

# Property Taxation and Potential Consolidation

## ANTIGONISH

Our Community

**During consolidations, taxpayers have concerns that property taxes would increase.**



### Guiding Principle

4. Continue fair taxation and user pay approaches

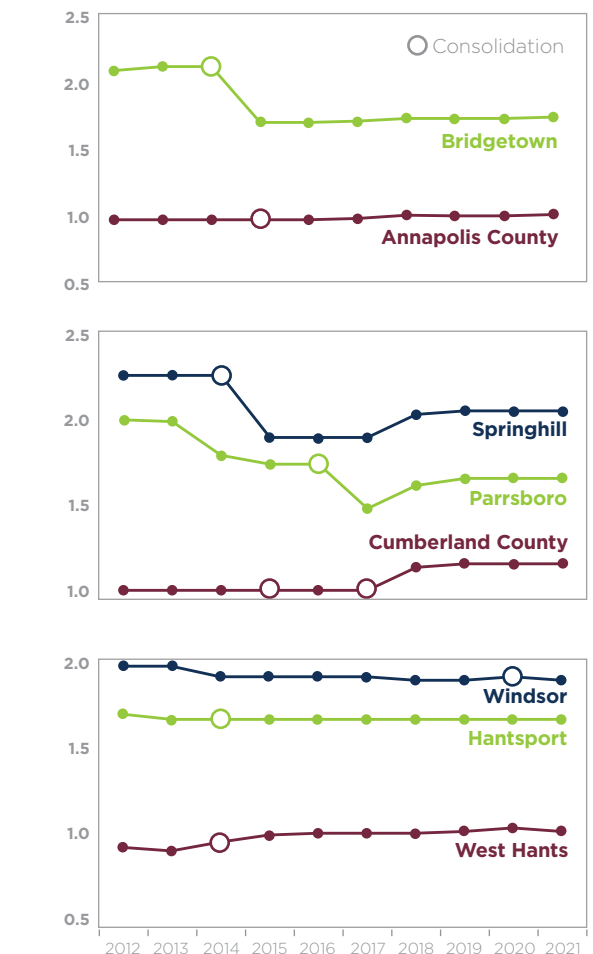
## When are tax rates for a merged unit decided?

Should the Town and Municipality decide to consolidate, a Joint Transition Committee would prepare a combined operating and capital budget in preparation for the launch of a new municipal unit. Typically, the first year in a merged municipality sees very little change in existing services, fees and tax rates. History shows us that municipal mergers in other parts of Nova Scotia have not created property tax rate increases in the years following a merger.

## History with other mergers

These graphs demonstrate the impact of other mergers in Nova Scotia on tax rates.

Residential Tax Rates for Merged Rural Municipalities and Towns



**What do these graphs mean?** County tax rates did not increase because of these municipal mergers. Town tax rates remained the same or were reduced. Similar conclusions should apply to commercial tax rates before and after a merger.

## How will tax bills change in a consolidated municipality?

Typically, a merged municipality will establish a base tax rate for services across the new municipality, and supplement this with “area tax rates” in parts of the municipality where service levels are different. This is identical to the approach used in the County of Antigonish now to support fire protection, hydrants, streetlights and water.

## Forecasting Future Tax Rates with Consolidation

It is far too early to forecast future property tax rates in a consolidated municipality for the Town and County, but a few facts are known now:

- ✔ Both the Town and County are in good financial shape going into a possible merger.
- ✔ Population and development trends are generally stable – property assessments are not in a state of decline for either municipal unit.\*
- ✔ Municipal infrastructure, capital replacement planning and reserves are in good overall shape in both municipalities.
- ✔ Water rates and electrical utility rates are regulated by the UARB, and these would not be impacted by consolidation of the municipal service provider  
(See *Fact Sheet 5 on Water, Electricity and Energy Leadership for more information*).



## Recommended Approach

Residents and businesses should be taxed fairly, based on services and infrastructure provided to each community. Property tax rates and municipal debt should utilize existing Town and County user pay and area rate models.

**Summary:** Should the Town and County decide to merge, a Joint Transition Committee would prepare the first operating and capital budget in advance of the election of a new Council. The evidence suggests that municipal mergers in Nova Scotia have not resulted in increased taxes for either the County or Town governments involved. Tax bills will likely include a base rate plus area rates, following the current County model. While actual future tax rates can't be predicted, the two units are going into a possible merger without significant risks for tax increases which are often caused by declining revenues or failing infrastructure.

(\*) For more detailed statistics about both municipalities, check out the *Municipal Profile and Financial Condition Indicators Reports, 2019-20*, for both the Town of Antigonish and County of Antigonish, published online by Nova Scotia Department of Municipal Affairs and Housing