

# Financial Measures (2009) Act - Tax, Fee, and other Legislative Changes



The Financial Measures (2009) Act amends 13 pieces of legislation to implement measures in the 2009-2010 Nova Scotia budget.

## Tax Measures

### Graduate Retention Rebate

Government is increasing and extending the incentive for new graduates to live and work in Nova Scotia. The Graduate Retention Rebate will offer graduates with a recent university degree a tax reduction of up to \$15,000 over six years, to a maximum of \$2,500 per year. College diploma and certificate graduates will be eligible for a tax reduction of up to \$7,500 over six years, to a maximum of \$1,250 per year.

### Equity Tax Credit

Starting in January 2010, the rate of the Equity Tax Credit will be increased from 30 to 35 per cent of the value of eligible investments made. The maximum annual claim will be raised from \$15,000 to \$17,500. The higher tax credit rate is expected to provide over \$1 million in new incentives to support investments by Nova Scotians in local enterprises. The Equity Tax Credit and the Labour Sponsored Venture Capital Corporation Tax Credit will both be extended to February 29, 2012.

### Transit Tax Credit

The 2008–2009 budget announced a new Transit Tax Credit starting in 2009. The implementation of this credit has been deferred as announced in the May 4 budget and will be revisited at a later date. This tax credit would have cost \$1.5 million in 2009–2010.

### Healthy Living Tax Credit

The 2008–2009 budget announced the extension of the Healthy Living Tax Credit to all Nova Scotians effective January 1, 2009. The extension of this credit to adult recreation expenses has been deferred as previously announced in the May 4 budget. Extension of the Healthy Living Tax Credit to adults will be revisited at a later date. This credit enhancement would have cost \$5.3 million in 2009–2010.

For the 2009 and subsequent taxation years, up to \$500 in expenses for children's sport and recreation registration fees are still eligible for a tax credit.

### Revenue Act

At midnight on June 22, 2009, the tobacco tax rate was increased by 5 cents per cigarette, 5 cents per proportioned tobacco stick, and 5 cents per gram of fine cut tobacco. This measure, originally announced in the May 4 budget, will provide an estimated \$21.9 million in additional revenues for 2009–2010.

## Changes to Legislated Fees and Charges

Most user fees and government charges were increased by 3.0 per cent as of April 1, 2009. The increase is tied to the CPI increase for Nova Scotia and was part of the May 4 budget.

Some fees and charges are authorized by legislation. The Financial Measures (2009) Act includes amendments to reflect a 3.0 per cent increase in user fees and government charges to the following:

- Loan and Trust Companies Act
- Personal Property Security Act
- Summary Proceedings Act
- Companies Act
- Corporations Registration Act
- Probate Act

## Other Changes

### Public Service Superannuation Act

Amendments to the Public Service Superannuation Act will increase contributions to the Public Superannuation Fund. As of July 5, employers and Plan members began paying an extra 1 % to 1.3% of salary, depending on earnings. This increase is needed to improve the financial health of the pension plan.

### House of Assembly Act

Amendments to the House of Assembly Act will freeze indemnity and salary increases for 2010 and 2011 for MLAs, Speaker, Deputy Speaker, Leader of the Opposition, leader of any other recognized party, and members of the Executive Council.

The next review of salaries has been deferred to the fall of 2011, to be implemented in January, 2012.

## Provincial Finance Act

The Financial Measures (2009) Act includes amendments to the Provincial Finance Act related to provincial debt and deficit. In future, the Provincial Finance Act will use the definition of deficit under Generally Accepted Accounting Principles.

Specific changes to the Provincial Finance Act:

### Section 76 will be repealed

This section says the Minister of Finance shall not table a budget in the House of Assembly that estimates a deficit for the fiscal year to which the budget relates.

### Section 76A (1) and Section 76A(2) will be amended

The annual revenue related to the Offshore Offset agreement may, from and after the 2009-2010 fiscal year, be included in the annual revenue of the Province for the purposes of Section 76. The definition of deficit under the Provincial Finance Act is now consistent with Generally Accepted Accounting Principles. The change does not affect the treatment of the offshore offset revenues in previous fiscal years.

### Section 78 will be repealed

This states that a deficit in a fiscal year must be recovered no later than the following fiscal year.