

# Will "Assessment Cap" be Removed?

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The Shoreline Journal reached out to County of Colchester to confirm data. Scott Fraser, Director of Finance, County of Colchester, provided the following information:

For 2018 Colchester had total residential units of 17,894.

Total assessment; amount of residential cap; - All units are capped until the time of sale. When a property is sold it is adjusted to market value and then recapped at the new value.

Rate would be reduced - 13 cents. (Based on analysis conducted in spring 2018)

If the cap was no longer applied values, including area rates, would move to market value. Market value would be the basis for calculating tax.

Current residential tax rate, and any area rates. - <https://www.colchester.ca/tax-rates>

Here is a portion of **Resolution 1 CAPPED ASSESSMENT PROGRAM** passed at the NSFM Annual conference in November 2018: WHEREAS the CAP program distorts the property tax system; and WHEREAS it is not clear the homeowners most in need of property tax relief are the ones benefitting from the CAP program; and WHEREAS municipalities are willing to offer pilot programs that will continue to meet the original objectives of the CAP program though a different approach; and WHEREAS pilot programs can be evaluated to determine intended and unintended impacts of changes; and WHEREAS a study on Municipal Property Taxation in Nova Scotia, by academic experts Harry Kitchen and Enid Slack recommended a phase-out of the CAP program; THEREFORE BE IT RESOLVED the Province work with municipalities and other stakeholders to phase out the CAP program and provide better alternatives to protect low-income homeowners and those experiencing significant increases in residential property assessments; and FURTHER BE IT RESOLVED that the Province enable pilot projects to be undertaken as soon as possible. Issue Identification: The CAP is a significant issue for municipalities as

it unfairly distorts the property tax system. For every dollar one person might save, another person pays, and evidence shows the people who need assistance the most are not necessarily the ones receiving it. It has created a situation where homeowners with similar houses with similar service can pay significantly different taxes. The CAP is discouraging the building of new homes as well as renovations to existing homes. ...

In the adjoining table, the Shoreline Journal extracted assessment and cap values on 21 properties in data provided by Property Valuation Services. We chose properties from: Debert (4); Onslow (2); Five Islands (2); Glenholme (3); Masstown (2); Bass River (4) and Great Village (3).

Of the 21 properties, seven showed increases of less than \$25.00. Six properties showed tax payable larger than \$100.00. Eight properties, which currently have a CAP, still showed a slight reduction in tax payable on the residential rate. This does not reflect nor include calculation involving area rates.

**Random Selection:**

The Shoreline randomly looked at four other properties to see how removal of the CAP would impact the amount of taxes payable, without considering area or special rates, as follows:

A property in Great Village assessed at \$130,800 has a CAP of \$52,600. Tax would increase from \$688.16 to \$981.00. (42.55% increase)

On Shore Road in Masstown a property with a CAP of \$72,300 on assessment of \$215,900 would see taxes increase from \$1,263.68 to \$1,619.25. (28.14% increase)

In Economy on Hwy #2, a cap of \$24,900 exists on assessment of \$87,500 which would see taxes increase to \$656.25 from \$550.88. (19.12% increase)

Meanwhile on Pictou Road in Valley, a property assessed at \$87,400 enjoys a CAP of \$39,800. If CAP were removed tax, not including village or area rates, would increase from \$418.88 to \$655.50. (56.49% increase)

**SUMMARY:**

Properties with higher CAP values, as a ratio of as-

essment value, which entered the system earlier; have not been sold, or undergone major renovations will see the largest proportional change in "tax payable". Properties with the lowest CAP or no CAP will be less affected or may see a decrease when CAP is removed.

Properties with higher CAP value will be affected the most. It could be as-

sumed these properties are owned by elderly citizens who wish to stay in their homes and more than likely are on fixed income, or household income is near the bottom of the scale.

If the CAP is to be removed, at some future date, the municipality must invest resources to determine who will be affected. It would not be fair to place greater hardship on residents, who cur-

rently have difficulty maintaining their property, and paying current taxes.

Perhaps the municipality should have a plan - ready to implement - to provide assistance to those at the lower end of the income scale, who would be most affected by CAP removal. Councilors, staff and taxpayers should not focus on the percentage increase, but rather on the dollar increase and

the ability of the taxpayer to pay.

**Do-It-Yourself**

To guess how removal of the CAP might affect your base tax payable, please use the "Do It Yourself" form located below. (Remember the tax rate is based on per \$100 assessment. Divide the assessment by 100, or divide your "Tax Payable" by 100, once you have finished calculating).

Colchester sample Analysis on Property Tax Payable, with "CAP" amount, and when "CAP" removed

Community	Street/Road	Assessment Value	Cap Amount	Taxable Total	Tax Rate	Tax Bill	Assessment (No Cap)	Tax Rate (No Cap)	Tax Bill (No Cap)
Debert	Middle Road	\$ 307,300.00	\$ 7,800.00	\$ 299,500.00	\$ 0.88	\$ 2,635.60	\$ 307,300.00	\$ 0.75	\$ 2,304.75
Debert	Reid Road	\$ 257,000.00	\$ 36,200.00	\$ 220,800.00	\$ 0.88	\$ 1,943.04	\$ 257,000.00	\$ 0.75	\$ 1,927.50
Debert	Soley Factory Rd	\$ 165,800.00	\$ 39,300.00	\$ 126,500.00	\$ 0.88	\$ 1,113.20	\$ 165,800.00	\$ 0.75	\$ 1,243.50
Debert	Masstown Road	\$ 122,800.00	\$ 32,400.00	\$ 90,400.00	\$ 0.88	\$ 795.52	\$ 122,800.00	\$ 0.75	\$ 921.00
Debert	East Folly Mtn Rd	\$ 120,400.00	\$ 8,800.00	\$ 111,600.00	\$ 0.88	\$ 982.08	\$ 120,400.00	\$ 0.75	\$ 903.00
Onslow	Thomas Station	\$ 190,000.00	\$ 30,100.00	\$ 159,900.00	\$ 0.88	\$ 1,407.12	\$ 190,000.00	\$ 0.75	\$ 1,425.00
Onslow	Onslow Road	\$ 108,000.00	\$ 16,900.00	\$ 91,100.00	\$ 0.88	\$ 801.68	\$ 108,000.00	\$ 0.75	\$ 810.00
Five Islands	New Britain	\$ 254,700.00	\$ 53,300.00	\$ 201,400.00	\$ 0.88	\$ 1,772.32	\$ 254,700.00	\$ 0.75	\$ 1,910.25
Five Islands	Hwy # 2	\$ 177,100.00	\$ 18,700.00	\$ 158,400.00	\$ 0.88	\$ 1,393.92	\$ 177,100.00	\$ 0.75	\$ 1,328.25
Glenholme	Hwy # 2	\$ 94,900.00	\$ 16,800.00	\$ 78,100.00	\$ 0.88	\$ 687.28	\$ 94,900.00	\$ 0.75	\$ 711.75
Glenholme	Hwy # 2	\$ 126,300.00	\$ 19,300.00	\$ 107,000.00	\$ 0.88	\$ 941.60	\$ 126,300.00	\$ 0.75	\$ 947.25
Glenholme	Middle Road	\$ 122,300.00	\$ 8,900.00	\$ 113,400.00	\$ 0.88	\$ 997.92	\$ 122,300.00	\$ 0.75	\$ 917.25
Masstown	Shore Road	\$ 107,000.00	\$ 19,000.00	\$ 88,000.00	\$ 0.88	\$ 774.40	\$ 107,000.00	\$ 0.75	\$ 802.50
Masstown	Adams Rd	\$ 97,800.00	\$ 16,800.00	\$ 81,000.00	\$ 0.88	\$ 712.80	\$ 97,800.00	\$ 0.75	\$ 733.50
Bass River	Hwy # 2	\$ 198,600.00	\$ 46,500.00	\$ 152,100.00	\$ 0.88	\$ 1,338.48	\$ 198,600.00	\$ 0.75	\$ 1,489.50
Bass River	Hwy # 2	\$ 149,400.00	\$ 22,300.00	\$ 127,100.00	\$ 0.88	\$ 1,118.48	\$ 149,400.00	\$ 0.75	\$ 1,120.50
Bass River	Maple Avenue	\$ 91,800.00	\$ 1,100.00	\$ 90,700.00	\$ 0.88	\$ 798.16	\$ 91,800.00	\$ 0.75	\$ 688.50
Bass River	Mines Bass River Rd	\$ 77,100.00	\$ 7,300.00	\$ 69,800.00	\$ 0.88	\$ 614.24	\$ 77,100.00	\$ 0.75	\$ 578.25
Great Village	Stn Rd	\$ 290,400.00	\$ 84,100.00	\$ 206,300.00	\$ 0.88	\$ 1,815.44	\$ 290,400.00	\$ 0.75	\$ 2,178.00
Great Village	Hwy # 2	\$ 174,700.00	\$ 14,300.00	\$ 160,400.00	\$ 0.88	\$ 1,411.52	\$ 174,700.00	\$ 0.75	\$ 1,310.25
Great Village	Hwy # 2	\$ 75,600.00	\$ 12,300.00	\$ 63,300.00	\$ 0.88	\$ 557.04	\$ 75,600.00	\$ 0.75	\$ 567.00

If your Property does not have an existing "Assessment Cap", then this is what elimination of "CAP" means to you.

	\$ 126,300.00	\$ -	\$ 126,300.00	\$ 0.88	\$ 1,111.44	\$ 126,300.00	\$ 0.75	\$ 947.25
	\$ 307,300.00	\$ -	\$ 307,300.00	\$ 0.88	\$ 2,704.24	\$ 307,300.00	\$ 0.75	\$ 2,304.75
	\$ 94,900.00	\$ -	\$ 94,900.00	\$ 0.88	\$ 835.12	\$ 94,900.00	\$ 0.75	\$ 711.75
	\$ 190,000.00	\$ -	\$ 190,000.00	\$ 0.88	\$ 1,672.00	\$ 190,000.00	\$ 0.75	\$ 1,425.00

## "Do-It-Yourself" Tax Calculation / With CAP

This tax rate applies only to 2018, and does not apply to the forthcoming rate to be decided by Colchester Council when it sets the 2019 rate later this winter. (Area and service rates not included) (Divide assessment and cap by 100; or will be simpler to divide Base tax payable by 100)

Assessment Value \_\_\_\_\_

CAP amount \_\_\_\_\_

Taxable Amount \_\_\_\_\_

Tax Rate (/ \$100)  \$0.88/100

Base Tax Payable \_\_\_\_\_

## "Do-It-Yourself" Tax Calculation / Without CAP

This suggested tax rate is an illustration of how property tax would be affected using 2018 and if the CAP had been removed. You can project, approximately, your base Tax Payable after the CAP is removed, by inputting updated assessment values with a suggested tax rate as if the cap had been removed for 2018. (Divide assessment by 100; or divide Base tax payable by 100)

Assessment Value \_\_\_\_\_

Taxable Amount \_\_\_\_\_

Tax Rate (/ \$100)  \$0.75/100

Base Tax Payable \_\_\_\_\_

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