed tax and little understanding of what the unintended consequences may be, including:
  - Drastically tarnishing Nova Scotia's exceptional reputation as a welcoming place, which could have a very negative, long-term effect on the tourism industry.
  - Gradually drying-up of the (often substantial) charitable and philanthropic contributions of seasonal residents, possibly including gifts by corporations to universities and cultural institutions.
  - Negative economic impacts on many rural Nova Scotia communities which depend on the revenue related to the seasonal residents.

We strongly feel that the proposed tax should be abandoned or put on hold, pending additional research and consultations to better determine the possible impacts. It would be appropriate to look at alternative measures that would be more effective and fairer, including the application of an across-the-board property tax for second houses / recreational properties, applicable to residents and non-residents alike, albeit at a lower rate.

However, if the government proceeds with this legislation, despite the potential far-reaching, negative consequences, the following amendments should be seriously examined:

1. Lowering the tax rate to \$0.5 / \$100, which would be less punitive, would not have the effect of driving seasonal residents away and would represent a long-term source of revenue for the province.
2. Adopting an approach similar to that of PEI, where residents and non-residents receive the same property tax bill, but residents receive a tax credit.
3. Excluding non-winterized cottages from the tax.

4. Defining geographic areas of the province for the application of the property tax, or, conversely, areas that should be excluded, especially areas most dependent on income from seasonal residents.
  
5. Making the tax a temporary measure, for a single year only, to provide short-term revenue aimed at managing the current housing problem.

Signed,

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