

<i>Truro</i>	<i>June 29</i>
<i>Wolfville</i>	<i>June 30</i>
<i>Yarmouth</i>	<i>July 5</i>
<i>Sydney</i>	<i>July 8</i>
<i>Halifax</i>	<i>July 13</i>
<i>Antigonish</i>	<i>July 20</i>
<i>Bridgewater</i>	<i>July 27</i>

Business Occupancy Assessment and Taxation



Purpose of Consultation

- Inform municipalities and businesses on why the BOAT should be eliminated and how this will impact them
- Discuss the process to eliminating the BOAT
- Obtain feedback prior to finalizing the legislation



Agenda

- Introductions
- Union of Nova Scotia Municipalities
- History of Business Occupancy Assessment Tax (BOAT)
- Recommendations
- Impact of elimination of BOAT
- Comments and Questions



- To represent Provincial interests of all 55 municipalities across the province
- To act as spokesperson for municipalities on all matters within the jurisdiction of the government of the Province

The logo for UNSM (Service Nova Scotia & Municipal Relations) features the lowercase letters 'unsm' in a bold, sans-serif font. The 'un' is colored purple, and the 'sm' is black. The text is enclosed within a double-line border.

Why UNSM Wants BOAT Eliminated

- Not a lien on property
 - As a result, more of this tax goes uncollected than any other form of property taxation
- Costly and difficult to administer
 - Businesses must notify Assessment Services of openings, closings and changes
- Hinders economic development
 - Double taxation



unsm



One step at a time.

- These recommendations are limited to the BOAT, we are not attempting to address all tax issues.
- Other issues have been identified by business, including:
 - GST and federal gas taxes
 - provincial and municipal tax reform
 - structuring residential and commercial rates
 - Bed and Breakfasts
 - capturing all businesses
 - Subsidies



Overview of BOAT: History

- Business occupancy taxation is a tax on all occupied commercial property in the province in addition to taxation of real property
- Introduced in 1978 to replace taxes on inventories, office furniture and equipment and most machinery and equipment
- 3 levels of business occupancy assessment: 25%, 50% and 75%
- 40% of the total municipal commercial tax base



BOAT Categories

- **25% Group:**
 - Service stations
 - Restaurants
 - Motels & hotels
 - Campgrounds
 - Motor vehicle dealerships
- **50% Group:**
 - The rest
- **75% Group:**
 - Banks
 - Other financial agencies



Problems with BOAT

- Private Sector - deterrent to businesses considering Nova Scotia as a place to open up a business
- Federal Government does not pay BOAT
- Municipal - collection of BOAT
- Assessment Services – administration of business assessment
- Desire for a more equitable and fairer property tax system



Guiding Principles

- Simpler than BOAT
- Cut “Red Tape” for business and municipalities
- Require fewer resources to administer
- Encourages economic development
- Encourages business to locate in N.S.
- Should minimize the problem of uncollected taxes



Committees' Recommendations

- Recommended in the past that BOAT should be eliminated
- UNSM/Municipal/Provincial also recommended:
 - Legislation in fall 2004
 - One year notice (given in spring 2004)
 - Two year phase out
 - Recover the BOAT revenues through increases in tax rates
 - Leases may be re-opened



Impact of Recommendations

- Federal Government pay more
- Greater collection of taxes
- One less tax in Nova Scotia
- Fewer administrative costs
- 75% group pay less municipal taxes
- 50% group pay less municipal taxes
- 25% group pay more in municipal taxes



Challenges: 1

- Private sector may have an expectation that the elimination of the BOAT will result in a corresponding reduction in taxes, but municipalities must recover the short-fall
- **Solution:** Address expectations at Consultation and overall benefits of eliminating BOAT



Challenges: 2

- Seasonal Tourist Facilities (closed at least 4 months) would be hit harder because they do not pay BOAT during the months closed.
- **Solution:** Seasonal tourist facilities will be entitled to a formula based rebate system for months closed
- **Net Effect:** Seasonal tourist facilities would pay approximately the same



Challenges: 3

- Charitable Organizations do not pay BOAT and MGA has provisions to permit them to apply for grants and property tax relief, but at Council's discretion
- **Solution:** MGA provide guidelines for grants and tax exemptions for charitable organizations
- **Net Effect:** No impact for charitable organizations



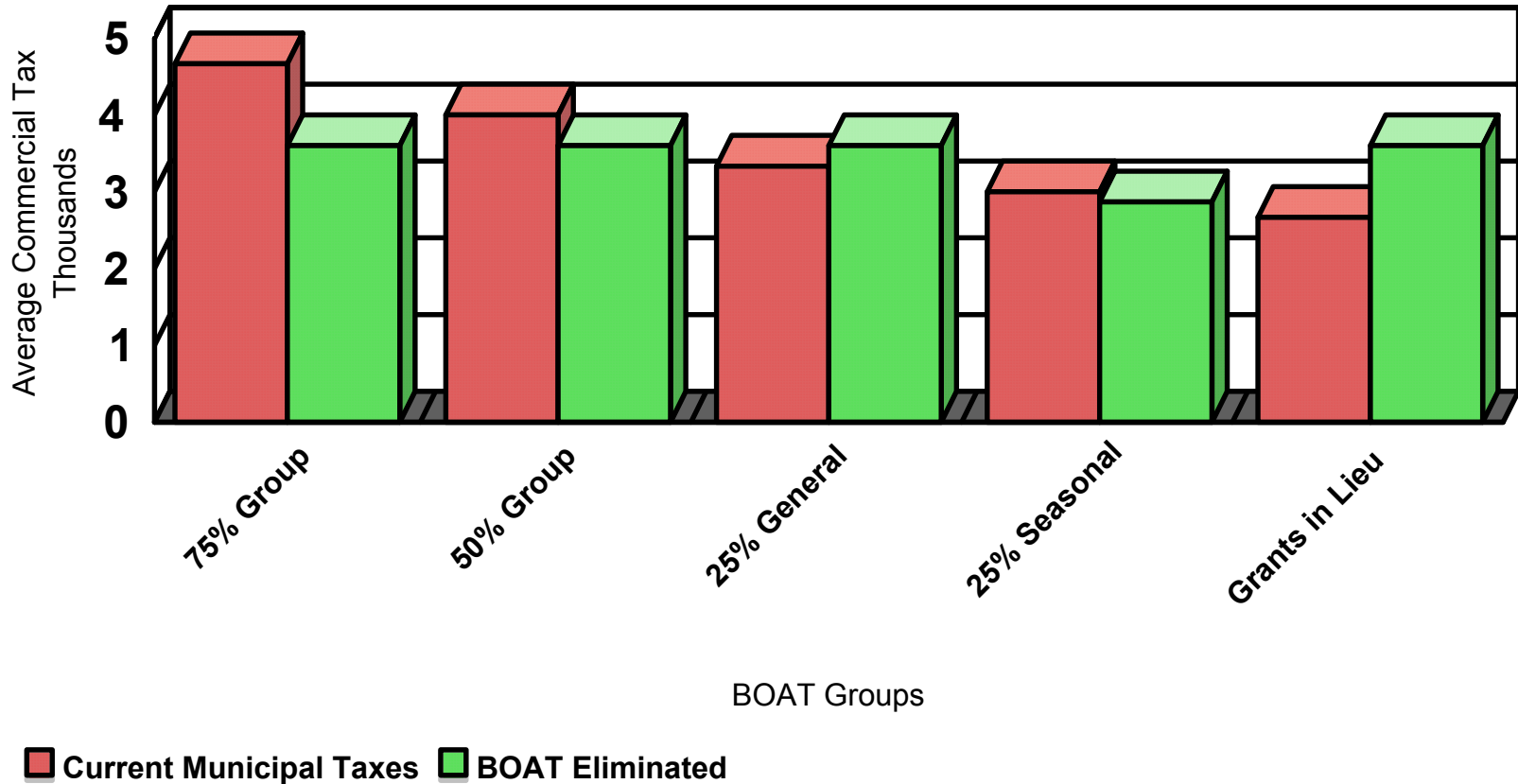
Overall Net Effect

- BOAT eliminated + Greater Collection of Taxes + Increase in Federal grants-in-lieu + Commercial Property Taxes Increase
- An overall net effect which should range from zero impact to a slight decrease in municipal property taxes for most commercial uses



Impact of BOAT Elimination

Estimated Commercial Taxes for
Property Assessed at \$100,000



Comments & Questions

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