

WORKING TOGETHER

TO REBUILD THE MUNICIPAL TAX SYSTEM IN HRM

The following display boards will help illustrate the Tax Reform Committee's ideas for a new municipal tax system. Your feedback will help form the basis of a new tax model to be recommended to Regional Council.

The Municipal Property Tax System needs to change!

Since January 2007 the Tax Reform Committee has researched and gathered public feedback on the municipal property tax system. It has concluded that:

- Property values no longer relate to income or municipal services
- The property tax system has become less equitable
- The property tax system needs to be economically competitive



Where we are in the process

December 2006

- Tax Reform Committee is established by Regional Council
- Seven Citizens, Six Councillors appointed

Spring 2007

- Initial Public Consultations
- Foundations and Principles of a new Tax System

June 2007 – March 2008

Tax Reform Committee adopts:

- Foundations (service based and ability to pay)
- Principles and objectives for a new tax system
- Draft Tax Model for public discussions

March 2008

- Tax Reform Committee appears before Regional Council and recommends public consultations (approved)

Council has not been asked to approve Foundations, Principles, Objectives or the Draft Tax Model

We are here

Spring 2008

Tax Reform Committee holds consultations to discuss:

- Foundations, Principles, Objectives
- Draft Tax Model

Next Steps:

- Tax Reform Committee reviews public input and revises the proposal for Regional Council review

Do you think there is a need for tax reform?



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A MISSION STATEMENT FOR THE **MUNICIPAL TAX SYSTEM**

Based on public feedback, the Tax Reform Committee has established a Mission Statement and a set of values for the tax system.



Mission Statement:

To provide an equitable tax system based on a charge for services provided and ability to pay:

Linking taxes and fees for services to those who derive the greatest benefit at the individual, community and regional levels, and, considering the ability to pay.

These foundations will be supported by seven principles:

Equity, Economic Competitiveness, Economic Efficiency, Respect for Other Governments, Simplicity, Stability, Transparency and Accountability.

Under its Draft Tax Model the Committee is proposing that:

- There would be nine municipal service tax rates, each at a flat rate per home.
- Multi-unit buildings (apartments and condos) would be taxed at a reduced rate.
- There would be an increase in support for lower-income families.
- The deed transfer tax would be eliminated.
- Assessment would be used for provincial services such as mandatory education.

Do you think the tax system should be based on municipal services, ability to pay, or both?



Do you agree that services should be paid for by those who benefit the most: the individual, the community, or the region?

The Road to Tax Reform

Municipal services should be paid for by those who benefit the most:

- The individual,
- The community, or
- The region

Multi-Units Buildings

Large apartment (assessment of 50,000 each on 100 units)

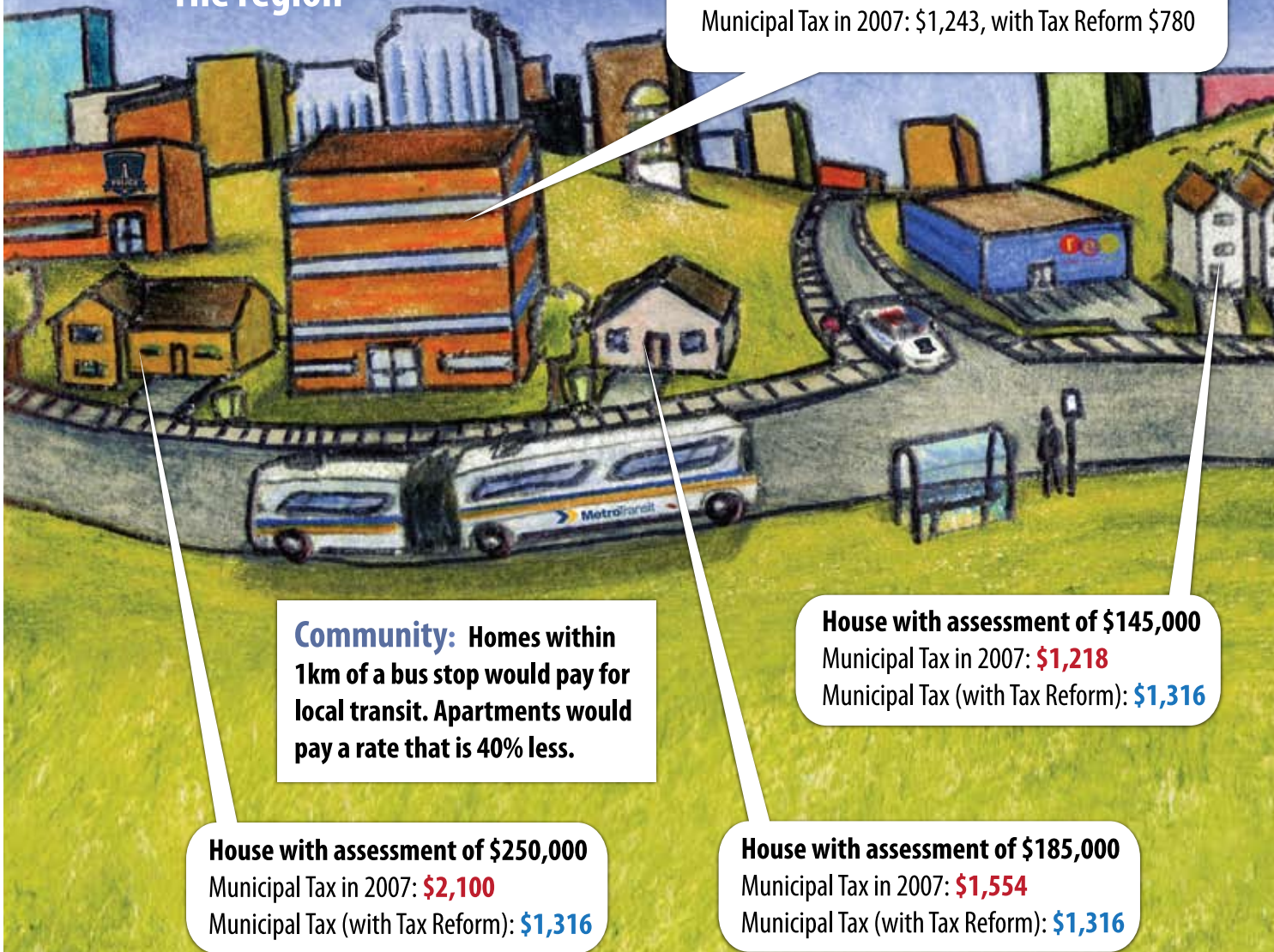
Municipal Tax in 2007: \$420, with Tax Reform \$477

Small apartment (assessment of 87,000 each on 6 units)

Municipal Tax in 2007: \$731, with Tax Reform \$780

Condos (assessment of 148,000 each on 6 units)

Municipal Tax in 2007: \$1,243, with Tax Reform \$780



Community: Homes within 1km of a bus stop would pay for local transit. Apartments would pay a rate that is 40% less.

House with assessment of \$250,000
Municipal Tax in 2007: **\$2,100**
Municipal Tax (with Tax Reform): **\$1,316**

House with assessment of \$145,000
Municipal Tax in 2007: **\$1,218**
Municipal Tax (with Tax Reform): **\$1,316**

House with assessment of \$185,000
Municipal Tax in 2007: **\$1,554**
Municipal Tax (with Tax Reform): **\$1,316**

Equity, Efficiency

- The new tax system proposes that condos would be taxed on a basis comparable to apartments.
- This principle supports how efficient apartments and condos are for the municipality to service.

Stability

- Tax reform creates greater predictability and stability in municipal taxes.
- Taxpayers should not see sudden and dramatic increases due to changing home values.
- Municipal taxes should change with municipal services and income levels but not with property values.

Focusing on Equity & Stability

Regional:
Every home would pay a flat charge for services that have a broad regional benefit, such as Police, Fire and Library.

Economic Competitiveness

- Tax Reform supports the Regional Plan.
- Is transit friendly, favours compact development.
- Removes the bias against newly constructed homes or homes recently sold.
- Greater certainty and transparency helps support business investment.

House with assessment of \$120,000
Municipal Tax in 2007: **\$1,008**
Municipal Tax (with Tax Reform): **\$1,383**

House with assessment of \$195,000
Municipal Tax in 2007: **\$1,638**
Municipal Tax (with Tax Reform): **\$1,383**

House with assessment of \$150,000
Family Income: **\$45,000**
Municipal Tax in 2007: **\$1,260**
Municipal Tax (with Tax Reform): **\$1,383**

House with assessment of \$150,000
Family Income: **\$20,000**
Municipal Tax in 2007 (after rebate): **\$740**
Municipal Tax (with Tax Reform after rebate): **\$323**

Equity

- Under Tax Reform, families with similar income will pay fairly similar taxes with some variations for service differences.
- Lower income families will be protected and in most cases will pay less. Otherwise, tax bills will not change with income levels.
- If income tax powers become available to municipalities, a income tax or surtax could make the tax system more progressive.

Businesses Taxes

The municipal property tax rate for a business is almost 4 times the rate for residences. For example, the municipal tax on a central 10,000-sq/ft. office would be about \$35,000.

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Sample Tax Bill (with Tax Reform)

(for home assessed at \$150,000, family income of \$20,000 and two children)

Individual Services		
1.	Hydrants	\$116
2.	Solid Waste	\$256
3.	Local Roads	\$176
Community Services		
4.	Local Sidewalks	\$48
5.	Local Transit	\$140
6.	Local Recreation Facilities	\$36
7.	Regional Roads (Orange Zone)	\$88
8.	Regional Transit (Orange Zone)	\$49
Regional Services		
9.	Police, Fire, Library, other	\$474

Municipal Tax	\$1,383
Less: Low Income Tax Rebate:	-\$1,060
Municipal Tax, after rebate	\$323
Provincial and other taxes	\$585
Total Property Tax	\$908

Supporting

Economic Efficiency & Competitiveness

The Deed Transfer Tax is not based on services. If eliminated, young families, immigrants and others will find it easier to buy a home. Other tax rates would have to increase.

House with assessment of \$200,000
Municipal Tax in 2007: **\$1,416**
Municipal Tax (with Tax Reform): **\$1,240**

Individual:
Homes with solid waste pick up will pay a flat amount. Most apartments and businesses don't get municipal pick-up and won't pay.

House with assessment of \$150,000
Municipal Tax in 2007: **\$1,062**
Municipal Tax (with Tax Reform): **\$1,240**

House with assessment of \$110,000
Municipal Tax in 2007: **\$779**
Municipal Tax (with Tax Reform): **\$1,240**

Equity

- Under Tax Reform, comparable municipal service levels will be taxed at the same amount.
- Waterfront property will be taxed on the same basis as non-waterfront property.
- Greater consistency in how properties are taxed.

Maximizing our Economic Potential

The tax system should encourage business and investment activity, focus on immigration, youth, diversity, and support competitiveness.

- **Do we seriously need to look at systems of commercial taxation other than market value?**
- **Is the level of taxation hindering economic growth, and if so:**
 - Should we create tax incentives to achieve key economic objectives?
 - Should tax relief be provided to all?
 - Which is more critical to economic growth: residential or commercial tax relief?
 - Or are municipal services more critical for economic growth?
- **How can we improve transparency, certainty and efficiency for the business sector?**

Providing

Simplicity, Transparency & Respect

Community:

Every home would pay a flat charge for the regional road and transit system. The amount would vary by each of four zones according to commuting patterns.

House with assessment of \$80,000

Municipal Tax in 2007: **\$562**

Municipal Tax (with Tax Reform): **\$908**

House with assessment of \$35,000

Municipal Tax in 2007: **\$246**

Municipal Tax (with Tax Reform): **\$908**

House with assessment of \$50,000

Family Income: **\$45,000**

Municipal Tax in 2007: **\$351**

Municipal Tax (with Tax Reform): **\$908**

House with assessment of \$50,000

Family Income: **\$20,000**

Municipal Tax in 2007: **\$5 (After rebate)**

Municipal Tax (with Tax Reform): **\$100 (After rebate)**

Simplicity and Transparency

- With Tax Reform, tax rates and tax burden will become highly visible and straightforward.
- The services being paid for and their costs will be clearer.
- Taxes will be based upon facts - a home exists or not. Debates about the estimated value of a home would not be relevant for municipal taxes.

Provincial & other Property Taxes

There are four property taxes on the Halifax tax bill that are for services outside its jurisdiction. The amount collected for Mandatory Education is determined by the Province and transferred to the school boards. Other taxes fund the cost of the provincial correctional system, the Metropolitan Regional Housing Authority and the administration of the assessment system. Together, these items make up about one-third of the current residential tax bill. The Municipality has no say on how these funds are spent.

Under tax reform these items will continue to be levied on assessment. The residential comparisons used for tax reform exclude these taxes and show just the "Municipal" property tax.

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Sample Tax Bill (with Tax Reform)

(for home assessed at \$50,000, family income of \$45,000 and two children)

Individual Services

1.	Hydrants	n/a
2.	Solid Waste	\$256
3.	Local Roads (Private Road)	\$132

Community Services

4.	Local Sidewalks	n/a
5.	Local Transit	n/a
6.	Local Recreation Facilities	n/a
7.	Regional Roads (Blue Zone)	\$30
8.	Regional Transit (Blue Zone)	\$17

Regional Services

9.	Police, Fire, Library, other	\$474
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Municipal Tax \$908

Less: Low Income Tax Rebate: 0

Municipal Tax, after rebate \$908

Provincial and other taxes \$195

Total Property Tax \$1,103

WORKING WITH CITIZENS

TO IMPROVE UPON OUR PROPOSED REFORMS

Public consultation is critical to the committee's work. Only once additional feedback is gathered can the Committee return to Council with any necessary changes and its final recommendations.

Is your preference to:

1. accept the proposals,
2. modify them,
3. move in another direction or
4. maintain the status quo.

Tell us what you like about the proposal

Not taxing on home values
Using a Dwelling Unit Tax
Taxing Apartments at a lower rate
Tax Relief for Low Income taxpayers
Tax Relief for those with children
Phasing out the Deed Transfer Tax

Tell us how to improve the proposal

Taxing apartments at an even lower rate
More support for low and middle income taxpayers
A surtax on high incomes
Using frontage to tax for services
Taxing road costs by distance driven
A solid waste user fee
Additional User Fees
Paying for hydrants on the water bill
Having everyone pay for hydrants
Municipal Fuel Tax
Municipal Income Tax
Relief on a portion of the Deed Transfer Tax

What's Next

The Tax Reform Committee:

Reviews surveys and other feedback from the public
Revises its proposals
Works on an implementation plan
Submits its recommendations to Regional Council