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HALIFAX
REGIONAL MUNICIPALITY

PO Box 1749
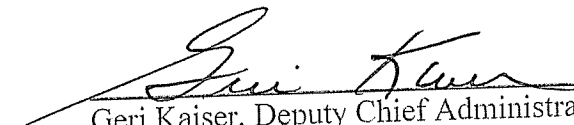Halifax, Nova Scotia
B3J 3A5   Canada

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: _____

Dan English, Chief Administrative Officer

_____

Geri Kaiser, Deputy Chief Administrative Officer - Corporate Services
and Strategy

DATE: May 9, 2007

SUBJECT: **By-law T-703: Residential Property Tax Deferral Program - Revised
Income Eligibility Threshold**

SUPPLEMENTARY REPORT

ORIGIN

At the April 17th, 2007, meeting of Regional Council an increase in property tax deferral income threshold eligibility was approved. This report amends By-law T-700 to reflect an increase in program income eligibility from $27,000 to $28,000. Minor grammatical changes have also been made for clarity.

RECOMMENDATION

It is recommended that :

1.   Regional Council approve an amendment to Item 3.1 (b) of By-law T-700 from $27,000 to $28,000;

2.   Regional Council set a date for a public hearing.

BACKGROUND

Under the authority of the <u>Municipal Government Act</u> (1998) HRM has instituted a by-law to permit lower income homeowners to postpone payment of real property tax and local improvement charges, including area rates. Deferred taxes are a lien against the property and can be paid at any time. The cumulative value of tax and interest deferred cannot exceed 75% of the assessed value of the property.

DISCUSSION

Regional Council have approved increasing the eligibility threshold to a combined gross household income of $28,000 effective 2007. Item 3.1 (b) of the by-law must be amended to replace the amount of $27,000 with the new value of $28,000. A copy of the amended by-law is included as Attachment 1 of this report. A public hearing is required by legislation.

BUDGET IMPLICATIONS

Deferrals are a 'cost' to the municipality in terms of deferred cash flow, loss of investment earnings, administration and collection. The overall annual cost of the program varies with (a) program uptake and attrition, (b) tax assessment and municipal tax rates, (c) administrative costs, and (d) interest. However, the program tends to be used as a "measure of last resort" but for those who use this tax assistance option participation tends to be recurring. The cumulative value of debt to HRM is secured by a lien against the property. The ability to collect is further secured with a limit of the value of cumulative debt as 75% of the assessed value of the property.

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 relevant legislation.
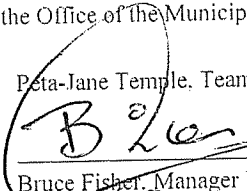
ALTERNATIVES

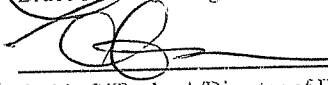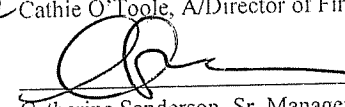1. Regional Council could revoke their decision of April 17th, 2007.

ATTACHMENTS

1. By-law T-703 an Amendment to By-law T-700.

A copy of this report can be obtained online at http://www.halifax.ca/council/agendasc/cagenda.html then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead, Tax, Grants & Special Projects 490-5469

Report Approved by:

Bruce Fisher, Manager Tax & Fiscal Policy

Report Approved by: Cathie O'Toole, A/Director of Finance

Report Approved by:

Catherine Sanderson, Sr. Manager, Financial Services, 490-156

Attachment 1

HALIFAX REGIONAL MUNICIPALITY

BY-LAW T-703

RESPECTING TAX DEFERRALS

BE IT ENACTED by the Council of the Halifax Regional Municipality that By-law T-700 Respecting Tax Deferrals be amended as follows:

1) The By-law is amended by replacing the amount of $27,000 with the amount of $28,000 in Section 3.1 (b).

Done and passed this xx day of xx, 2007.

_____

Mayor

_____

Municipal Clerk