

The Union of Nova Scotia Municipalities

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Property Taxes: The Basics

Municipalities provide many services to residents such as Police and Fire Protection; streets, roads, sidewalks, street and traffic lights; transit; parks and recreation; libraries, community centres, support for economic development, planning services, and governance. In HRM water and sewer are paid through water rates. While these services may vary by neighbourhood, generally speaking, they are services you can see and touch. They make your community livable.

To pay for these services, provincial legislation permits municipal governments to charge property taxes, and typically local governments are allowed to set a rate for residential and commercial properties, and to set area rates just on those neighbourhoods that receive a particular service. The Halifax Regional Municipality is required to differentiate property rates according to rural, suburban or urban boundaries. As well, municipalities pay towards provincial services of education, housing, and corrections - 21% of property taxes in HRM are transferred to the Province. Municipalities can only raise the money required to pay for the services provided and are required by law to balance their budgets.

Property tax is the primary tool available to local governments, and revenues raised from property taxes generally account for some 80% of total revenues available to local governments required to provide those services mentioned above. The remaining 20% comes from federal and provincial governments who pay grants-in-lieu of taxes on properties they own, and other sources of revenues such as user fee, fines, and possibly grants from other levels of government for specific projects.

But on what basis are the costs shared? Best practices suggest a market based property tax system is the most fair, assuming the value of one's property is related to the services received and to the wealth of the taxpayer.

Local governments follow a typical process to determine the property tax rate. In simple terms, the total costs of the services being provided are divided by the assessed value of all the properties, and the result is the tax rate. Councils set the tax rate, based on the package of services being provided in the community. Councils do not determine property assessments - these are determined by an arms-length organization, the Property Valuation Services Corporation, which undertakes assessment for all properties in the province.

While no one likes to pay taxes, property taxes represent only 8 cents of every tax dollar you pay. The benefits you receive from your local government, in comparison, are a bargain.

If you have questions about property taxes, please contact your local Councillor. They'd be pleased to hear from you!

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