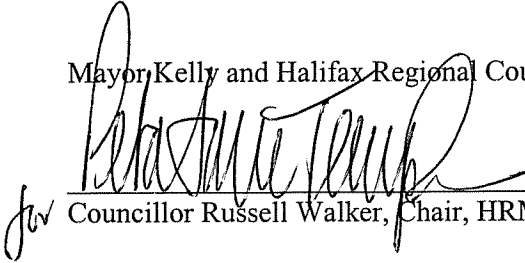


Halifax Regional Council
May 24th, 2005

TO: Mayor Kelly and Halifax Regional Council

SUBMITTED BY:


Councillor Russell Walker, Chair, HRM Grants Committee

DATE: May 18th, 2005

SUBJECT: **Administrative Order 10: Property Tax Exemption for Residential Homeowners - Revisions to Program Criteria and Level of Assistance - Amended**

SUPPLEMENTARY REPORT

ORIGIN

At the meeting of Regional Council May 17th, 2005, on a motion by Councillor Fougere and seconded by Councillor Walker the issue of amendments to Administrative Order 10 was referred back to staff to amend the Table T schedule of rebates as per Council's discussion.

RECOMMENDATIONS

HRM Grants Committee recommends that Regional Council:

1. Approve the proposed amendments to Administrative Order 10 as detailed in the Discussion section of this report, for implementation effective April 1st, 2005.

BACKGROUND

The initial report of May 3rd, 2005, calculated the proposed rebate level on the basis of income only, as shown below in Diagram 1.

Diagram 1. Proposed Revised Table T [May 3rd, 2005]						
	Gross Household Income					
	\$0-\$17,000	\$17,001-\$19,000	\$19,001-\$21,000	\$21,001-\$23,000	\$23,001-\$25,000	\$25,001-\$27,000
Maximum Rebate	\$600	\$500	\$400	\$300	\$200	\$100
Minimum Tax Payable	\$100	\$200	\$200	\$200	\$200	\$200

Concern was expressed that while addressing the need to increase assistance to the lowest income sector (<\$17,000) the proposed schedule of rebates did not take account of the amount of tax paid. To address this concern staff created several alternate versions and calculated the estimated cost and projected impact on the current customer base.

DISCUSSION

Staff recommend adoption of the revised Table T as shown below in Diagram 2.

Diagram 2. Table T. Household Income, Property Tax and Rebate Levels						
	Gross Household Income					
	\$0-\$17,000	\$17,001-\$19,000	\$19,001-\$21,000	\$21,001-\$23,000	\$23,001-\$25,000	\$25,001-\$27,000
Tax <\$1,000	\$500	\$400	\$300	\$250	\$150	\$50
Tax \$1,001-\$2,000	\$600	\$500	\$400	\$300	\$200	\$100
Tax >\$2,000	\$700	\$600	\$500	\$350	\$250	\$150
Minimum Payable	\$100	\$200	\$200	\$200	\$200	\$200
New Option	Applicant can defer all or a portion of the balance of taxes. A modest interest rate will be charged on the deferred amount. Rate is to be set by Regional Council.					

Based on the current customer base, it is estimated that 84.3% of applicants will have an increase in rebate value, 2.9% will remain the same, and 12.9% will see a decrease. In addition, homeowners who have

previously applied to the deferral program only will be eligible for a rebate (approximately 100 households for an estimated cost of \$60,000).

BUDGET IMPLICATIONS

The budget for the *Residential Tax Exemption Program* in 2004-05 was \$694,000. The proposed increase in value of assistance recommended in this report is projected to cost an additional \$345,150 for a total of \$1,018,500 based on the current customer base. An additional increase of \$60,000 is projected for current deferral customers who will now be eligible for a rebate. The projected combined total is **\$1,540,710** if program participation rates remain the same (ie. 2,500 households). The cost will increase with program participation rates. Funds are available in Fiscal Services to cover the increased cost of the program up to \$1,194,000. Staff anticipate an increase in program uptake in 2005-06 as a result of:

- Increased property assessment values;
- An annual trend that shows increased participation (for example, the program increased from 2,300 to 2,500 households in 2004-05, an increase of ~9% in one year).
- Publicity regarding the HRM budget, tax rates and assessment rates, and proposed revisions.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating Reserves, as well as any other relevant legislation.

ALTERNATIVES

1. Regional Council could elect to approve the Revised Table T presented at the Regional Council meeting of May 17th, 2005.

This action is not recommended: would have cost an estimated \$321,360, plus \$60,000 for deferral clients, for combined total of \$1,316,070 but with diminished benefit for the lower income range of <\$17,000.

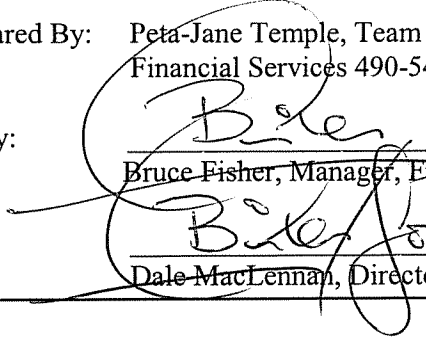
ATTACHMENTS

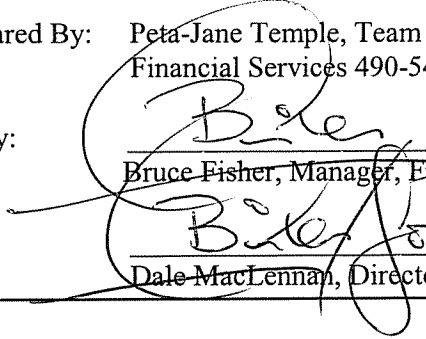
1. Revised Administrative Order 10

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or fax 490-4208.

Report Prepared By: Peta-Jane Temple, Team Leader Tax, Grants & Special Projects, HRM
Financial Services 490-5469

Approved By:


Bruce Fisher, Manager, Financial Planning, HRM Financial Services


Dale MacLennan, Director, HRM Financial Services

Attachment 1.

ADMINISTRATIVE ORDER 10

RESPECTING PARTIAL TAX EXEMPTION FOR RESIDENTIAL TAXATION

BE IT RESOLVED as an Administrative Order of the Council of the Halifax Regional Municipality as follows:

SHORT TITLE:

1. This Administrative Order shall be cited as Administrative Order Number Ten, the Partial Tax Exemption Administrative Order.

DEFINITIONS:

2. In this Administrative Order

(a) "income" includes wages, salaries, emoluments, gratuities and honorariums arising from employment; fees, earnings and profits from any profession, trade, business or calling after deducting the expenses of earning the same; interest and dividends received directly or indirectly from shares, stocks, bonds, debentures, deposits, mortgages, agreements for sale, estates, loans and other investments; pensions, annuities, retiring allowance, compensation and similar income from any person, business, estate, insurance or other company, government or government agency wherever earned and includes

- (i) all world income for deemed residents and for non-residents working outside of Canada; and
- (ii) any owner withdrawals from a self-employed applicant;

but does not include:

- (i) an allowance paid pursuant to the War Veteran's Allowance Act (Canada)
- (ii) a child tax benefit;
- (iii) a GST or HST rebate;
- (iv) an oil rebate;
- (v) a pension paid to armed forces personnel pursuant to the Pensions Act (Canada).

- (b) “deferral” means any portion of the property tax levied against a property, payment of which is deferred pursuant to Halifax Regional Municipality By-Law T-300, the Tax Deferral By-Law;
- (c) “exemption” means the amount by which taxes levied on a residential property are reduced pursuant to this Administrative Order;
- (d) “owner” means a registered title-holder named on the property deed at the Nova Scotia Registry of Deeds, and includes
 - (i) a part owner, joint owner, tenant in common or joint tenant of the property;
 - (ii) in the case of the absence or incapacity of the person having title to the property, a trustee, an executor, a guardian, an agent, an heir, or next of kin;
 - (iii) a person having the care or control of the property through adverse possession; or
 - (iv) a person with a life interest in the property
 but shall not include
 - (i) a trustee in bankruptcy; or
 - (ii) a corporation (other than a registered Canadian Charity).
- (e) “residential property” shall be the building in which the owner or owners reside and that portion of land assessed as residential or resource with a dwelling under the Assessment Act of Nova Scotia (1989), provided that in the case of property assessed under two or more assessment categories, any partial property tax exemption shall be calculated on the residential assessment or resource with dwelling portion only, and property or land assessed as commercial, farmland, resource, forest, residential farmland, or residential forest shall not be deemed to be residential property.

EXEMPTION:

- 3. (a) A person may apply in writing to the Treasurer of the Municipality for exemption from the payment of taxes rated by the Municipality upon residential property within the Municipality for the year in which application is made, pursuant to Section 4 and such exemptions shall be allowed if the person or persons meet the following criteria;
 - (i) the property is assessed to the applicant;
 - (ii) the applicant is the owner of the property and uses it for his or her own principle residence;

- (iii) the applicant's income together with the income of a spouse or other members of the household over the age of 18 does not exceed \$27,000 for the calendar year in which application is made.
- (b) An exemption will not be granted in respect of a second home, cottage or a rental unit of the applicant or a residential unit used solely to run a business.
- (c) If the applicant is a legally recognized trustee, guardian or executor who is not the beneficial owner, but is making application on behalf of the resident(s), the applicant will be required to submit proof of their status and proof of income of the beneficiary pursuant to Section 5.

AMOUNT OF EXEMPTION:

- 4. (1) When the income of the person, spouse and other household members over the age of 18 combined is
 - (a) not more than \$17,000 and the tax rated is less than \$1,000 for the year the exemption granted shall not exceed \$500.
 - (b) not more than \$17,000 and the tax rated is between \$1,000 and \$2,000 for the year the exemption granted shall not exceed \$600.
 - (c) not more than \$17,000 and the tax rated is over \$2,000 for the year the exemption granted shall not exceed \$700.
 - (d) between \$17,001 and \$19,000 and the tax rated is less than \$1,000 for the year the exemption granted shall not exceed \$400.
 - (e) between \$17,001 and \$19,000 and the tax rated is between \$1,000 and \$2,000 for the year the exemption granted shall not exceed \$500.
 - (f) between \$17,001 and \$19,000 and the tax rated is over \$2,000 for the year the exemption granted shall not exceed \$600.
 - (g) between \$19,001 and \$21,000 and the tax rated is less than \$1,000 for the year the exemption granted shall not exceed \$300.
 - (h) between \$19,001 and \$21,000 and the tax rated is between \$1,000 and \$2,000 for the year the exemption granted shall not exceed \$400.
 - (i) between \$19,001 and \$21,000 and the tax rated is over \$2,000 for the year the exemption granted shall not exceed \$500.
 - (j) between \$21,001 and \$23,000 and the tax rated is less than \$1,000 for the year the exemption granted shall not exceed \$250.
 - (k) between \$21,001 and \$23,000 and the tax rated is between \$1,000 and \$2,000 for the year the exemption granted shall not exceed \$300.

- (l) between \$21,001 and \$23,000 and the tax rated is over \$2,000 for the year the exemption granted shall not exceed \$350.
 - (m) between \$23,001 and \$25,000 and the tax rated is less than \$1,000 for the year the exemption granted shall not exceed \$150.
 - (n) between \$23,001 and \$25,000 and the tax rated is between \$1,000 and \$2,000 for the year the exemption granted shall not exceed \$200.
 - (o) between \$23,001 and \$25,000 and the tax rated is over \$2,000 for the year the exemption granted shall not exceed \$250.
 - (p) between \$25,001 and \$27,000 and the tax rated is less than \$1,000 for the year the exemption granted shall not exceed \$50.
 - (q) between \$25,001 and \$27,000 and the tax rated is between \$1,000 and \$2,000 for the year the exemption granted shall not exceed \$100.
 - (r) between \$25,001 and \$27,000 and the tax rated is over \$2,000 for the year the exemption granted shall not exceed \$150.
- (2) Tax exemptions granted pursuant to clause (a), (b) and (c) of sub-section (1) shall not reduce the tax payable on a property in the year of the application to less than \$100 and tax exemptions granted pursuant to clauses (d) to (r) of sub-section (1) shall not reduce the tax payable on a property in the year of the application to less than \$200.

APPLICATION FORM:

5. All applications made to the Treasurer on the application form prescribed by the Treasurer and shall contain proof to the satisfaction of the Treasurer that the application has met the conditions required to be granted an exemption, including proof of income from the prior year from Canada Customs and Revenue Agency and where the applicant is self-employed, both the Canada Customs and Revenue Agency business statement and the applicant's personal income tax statement.

DEADLINE FOR APPLICATION:

6. An application for exemption for a fiscal year shall be submitted by December 31st of that fiscal year and no application shall be made for a retro-active exemption.

EXEMPTION AND DEFERRAL ALLOWED:

7. Nothing in this Administrative Order prohibits an applicant from being granted an exemption pursuant to this Administrative Order as well as a deferral pursuant to By-Law T-300 and subject to the terms and conditions therein in respect of the same fiscal period.

REPEAL:

8. Administrative Order Number Ten dated the 18th day of December, 2001 and any amendments thereto is hereby repealed.

Done and passed in Council this xx day of xx, 2005.

MAYOR

MUNICIPAL CLERK