

HALIFAX

Recreation Area Rates and Tax Boundaries

Committee of the Whole

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Background

- Two related issues that have their origins in Council's 1997 decision on the tax structure:
 - The boundary for the Rural and Suburban tax areas runs through Glen Arbour
 - Area Rates on recreation and community facilities are more numerous than in 1997 and now exist within the urban and suburban tax areas.

Origin

- From January 2013, two Regional Council requests, that:

“HRM explore the option of absorbing into the General Base Tax Rate existing and future areas rates that are assessed for the purposes of charging local contributions towards capital construction of local community facilities and public infrastructure projects.”

“[staff review] and make recommendations to amend the taxation zone designations to reflect any changes in municipal services levels... taking into consideration the water and sewer boundaries, in particular, District 13 and other jurisdictions throughout HRM.”

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Council's Tax Structure

- The 1997 tax structure had Urban, Suburban and Rural tax rates:
 - **Rural** – General Tax Rate plus Area Rates for Fire, Streetlights, Crosswalks and Local Recreation Facilities (but not major facilities)
 - **Urban** and **Suburban** – Paid a higher general tax rate that included Fire, Streetlights, Crosswalks and Recreation Facilities
- The Provincial Paving Boundary (for road maintenance) was used as the **Rural/Suburban Tax Boundary**.
 - Water and sewer services are on user pay and were never used for property tax boundaries.

What Has Changed

- Many area rates (fire, streetlights, crosswalks) were moved into the general tax rate. Transit moved into Local and Regional Transit Rates.
 - Urban, Suburban and Rural tax rates are now almost identical.
- New Homes were built, many of which straddle the tax boundaries.
 - Paving Boundary has moved outward
- New Recreation Facilities constructed.
 - Additional area rates introduced.

Inconsistencies in Recreation

- Since 1997, exceptions were made to the tax structure:
 - area rates for four urban/suburban recreation facilities:
 - Gordon R. Snow, Bedford - Hammonds Plains, Sackville Heights, LWF
 - rural facilities receiving operating funding from the general rate:
 - Prospect Road, Lake & Shore (Porters Lake)
 - area rate was in place for a “Major Facility”:
 - St. Margaret’s Bay Centre
- Some taxpayers are paying both through the general tax rates and area tax rates.

Area Rate Framework

Framework, approved by Council, October 2013;

- Provides guidance on when area rates are appropriate;
- Key Principle: Taxation should “follow” services.

For recreation facilities, standards or approach to services for urban, suburban or rural locations does not differ greatly; therefore municipal facilities should be general rated.

However, area rates are being used for facilities that might never have been built under those standards and which might not be considered to be “municipal”.

Recommendations

The report recommends distinct approaches for **3 different types** of facilities (or services):

(1) Municipal Recreational Facilities

Those that would otherwise be provided by the municipality. Accountable to the municipality and fully accessible.

Recommend General Tax Rate

(2) Community Facilities and Services

Support community initiatives that would otherwise not be provided by the municipality

- not in competition with municipal services and
- fully accessible to the public

Recommend Area Tax Rate

(3) Private Infrastructure

Support private organizations or interests and are unavailable outside their immediate area.

Recommend Grandfather Current Area Tax Rates

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Impacts (of Recommendation)

1. Ten recreation area rates disappear (April 2015); costs are funded from the three general tax rates;
 - slight benefit to those currently paying area rates (\$31/year), slight cost to those who don't (approx. \$8/year).
2. Residential rural & suburban rates become equal;
 - rural-suburban boundary no longer impacts residential taxes.

Alternatives

Use proposed definitions for Municipal, Community and Private facilities but

- Move facilities within the three categories
- Change the way any of the categories is taxed
 - eg. create a Region Wide area rate for recreation facilities (similar to local transit)

Other Alternatives

1. Status Quo
2. Status Quo but enforce current tax structure
 - eliminate area rates for “major facilities” and facilities in the urban/suburban area;
 - move rural boundary to match current transportation service boundary, i.e. expand suburban area across Hammonds Plains.
3. Maintain area rates for rural HRM facility capital costs
 - maintain area rates for existing payments until debt paid off;
 - establish area rates to fund capital costs of new rural facilities;
 - general rate on-going facility operating costs (other than debt).

Next Steps

Upon confirmation of Council direction, prepare 2015-16 Proposed Operating Budget, with final recommendations on:

- a. revised tax rates,
- b. the implications for area rated debt, loans and surplus accounts, and
- c. the merging the Residential Suburban and Rural Tax Boundaries into a single tax classification.