

How is the NSPI payment distributed?

As per legislation, NSPI pays a \$34.6 million payment in lieu of property tax. This amount is increased annually by the Consumer Price Index. The payment is given to the province to distribute to municipalities. This is done through three channels:

- \$11.6 million distributed based on the assessment of NSPI assets in a municipality
- \$6 million distributed through the HST program
- \$17 million distributed through equalization

Why were NSPI assets reassessed?

In 2004, the Union of Nova Scotia Municipalities and its members requested the assets be reassessed.

Who conducted the reassessment?

Property Valuation Services Corporation. This is a municipally controlled agency, which is responsible for all property assessment in the province.

How many NSPI properties were reassessed?

Approximately 1500 NSPI properties were inspected between 2004 and 2007, with the analysis being completed in December, 2008.

What is the province's role in the reassessment?

The province uses the NSPI assessments from the Property Valuation Services Corporation to calculate how the \$11.6 million portion of the payment is distributed.

What changed as a result of the reassessment?

This did not result in any change in the dollar amount or the method of NSPI's payment in lieu of property taxes. However, it did result in a redistribution of those payments to municipalities.

What does this mean?

Several municipalities saw a significant change in the assessment value of NSPI properties in their jurisdiction.

Municipalities that saw an increase in their NSPI assessment value will see a corresponding increase in their NSPI payment. Those that saw a decrease in their NSPI asset values will see a corresponding decrease in their payment.

What is the province doing to help?

Government has announced a four-year plan to help municipalities:

- 2009-10: Freeze this year's payment to municipalities at the 2008-2009 amount. Municipalities slated to receive an increase in revenue as a result of the reassessment will receive a one-time payment to help ease the transition.
- 2010-12: The new assessment will be phased in, in equal amounts, over the course of the following three years. This will give municipalities time to plan and adjust to the redistribution.

Who is paying for the one-time payment?

Every year NSPI's payment in lieu is increased by the Consumer Price Index. This increase is usually added to the total funds of the NSPI payment. In 2009-10, the additional funds will be used for the one-time payment to municipalities that are anticipating an increase in funding after the reassessment comes into effect.

Does the province help municipalities in any other way?

Yes, in a variety of ways. Most notably, the province entered into an agreement with the Union of Nova Scotia Municipalities that offers an affordable shared solution to long-term predictable funding. The agreement includes

- freezing mandatory education contributions at the 2007-08 level of \$178.5 m with annual increases limited to NS CPI;
- freezing mandatory contributions to corrections at the 2007-08 level (\$17.4 m) with a five-year phase out starting in 2010-11; and,
- phasing out of contributions to the net operating losses of Housing Authorities of \$6.59 m (based on 2005-06 figures) over two years starting in 2010-11.

These measures were part of the legislation passed in Spring 2008, and will result in approximately \$32 million in annual savings to municipalities.