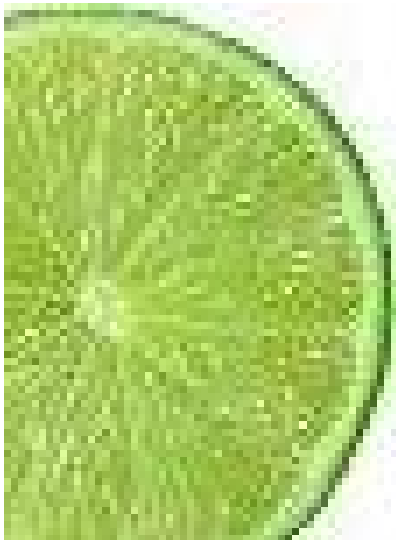
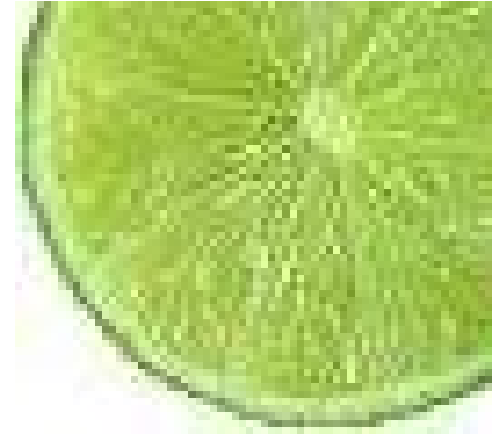


# Thoughts on Property Tax

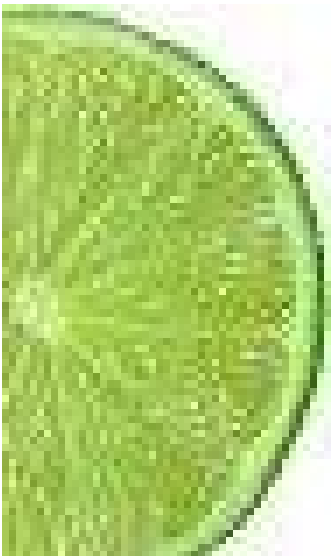
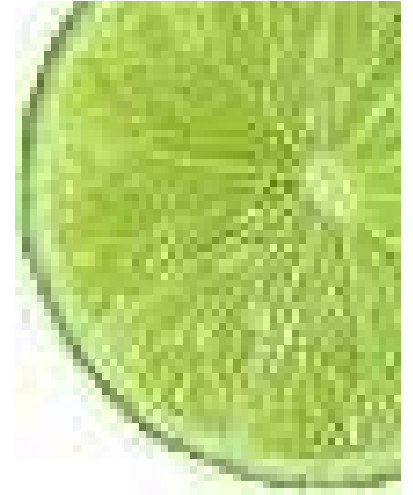


## Regional Council Workshop on the “Best Tax System”

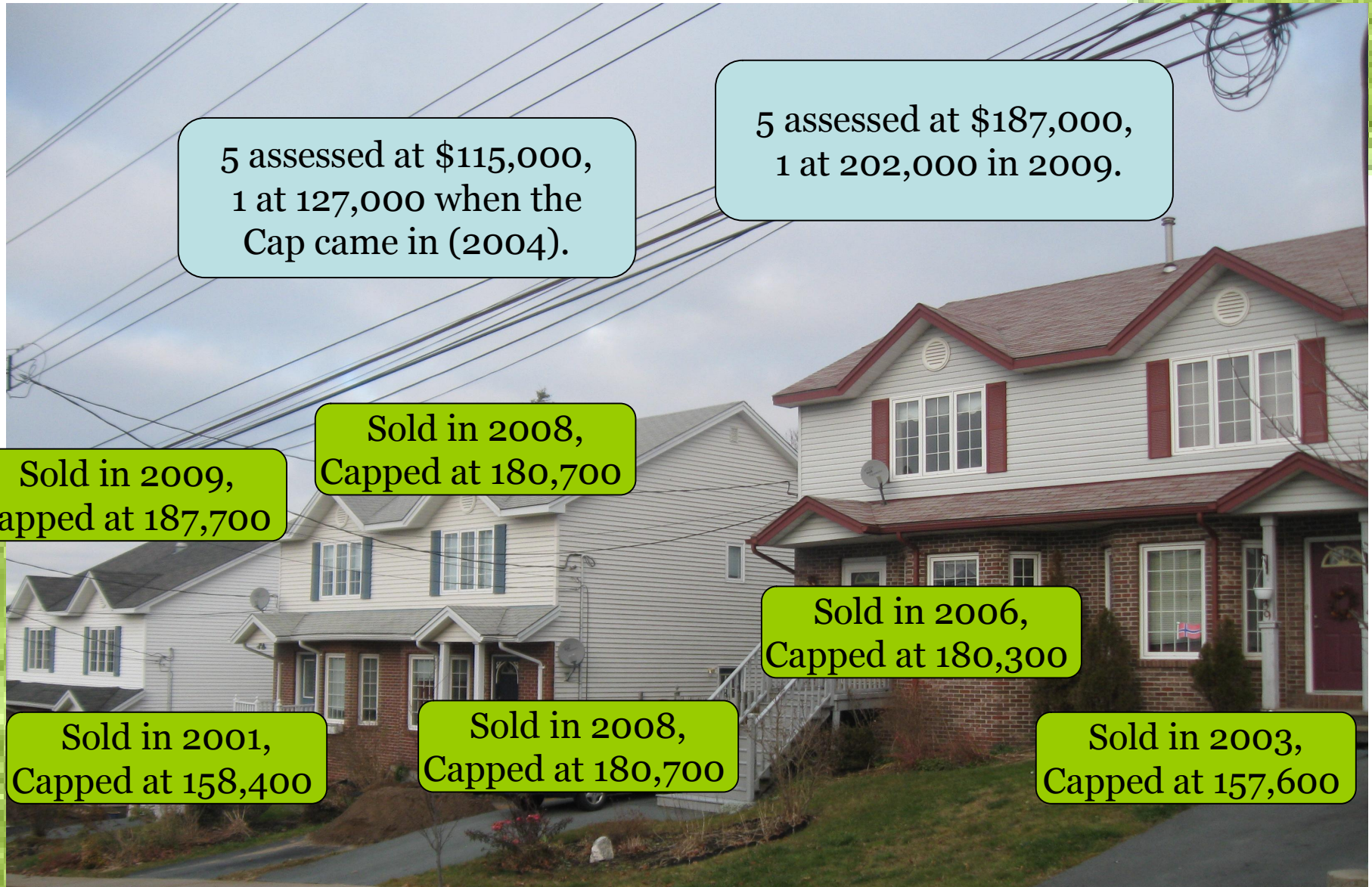
Halifax Regional Municipality - November 24, 2009

# The Assessment Cap

- The Assessment for a home cannot rise more than the Consumer Price Index (CPI).
- Example:
  - 2008 Market Value of \$100,000
  - 2009 Market Value of \$110,000 (+10%)
    - But, CPI is 3.4%, so
  - 2009 Taxable Value is \$103,400 (+3.4%)



# Six Identical Homes



5 assessed at \$115,000,  
1 at 127,000 when the  
Cap came in (2004).

5 assessed at \$187,000,  
1 at 202,000 in 2009.

Sold in 2009,  
Capped at 187,700

Sold in 2008,  
Capped at 180,700

Sold in 2006,  
Capped at 180,300

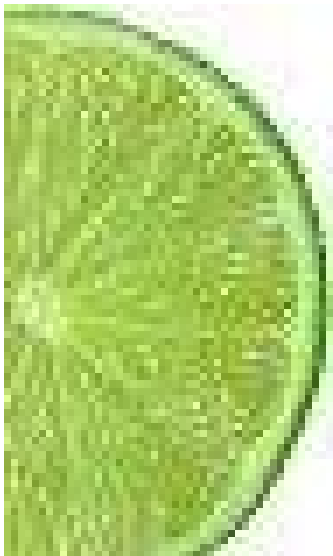
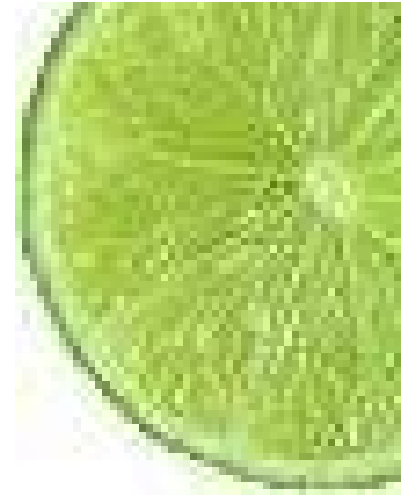
Sold in 2001,  
Capped at 158,400

Sold in 2008,  
Capped at 180,700

Sold in 2003,  
Capped at 157,600

# Assumptions

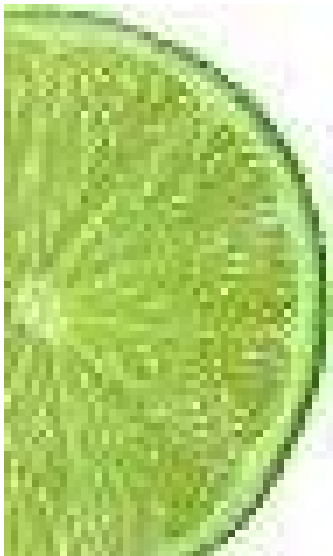
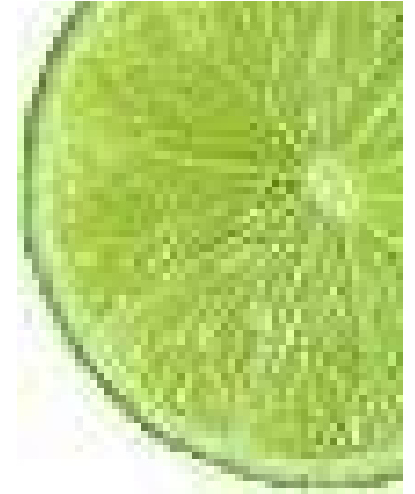
- There are lots of tools and approaches that we can experiment with.
- These are not proposals but might help us focus on our objectives.



# Suggestions

Preliminary Analysis based on 2007

- Tax Reform
  - Draft Tax Model
  - By Assessment
  - For Solid Waste
- Single Tax Rate
- Adjustment for Middle-Value Homes
- Councillor Adams Approach
- Low and Middle Income Approaches



# Nine Municipal Services, Nine Municipal Tax Rates

**Receive**

**Access, Cause and/or  
Benefit**

**Benefit**

**Individuals**

**Communities**

**Region**

## **Individual Charges:**

- 1 Hydrants
- 2 Solid Waste
- 3 Local Roads

## **Common Tax Rates:**

- 4 Local Recreation
- 5 Local Sidewalks
- 6 Local Transit

## **Zone Tax Rates:**

- 7 Regional Roads (4 Zones)
- 8 Regional Transit (4 Zones)

## **9 Regional Tax Rate:**

- Police
- Fire
- Libraries
- Multi-District Facilities
- Sports and Event Facilities
- Recreation Programs
- Support Services
- Other

Note: Provincial Property Tax remains unchanged.



# Tax Rates: Current vs Draft Tax Model

(on a Single Family Home in the Regional Centre)

Service:	Current Tax System	Draft Tax Model
Hydrants	Area Rate if within 1,200 feet 1.4 cents	Area Rate if within 1,200 feet 116
Local Transit	Area Rate if within 1 km walk 8.8 cents	Area Rate if within 1 km walk 140
Regional Transit	Area Rate (with 2 Rates) 4.5 cents	Area Rate (with 4 Rates) 25
Local Sidewalks	Urban General Tax Rate 1.7 cents	Area Rate if within 1 km walk 48
Local Recreation Facilities	Urban/Suburban Tax Rate } 0.6 cents	Area Rate if within 7.5 km 36
Crosswalk Guards	Urban/Suburban Tax Rate }	included in Regional Tax Rate 0
Solid Waste	General Tax Rate for all }	Area Rate (if receives pick-up) 256
Local Roads	General Tax Rate for all }	Area Rate (if on public road*) 176
Regional Roads	General Tax Rate for all }	Area Rate (with 4 Rates) 45
Regional Tax Rate	General Tax Rate for all }	General Tax Rate for all 474
<b>Total</b>	<b>84.9 cents</b>	<b>1,316</b>
Low Income Relief	up to \$850, income cutoff of \$29,000	up to \$1,300, income cutoff of \$36,600

Note: Current Tax System shows 2009 tax rates, Tax Reform uses 2007 pro forma tax rates.

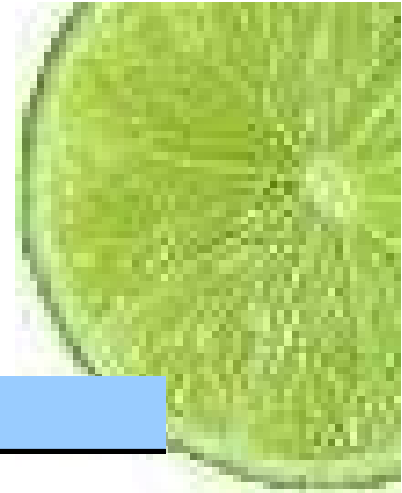
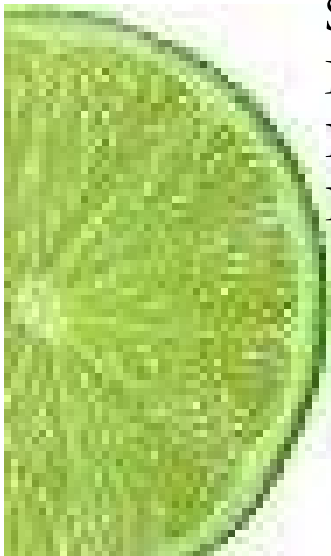
# The Difference

## Service:

Hydrants  
Local Transit  
Regional Transit  
Local Sidewalks  
Local Recreation Facilities  
Crosswalk Guards  
Solid Waste  
Local Roads  
Regional Roads  
Regional Tax Rate

## Change

Stays on Area Rate  
Stays on Area Rate  
Stays on Area Rate  
Urban General to Area Tax Rate  
Urban/Suburban to Area Tax Rate  
Urban/Suburban to Area Tax Rate  
General to Area Tax Rate  
General to Area Tax Rate  
General to Area Tax Rate  
Stays as a General Rate



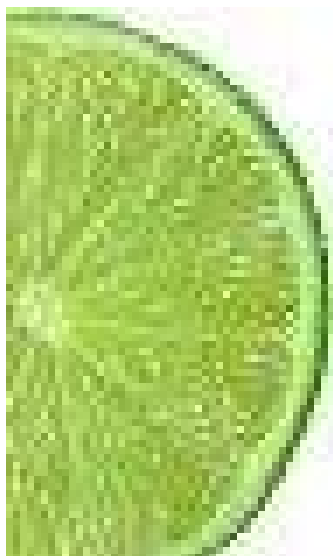


# Draft Tax Model

## Municipal Property Taxes



		<b>Current Municipal Tax</b>	<b>Draft Tax Model</b>
Low	Under \$100,000	\$490	\$1,170
Middle	\$100,001 to \$150,000		
	\$150,001 to \$200,000	\$1,340	\$1,280
	\$200,001 to \$300,000		
High	\$300,001 to \$500,000		
	\$500,000 to \$1 million	\$3,270	\$1,280
	Over \$1 million		

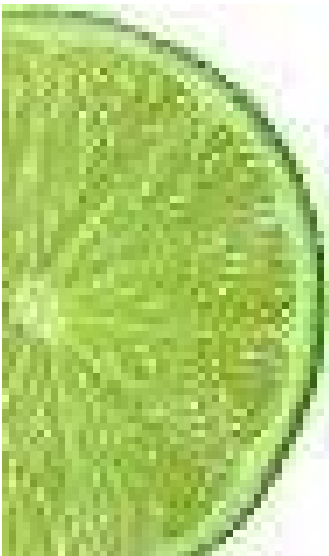


# Draft Tax Model

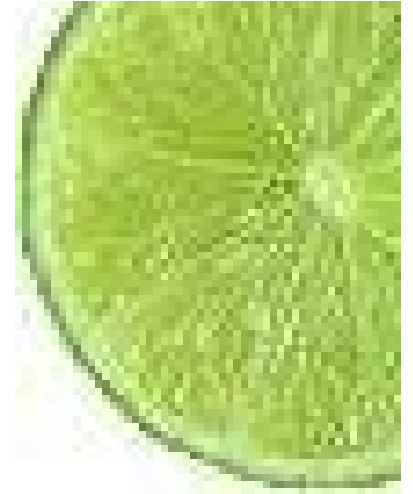
## Municipal and Provincial Property Taxes



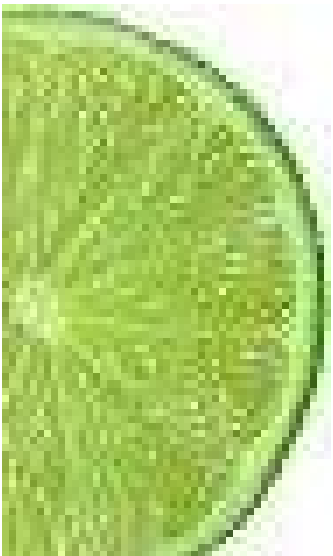
		<b>Current Total Tax</b>	<b>Draft Tax Model</b>
Low	Under \$100,000	\$740	\$1,420
Middle	\$100,001 to \$150,000		
	\$150,001 to \$200,000	\$1,990	\$1,930
	\$200,001 to \$300,000		
High	\$300,001 to \$500,000		
	\$500,000 to \$1 million	\$4,850	\$2,860
	Over \$1 million		



# Draft Tax Model but on Assessment

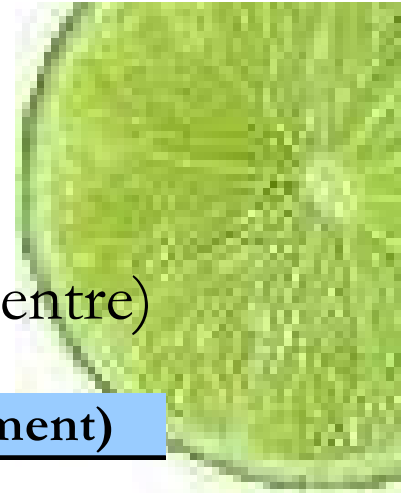


- **Suggestion:**
  - Use the Draft Tax Model but on assessment, not dwelling units.
  - Pro:
    - Impact is less drastic, aligns better with services.
  - Con:
    - Doesn't reduce dependence on assessment.
    - Doesn't resolve issues with Density (eg Condos), New Homes, Sales



# Draft Tax Model on

(on a Single Family Home in the Regional Centre)



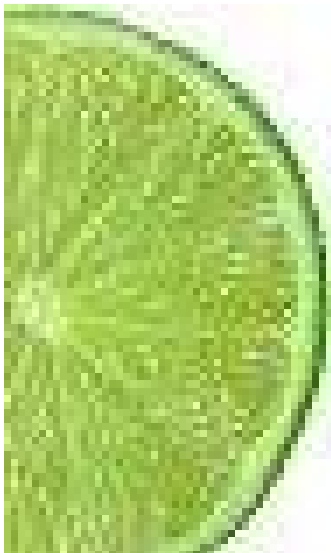
## Draft Tax Model (Assessment)

### Service:

Hydrants	Area Rate if within 1,200 feet	5.8 cents
Local Transit	Area Rate if within 1 km walk	9.3 cents
Regional Transit	Area Rate (with 4 Rates)	1.6 cents
Local Sidewalks	Area Rate if within 1 km walk	3.1 cents
Local Recreation Facilities	Area Rate if within 7.5 km	2.8 cents
Crosswalk Guards	included in Regional Tax Rate	-
Solid Waste	Area Rate (if receives pick-up)	16.9 cents
Local Roads	Area Rate (if on public road*)	13.6 cents
Regional Roads	Area Rate (with 4 Rates)	2.9 cents
Regional Tax Rate	General Tax Rate for all	27.9 cents
<b>Total</b>		<b>83.9 cents</b>

Low Income Relief up to \$850, income cutoff of \$29,000

\* Private road abutters receive a 25% credit against taxes.



# Typical Tax Rates

Cents per \$100 of Assessment

**Current Tax  
Structure**

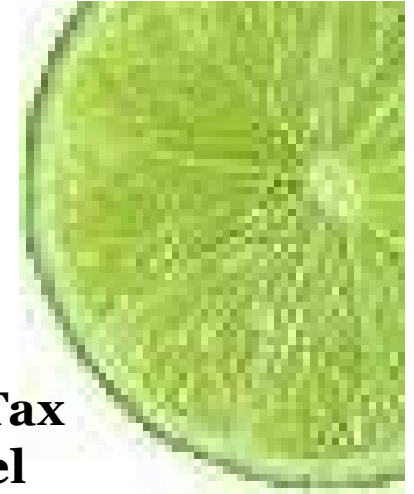
**Tax Reform  
on  
Assessment**

Urban Tax Rate	0.840	
<b>Regional Centre</b>		<b>0.839</b>
<b>Urban Settlement</b>		<b>0.886</b>
Suburban Tax Rate	0.708	
<b>Commutershed</b>		<b>0.707</b>
Rural Tax Rate	0.702	
<b>Resource</b>		<b>0.612</b>

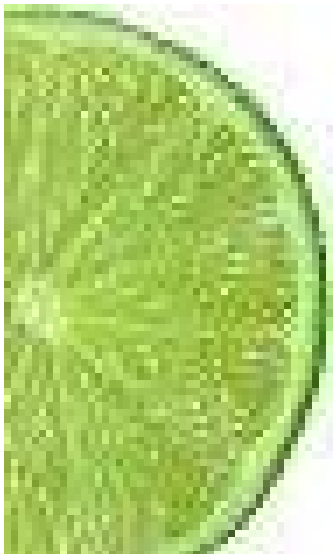
Specific tax rates will vary with services for individual properties.  
Not all current area tax rates are included.

# Draft Tax Model (Assessment)

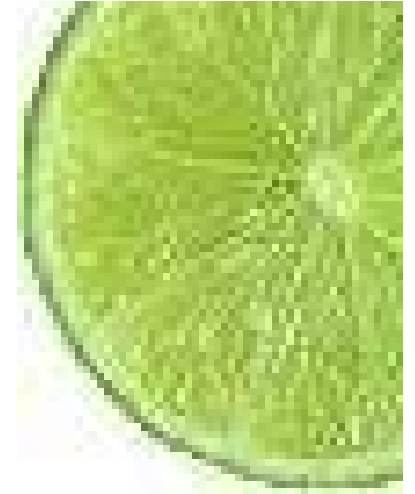
## Municipal and Provincial Property Taxes



		<b>Current Total Tax</b>	<b>Draft Tax Model (Assessment)</b>
Low	Under \$100,000	\$740	\$720
Middle	\$100,001 to \$150,000	\$1,990	\$2,010
	\$150,001 to \$200,000		
	\$200,001 to \$300,000		
High	\$300,001 to \$500,000	\$4,850	\$4,850
	\$500,000 to \$1 million		
	Over \$1 million		



# Tax Reform on Solid Waste



- **Suggestion:**

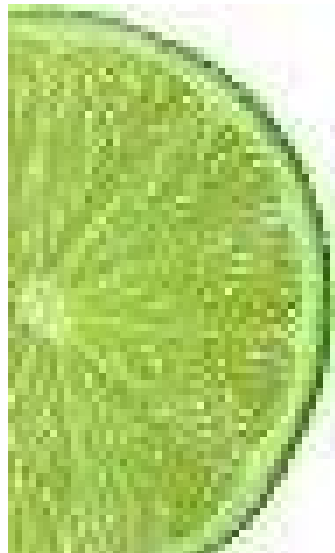
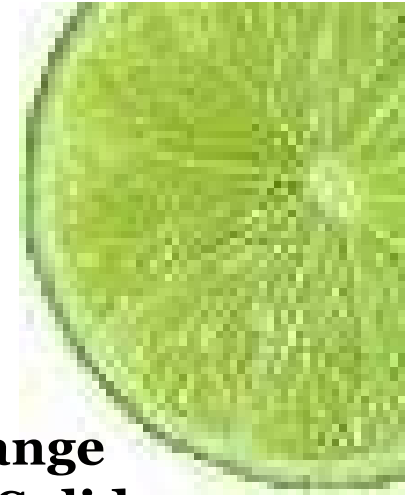
- Implement the Solid Waste portion of Tax Reform.
- Solid Waste is paid as a flat amount
- Paid only by those getting residential pick-up
- All other taxes are paid using assessment





# Tax Reform on Solid Waste

## Municipal and Provincial Property Taxes

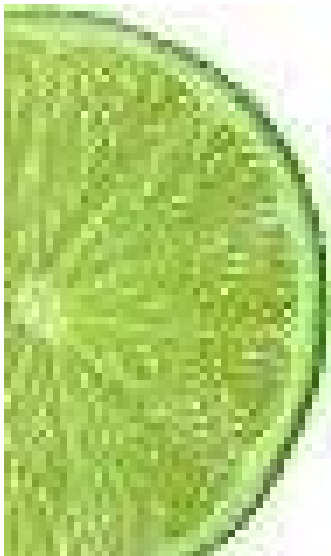


		<b>Current Total Tax</b>	<b>Change just Solid Waste</b>
Low	Under \$100,000	\$740	\$900
Middle	\$100,001 to \$150,000	\$1,990	\$2,000
	\$150,001 to \$200,000		
	\$200,001 to \$300,000		
High	\$300,001 to \$500,000	\$4,850	\$4,490
	\$500,000 to \$1 million		
	Over \$1 million		

# Who Pays for Solid Waste



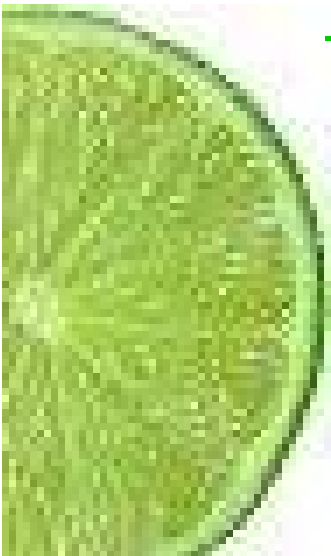
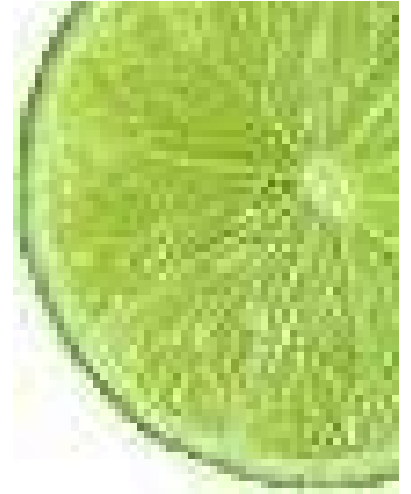
	<b>Current Municipal Tax</b>	<b>Draft Tax Model</b>	<b>Tax Reform on Assessment</b>
Under \$100,000	\$50	\$256	\$110
<b>\$100,001 to \$150,000</b>			
<b>\$150,001 to \$200,000</b>	<b>\$140</b>	<b>\$256</b>	<b>\$280</b>
<b>\$200,001 to \$300,000</b>			
\$300,001 to \$500,000			
\$500,000 to \$1 million	\$330	\$256	\$680
Over \$1 million			
Apartment Bldgs (+7 units)	\$1,560	\$0	\$0
Commercial (\$500,000)	\$2,010	\$0	\$0



# Single Tax Rate

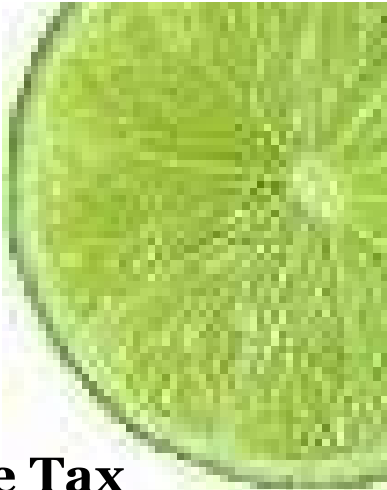
- **Suggestion:**

- One single tax rate (79.6 cents) replaces all tax rates
  - Urban, suburban and rural general tax rates and area tax rates.
- If Assessment works, why do we need all these tax rates.

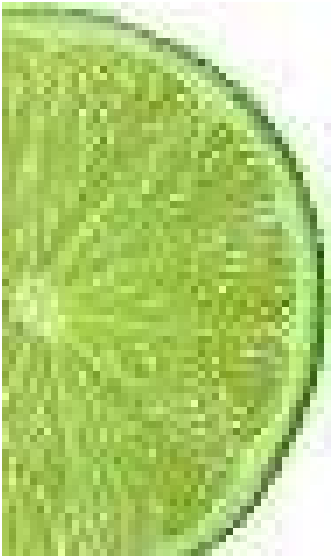


# Single Tax Rate

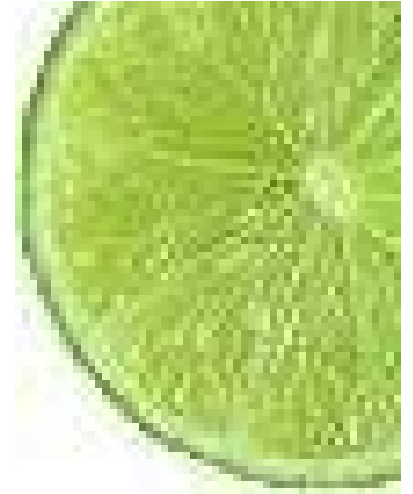
## Municipal and Provincial Property Taxes



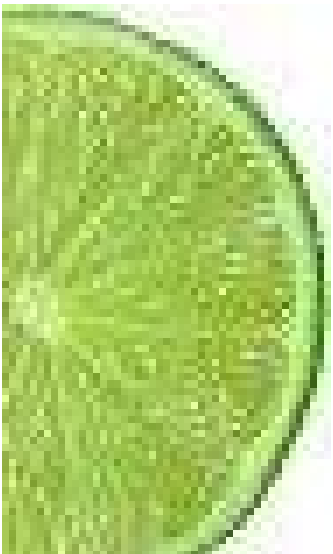
		<b>Current Total Tax</b>	<b>Single Tax Rate</b>
Low	Under \$100,000	\$740	\$750
Middle	\$100,001 to \$150,000	\$1,990	\$1,980
	\$150,001 to \$200,000		
	\$200,001 to \$300,000		
High	\$300,001 to \$500,000	\$4,850	\$4,800
	\$500,000 to \$1 million		
	Over \$1 million		



# Adjustment for Lower and Middle-Value Homes

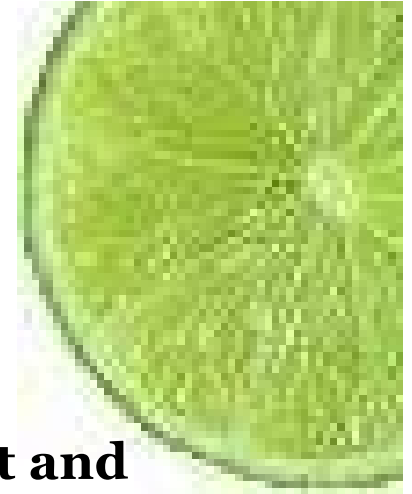


- **Suggestions:**
  - Credit and Surtax
    - \$300 Credit for homes under \$100,000
    - \$825 Surtax for homes over \$300,000
  - Use Tax Reform for 50% of costs
  - Staggered Tax Rates
  - Rebate for Middle Income families
    - “Working Poor”

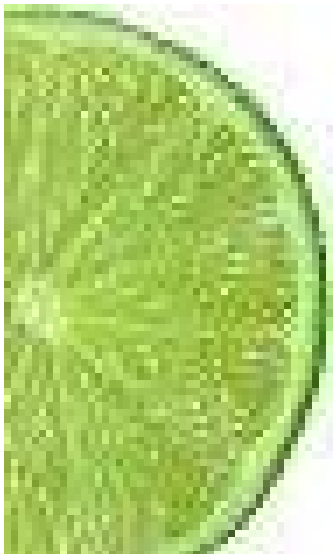


# Credit and Surtax

## Municipal and Provincial Property Taxes



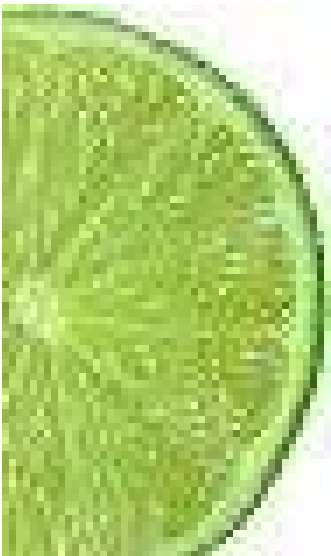
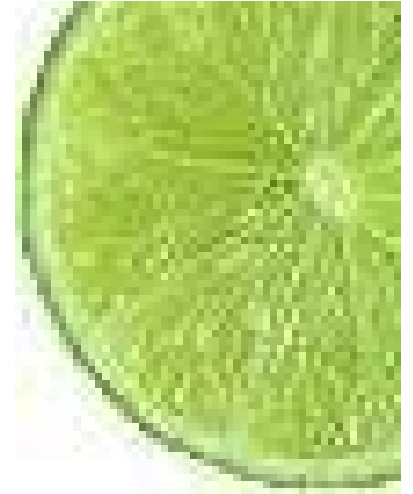
		<b>Current Total Tax</b>	<b>Credit and Surtax</b>
Low	Under \$100,000	\$740	\$1,120
Middle	\$100,001 to \$150,000	\$1,990	\$1,940
	\$150,001 to \$200,000		
	\$200,001 to \$300,000		
High	\$300,001 to \$500,000	\$4,850	\$3,690
	\$500,000 to \$1 million		
	Over \$1 million		



# Co. Adams Model

- **Suggestion:**

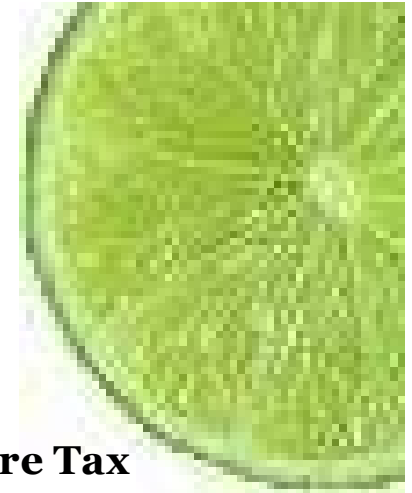
- Freeze Current Taxes.
- Additional Revenues are
  - Spread equally across all taxpayers, or,
  - Pro-rated according to current tax bill
- New homes come on system at average tax bill.



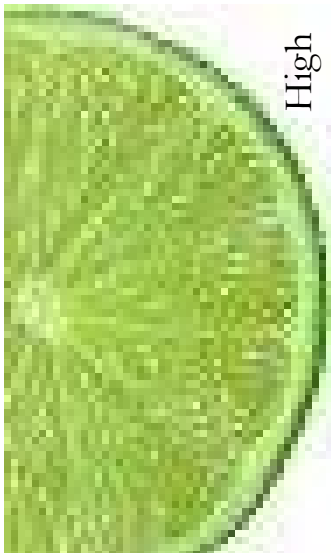


# Co. Adams Model

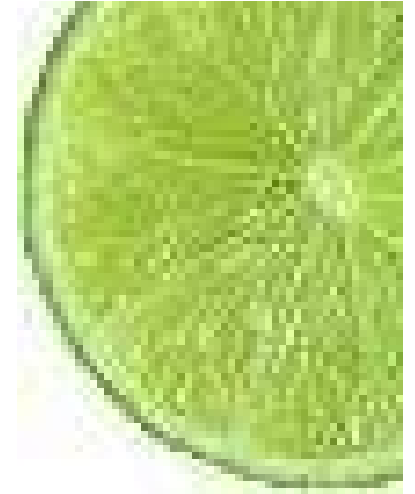
## Impact of Raising \$10m



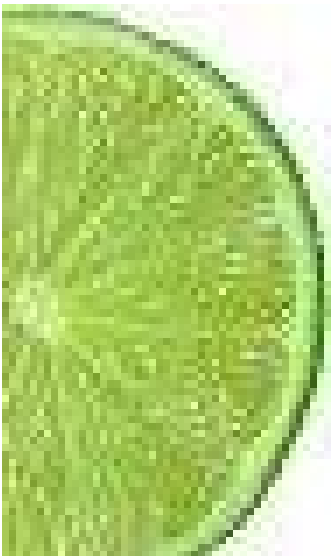
		<b>Current Total Tax</b>	<b>+Additional Tax</b>	<b>Future Tax</b>
Low	Under \$100,000	\$740	\$60	\$800
Middle	\$100,001 to \$150,000	\$1,990	\$60	\$2,050
	\$150,001 to \$200,000			
	\$200,001 to \$300,000			
High	\$300,001 to \$500,000	\$4,850	\$60	\$4,910
	\$500,000 to \$1 million			
	Over \$1 million			



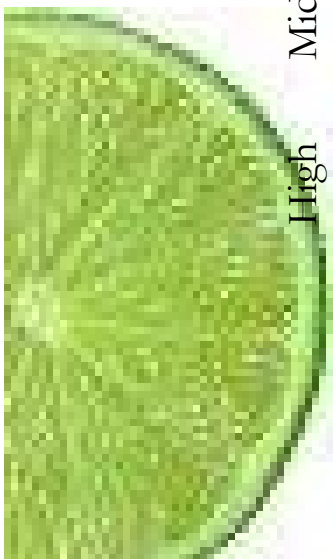
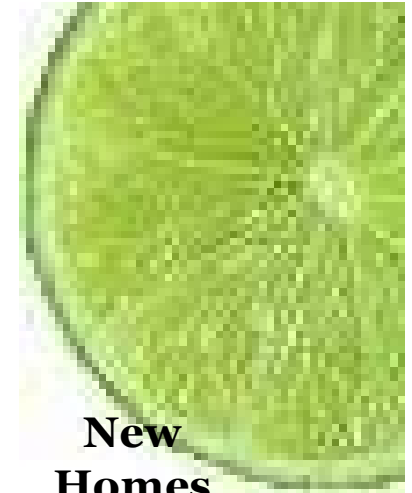
# Co. Adams Model (Variation)



- **Suggestion:**
  - Use Draft Tax Model (Assessment)
    - Adjustment for Condos/Apartments
  - Freeze or Limit Current Tax Levy
    - Additional Revenues are spread equally across all taxpayers.
  - New homes, Sales come on system using Draft Tax Model flat amounts.



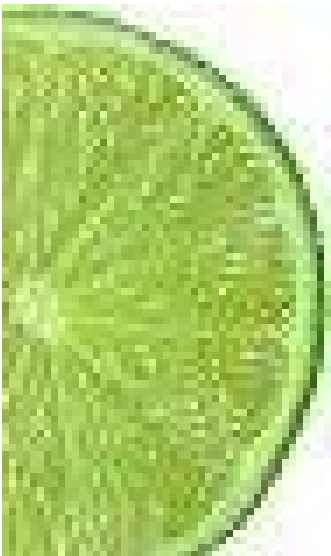
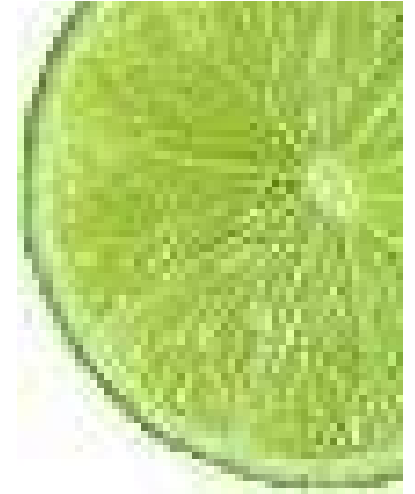
# Co. Adams Model (Variation)



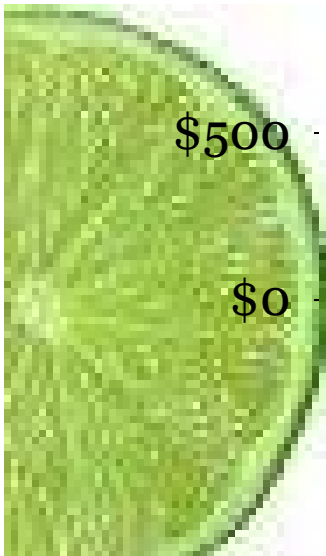
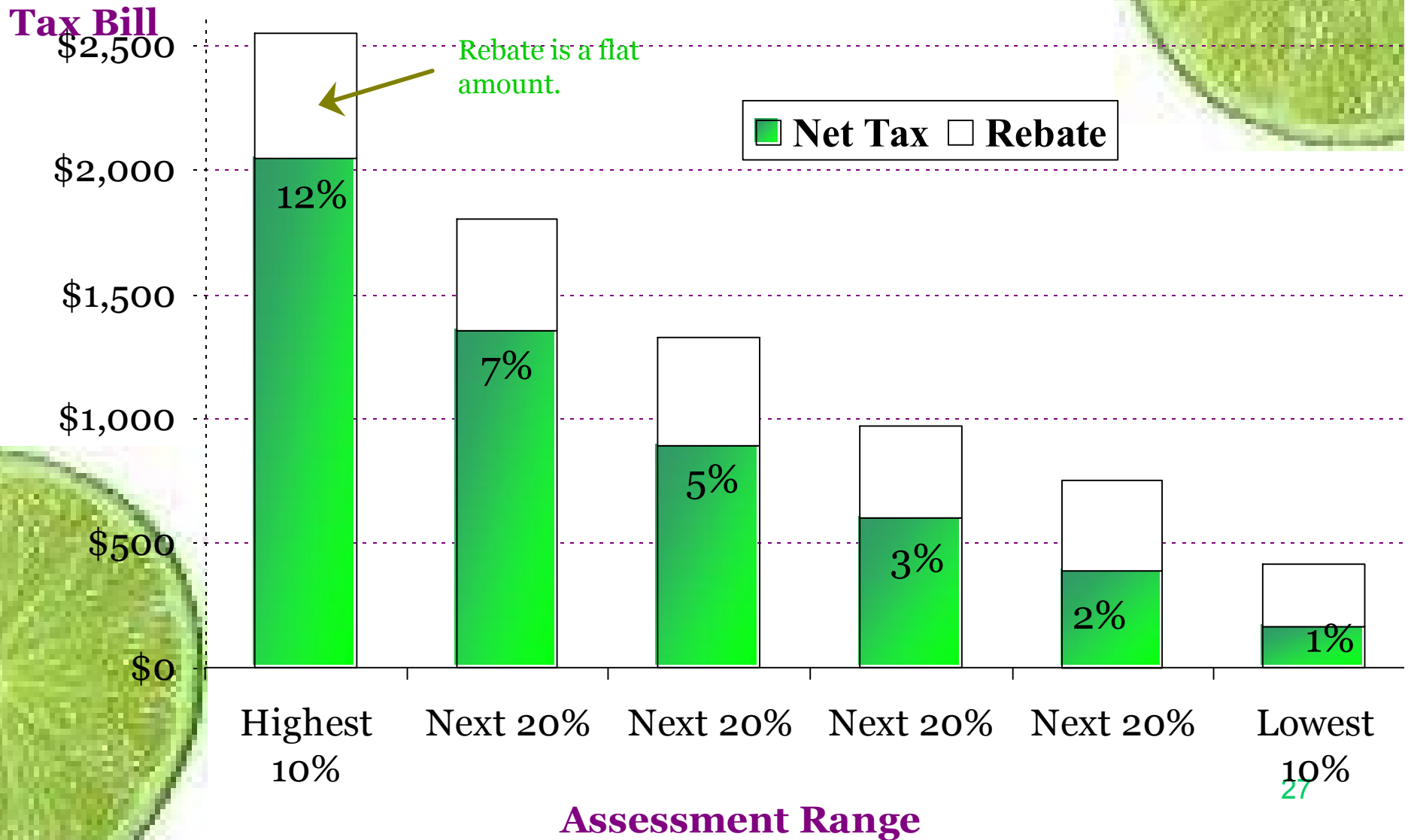
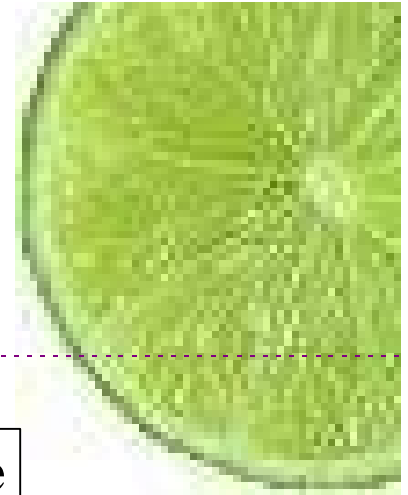
		<b>Existing Homes</b>		<b>New Homes and Sales</b>
		<b>Current Total Tax</b>	<b>Draft Tax Model (Assessment)</b>	
Low	Under \$100,000	\$740	\$720	\$1,420
	\$100,001 to \$150,000	\$1,990	\$2,010	\$1,930
Middle	\$150,001 to \$200,000			
\$200,001 to \$300,000				
High	\$300,001 to \$500,000	\$4,850	\$4,850	\$2,860
	\$500,000 to \$1 million			
	Over \$1 million			

# Low and Middle Income Approaches

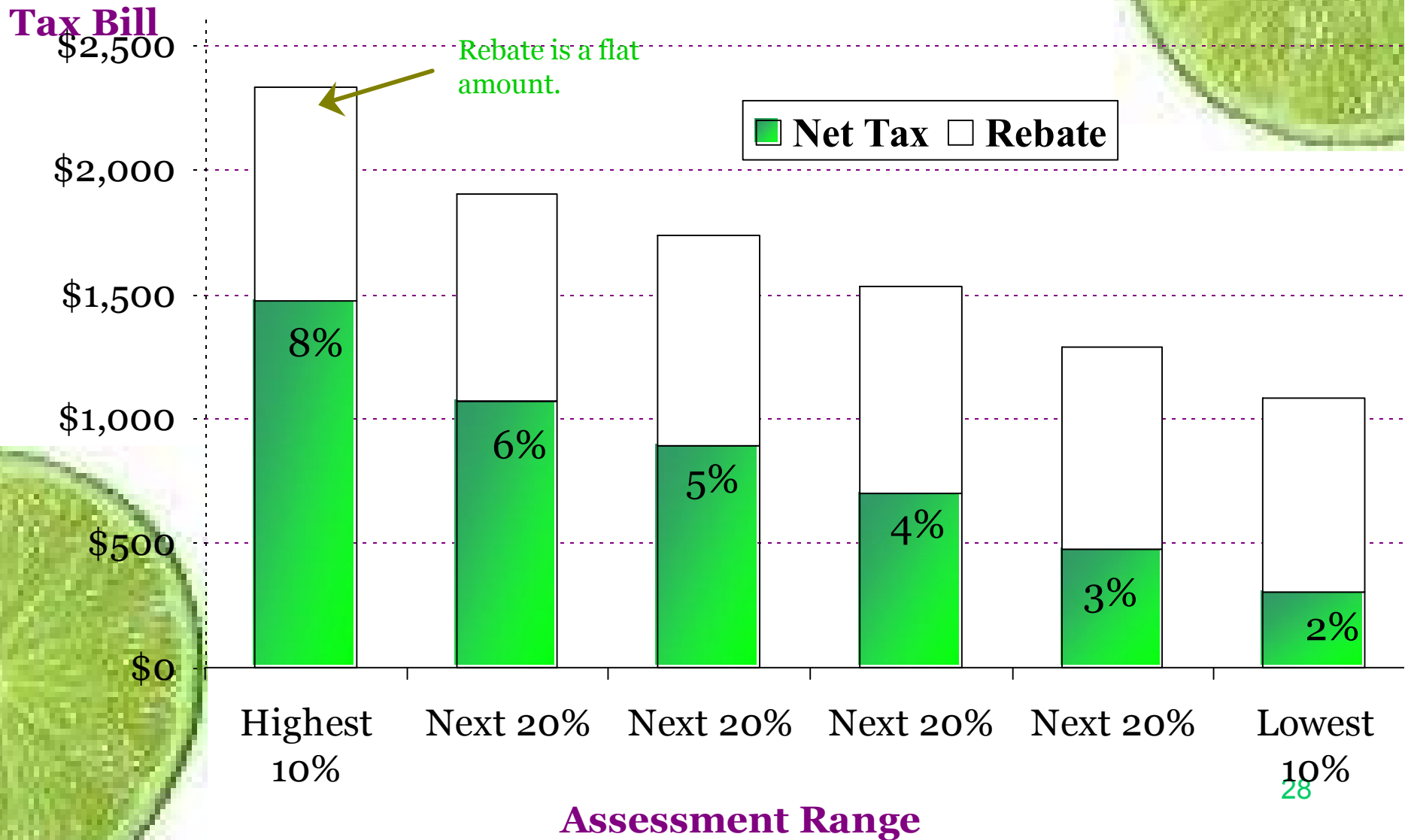
- **Suggestions:**
  - Flat Amounts
    - Currently max of \$850
  - Income Thresholds
    - Currently at \$29,000
  - Circuit Breakers
    - Tax set at maximum % of income, eg if income is \$10,000, 5% circuit breaker limits tax to \$500.
  - Other
    - Earned Income, Seniors, Apartments



# Variation in Tax Bills for Low Income Rebate, 2007



# Variation in Tax Bills for Low Income Rebate, Tax Reform



# Variation in Tax Bills for Low Income Rebate, 2007

