



SPECIAL COUNCIL MEETING

June 15, 2009

Re: Deed Transfer Tax Bylaw

PRESENT

Mayor David Corkum, Deputy Mayor Bernie Cooper, Councilor Mark Pearl, Councilor Nola Folker-Hill, Councilor Tony Bentley, Councilor Eric Bolland, Councilor Bill Boyd, CAO Keith Robicheau, Solicitor Peter Muttart, Town Clerk Carol Harmes.

Mayor David Corkum called the meeting to order at 7:00 p.m. and CAO Robicheau reported that all members of Council were present

INTRODUCTION AND WELCOME

Mayor Corkum welcomed everyone in attendance (approximately 36 citizens) and outlined the format for the meeting. He called upon the authors of the written submissions to give a summary of the content of their respective letters if they preferred to do so. As an alternative, the CAO will summarize the points made.

CORRESPONDENCE

Mayor Corkum noted that letters objecting to the Deed Transfer Tax were received from:

- Eastern Kings Chamber of Commerce
- Stephen Healy
- Parsons Investments Limited
- Viking Ventures Limited
- R.L. Macdonald Investments Limited
- Alice Goodwin
- New Valley Homes Inc.
- Cornwallis Developments Limited
- Valley Stationers Limited
- David Ritcey
- Grand Street Inn (Sandra Snow)
- Eric and Dawna Tibbetts
- Annapolis Valley Real Estate Board

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**VERBAL
PRESENTATIONS**

(a) David Cudmore – First Vice-President of Eastern Kings Chamber of Commerce.

He outlined the 5 reasons why the EKCC was against the Deed Transfer Tax –(1) Regressive tax, (2) unfair tax, (3) hidden tax, (4) disincentive to development and (5) negative affect on economic development. He noted that currently, Kentville shows more purchases of homes than do Berwick and Wolfville, both of whom have the Deed Transfer Tax.

Question to presenter: Is it the position of EKCC that Council should raise the mil rate?

Answer from presenter: Council should look at other methods, as the deed transfer tax is not a good, dependable source of revenue and might take years to meet the goal Council proposes. A raise in tax rate would be more preferable.

(b) Stephen Healy

He stated that his family owns a track of land of about 200 acres in South Kentville which will be developed over the next few years. He feels that this proposed tax is a deterrent for future development, as the costs for development continue to rise, while the potential costs of lots to the buyer does not.

(c) Valley Stationers Limited

Doug Morrison stated that he is concerned about the Deed Transfer Tax as he owns several commercial properties which are for sale. He felt that other sources of revenue should be sought or cuts should be made to expenditures, as the nickels add up to dollars. He added that rumours of the Deed Transfer Tax have already affected decisions of individuals to move to the county instead of the Town.

(d) Dave Ritcey

Dave Ritcey spoke out against the Deed Transfer Tax, stating that the same response is being received this time, as was given 4 years ago, when the tax was first introduced. He felt that this was a short-term fix, but the long-term solution is increased development, which increases taxes and in turn, tax revenue. Having sat on the Planning Advisory Committee over the years, he feels that this decision not only “flies in the face” of the philosophy to increase development, but also undermines citizen contributions on that committee. He feels that the Town currently has an advantage over other areas in the province, however, this tax will change that advantage. He feels there should be an increase in the general tax rate, as this would be fair.

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(e) Sandra Snow

As owner of the Grand Street Inn and President of the Valley Regional Hospital Association, she felt that in the short-term, balancing the budget looks good on paper, but in the long term, the Town must recognize that any future growth will go to the County, as they do not have this Deed Transfer Tax. She has personally sat through budget deliberations and applauds the efforts of Council and staff to keep the expenses in line, to balance the budget.

She added that the facilities and events in the town of Kentville are important to her family and she has chosen the Town as a place to live. As a result, she does not have a problem with a tax increase to pay for the services and the quality-of-life that she gets. In addition, she felt that the support that the Town gives in grants to other community organizations is important; it is part of the budget and Council support of these projects enhances the fabric of the community.

(f) Eric and Dawna Tibbetts.

Eric Tibbetts stated that the Town is doing a great deal of development and progress is looking good at this time. However, the Deed Transfer Tax will change that, and further, is not a solution for balancing the budget, but a short term solution for the current problem. He would be prepared to live with a raised tax rates.

(g) Annapolis Valley Real Estate Board (Helen Lingley)

Representing the Real Estate voice in the area, she noted any potential new home owners would be faced with a target tax to them only, for an additional 1.5% . This money cannot be financed in any way and does not provide any benefit to them. It applies only to real estate transactions. Also, there is a cost to the seller, who might be faced with their house on the market for a longer period of time. Should that seller wish to purchase another home in Kentville, than he would be faced with the 1.5% tax , as well

Shortcomings such as the Town is now facing, should be shared with all citizens, not by one small group of people.

Question: What would be the average commission for a full service broker for a property listed on MLS? Is there any industry standard?

Answer: That depends upon circumstances; what a realtor gets paid is what he/she gets paid, and has nothing to do with a Deed Transfer Tax. There is no industry standard.

Question: If the Town of Kentville went with the Deed Transfer Tax,

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then the County of Kings would probably also go with that tax. What would be the Board's position if that happened?

Answer: She would represent the Annapolis Valley Real Estate Board, speaking out against the tax at the County Council meetings.

**REVIEW OF
CORRESPONDENCE**

Mayor Corkum advised that with the written correspondence, which had not been previously supported verbally by its author, CAO Robicheau would summarize the points made.

(a) Parsons's Investment

It was noted that this company does not support the proposed tax as it would affect development; he suggested a general tax increase.

(b) Viking Ventures

This company expressed concerns similar to the Eastern Kings Chamber of Commerce and felt that development in the County would increase to the detriment to the Town. He added that if the tax is ever implemented, than it should be done in conjunction with the County.

(c) R. L. Macdonald Limited

This company suggests that the Deed Transfer Tax would be a regressive tax and that a tax increase should be spread over the entire tax base.

(d) Alice Goodwin

This individual noted that she supports the many strengths of the Town, but felt that lower taxes in the County is an incentive for development in the County and that the proposed Deed Transfer Tax would further disadvantage the Town.

(e) New Valley Homes

The Deed Transfer Tax would have a negative impact on the Town and will result in reduced investment in the Town, with the result of less tax, from less new development.

(Note: The CAO noted that although reference was made about no tax existing in the Municipality of West Hants vs. Windsor that this statement, in fact, is not true.)

(f) Cornwallis Development Limited

(Note: Although Mr. Wallace had asked that the letter be read into the record, Council chose to have its contents paraphrased, as was the case with all other written correspondence, previously summarized.)

Highlights of the letter were given stating since his past opposition

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given to this proposed tax, nothing has changed. He added that the Deed Transfer Tax is an unjust tax and that the burden would fall on a small number of tax payers. Kentville administrators are irresponsible and should not be in the development business at the expense of tax payers. Examples of the misuse of funds by the Town are that the Town supports subdivision development at the expense of tax payers and this has gone on for years; the development of the old CP rail land has been to the advantage of the developers only, and the Town should not have funded the environmental remediation of the property.

He also noted that debenture financing by the Town should be questioned, as he takes issue with the amount of long-term borrowing used for infrastructure; the other levels of government are dealing with the financial crisis differently; the Town should be balancing its budget; and uncontrolled and misconceived capital investments should be a concern.

**PUBLIC
PRESENTATIONS**

(a) Bob Elliott (22 Caldwell Avenue)

As a long term resident of Kentville, but now considering a new type of home, he is concerned about added costs associated with the sale. He objects to this proposed tax, as he feels that the seller will be expected to reduce the price of the property by the amount of the tax. Instead, he would support an increase in the tax rate, if nothing else can be cut from the budget.

(b) Lisa Giancarlo (Realtor at Century 21 and owner of a spec home on Prospect Avenue)

She is a realtor and wishes to give Council a “view from the trenches,” when showing homes in the area that are subject to the Deed Transfer Tax. Negativity about the tax exists in Berwick, Wolfville and Annapolis County. First time buyers cannot afford any additional costs and some people won’t pay the tax because of the “principle of the thing.” As a realtor she must explain to potential buyers what the Deed Transfer Tax is, and many refuse to even look at homes in areas that have this tax, in spite of the amenities of that community.

(d) Colby Clark (68 Chester Avenue)

As a young and new homeowner in Kentville, he is concerned about the proposed tax, as he plans to upgrade in a few years. It is not easy to purchase that first home and speaking on behalf of other young people starting out, he would not have been able to afford his home if the Deed Transfer Tax applied. His long term goal is to invest sweat-equity into his current home and flip it over for a larger home. As things are now, there are many fees and unexpected expenses

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associated with home purchases and one additional tax would prohibit home purchase for many.

All tax payers should pay for the services offered by the Town, not the small percentage of people who can afford it least.

(e) George Mutch (71 Belcher Street)

He noted that during these difficult times, Council should be doing its best to properly manage its funds and should be aware that income does not increase as do expenses. As a new Council, it is unfair to consider this Deed Transfer Tax when it was not part of the election platform of the candidates running in the last election. If this proposed tax becomes effective, than citizens can only expect it to continue to rise. There doesn't seem to be any support for the Deed Transfer Tax.

(Note: The Mayor noted that the current maximum that can be charged is 1.5%)

(f) Don Wallace (owner of Cornwallis Developments – Main Street)

The Town Administration is irresponsible and has been out of control for years and the Council is also irresponsible and won't take control over this. The Town's investment in the old DAR land will never see revenue for the investment made. He notes 12 debentures year after year, there is a \$2.5 million capital budget and the Town wants another \$1million debenture. The County of Kings was able to cut its budget, but the Town wants to add another debenture. When he asked to have a copy of the 5 year capital budget, he was told he couldn't have it. With the sale of the Kentville Electric Commission, the Town should have been solvent for 20 years. If the Council can't find additional cuts, they are irresponsible, as well.

Question: Councilor Boyd wanted to point out that had Mr. Wallace attended budget meetings, he would have seen the effort made by administration and Council to balance this budget, and further, that the CP lands laid vacant for 15 years become no one would take the initiative to develop it. The Town saw this as an opportunity to create jobs and activity in the downtown.

Question: Councilor Pearl felt that in spite of the effort put into preparing this letter, there are many errors and inaccuracies.

(g) Brian Fitzgerald (31 Dalhousie Avenue and business owner in Town)

He felt that the Deed Transfer Tax is an uncertain source of revenue and may not only affect development, but may also result in a raise in

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taxes in spite of the tax. If the Deed Transfer Tax is considered, then some exemption should be applied under certain conditions. (i.e. passing property on through a will - down through the family or the sale to a family member). He felt that the impact of this tax should be studied prior to implementing it.

With general tax increases, there is more control and certainty when setting budgets for the upcoming year. He feels that extra business tax and residential tax should be implemented and he would be prepared to pay for that.

Councilor Pearl advised that some of the exemptions he suggested are in existence.

(h) Bill Denyar (92 Palmeto Avenue)

Four years ago Town Council addressed this same issue and he presented arguments against it, on behalf of EKCC at that time; now as a Kentville resident, he is prepared to pay his fair share of taxes and is prepared to pay any increase that covers all the services provided by the Town.

(i) Gary Cleveland (25 Acadia Drive)

He is a Kentville resident and business owner who loves Kentville and has had tax increases every year. He feels that the process tonight is a bit unfair as the citizens are not able to ask questions. Nothing has changed in four years except increased development, which is strong in the area, unlike other communities. Cutting services (like snow removal) would be preferable to this tax.

Councilor Bill Boyd – If the Deed Transfer Tax does go through, are you okay with a tax increase?

Answer: Mr. Cleveland noted that he is not okay with the increase, but will accept it.

(i) Carol Wetmore (Anderson Blvd. resident who owns a business in Town)

She and her husband were looking at buying a home during the last introduction of this proposed tax and would not have bought in Kentville if the Deed Transfer Tax would have gone through at that time. She feels that the tax will affect the value of her home, making it less attractive on the market. Further, she felt that she would benefit much more from an increase in taxes.

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(j) Lorna Fulton (not a resident, but is President of the Real Estate Board)

As a realtor and broker, she reiterated that no one wants this tax; assessments across the board have increased; and although many have capped assessments, new buyers for those properties may be faced with increased taxes above what the current homeowner pays. As a realtor, her job is to inform purchasers about things such as this proposed tax, and she can confirm the negative attitude of areas that have this tax vs. those who do not. Additional fees like this tax might amount to a large amount of additional money, however, financing this cannot be arranged as part of a mortgage. Kings County and Kentville are currently benefiting because they do not have this tax.

Question: Councilor Mark Pearl stated that two realtors and two real estate lawyers in the HRM area say that the Deed Transfer Tax can be added to the mortgage.

Answer: Past practice in this area has been that it is not a value-added tax and cannot be financed.

(k) Colby Clark (68 Chester Avenue)

From his own personal experience, he has noted that most banks won't give you a mortgage except for the market value of the property. Although a cash back arrangement may be done, this is separately arranged.

(l) Doug Morrison (Past Owner of Valley Stationer and Owner of Properties in Town)

He feels that a number of people here tonight feel that this tax is not a selling point for Kentville and if more money is needed, than raise the tax rate.

(m) Gary Cleveland (25 Acadia Avenue)

He spoke to a mortgage broker in Kentville who said that the Deed Transfer Tax does not add value to the house, so can't be included in the mortgage, nor can lawyer's fees. Hopefully, Council has enough time to consider all the opinions they heard tonight.

(n) Sandra Snow (Owner of Grand Street Inn, Main Street)

The people in this audience do not understand the amount of work that went into dealing with the budget and she understands that the Deed Transfer Tax has been a last consideration. Staff has been sent away from the budget meetings to find cuts. However, all things considered, the tax is not a positive thing.

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(o) Stephen Healy (8005 Chester Avenue)

He felt that in some cases, when a citizen gives an opinion on an issue, each opinion is considered as a representation of a larger population. He wondered if that was the case, than how many votes against the Deed Transfer Tax would really be represented at this meeting

Response: CAO Keith Robicheau noted that in a random sample, proper statistical techniques could determine percentages. However that type of logic wouldn't be applied in this instance

(p) George Mutch (71 Belcher Street)

He felt that when the Town gives donations to other organizations, this does not allow citizens to have a say into how those tax dollars are spent, nor do they get a tax credit. Tax dollars should be spent for other things. Staff numbers should be reduced in such tough times, as the Town pays a great deal of money in salaries, benefits, etc.

Question: Councilor Mark Pearl asked if the elimination of grants is a widely-held attitude within the town?

In conducting a quick poll from the room, no data was established.

ADJOURNMENT

Mayor Corkum thanked everyone for attending and advised them that a decision may be made tomorrow regarding whether or not the Council proceeds with the Deed Transfer Tax. Presentations made this evening will be given serious consideration.

The meeting adjourned at 8:55 p.m.