



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Item No. **9.1**

Halifax Regional Council  
September 16, 2008  
*September 23, 2008*  
October 21, 2008

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:** *Russell Walker*  
Russell Walker, Chair, HRM Grants Committee

**DATE:** September 8, 2008

**SUBJECT:** By-Law T-704: Residential Property Tax Deferral Program - Indexed  
Income Eligibility

**ORIGIN**

Grants Committee Meeting of September 8, 2008.

**RECOMMENDATION**

It is recommended that the Halifax Regional Council:

1. Approve an amendment to By-law T-700 to amend Section 3.1 (b) to read:  
  
the person's gross income together with the income of a spouse or other member of the household over the age of 18 years, including any legally recognized trustee, guardian or executor resident on the property, does not exceed the indexed income threshold as set under Administrative Order 10 Section 4.0 (b);
2. Set a date for a Public Hearing.

**BACKGROUND**

See report dated July 23, 2008; Attachment 1 to this report.

**BUDGET IMPLICATIONS**

See report dated July 23, 2008; Attachment 1 to this report.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

See report dated July 23, 2008; Attachment 1 to this report.

**ALTERNATIVES**

See report dated July 23, 2008; Attachment 1 to this report.

**ATTACHMENTS**

Attachment 1: Staff Report dated July 23, 2008, By-Law T-704: Residential Property Tax Deferral Program - Indexed Income Eligibility

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: Barbara Coleman, Legislative Assistant.

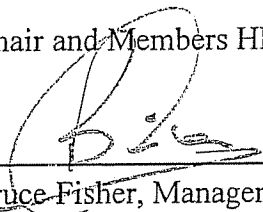


PO Box 1749  
Halifax, Nova Scotia  
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HRM Grants Committee  
September 8, 2008

TO: Chair and Members HRM Grants Committee

SUBMITTED BY:

  
Bruce Fisher, Manager Tax & Fiscal Policy

DATE: July 23, 2008

SUBJECT: **By-law T-704: Residential Property Tax Deferral Program - Indexed  
Income Eligibility**

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### ORIGIN

In April, 2008, Regional Council approved indexing the income eligibility threshold for the Residential Tax Exemption Program (Administrative Order 10). To date, eligibility for the deferral of property tax has used the same income threshold. For consistency, By-law T-700 needs to be amended.

### RECOMMENDATION

It is recommended that the HRM Grants Committee:

1. Approve an amendment to By-law T-700 to amend Section 3.1 (b) to read:

the person's gross income together with the income of a spouse or other member of the household over the age of 18 years, including any legally recognized trustee, guardian or executor resident on the property, does not exceed the indexed income threshold as set under Administrative Order 10 Section 4.0 (b).

## BACKGROUND

Under the authority of the Municipal Government Act (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 market value of the property.

As per By-law T-702 interest is calculated in April of each year on the cumulative value of tax deferred to date. Presently, the interest rate is the commercial bank prime -2% . This cost can also be deferred.

## DISCUSSION

In 2007, Regional Council approved the indexing of the tax exemption program (also called “rebates”) under Administrative Order 10 (November 5, 2007). The upper income threshold is set using the Canada Council on Social Development Low Income Cut-Off Scales (LICOS) for a three-person household and a population of 100,000-499,000. This value is rounded up to the nearest \$1,000 because national data tends to lag the program by about 2 years<sup>1</sup>.

Section 3.3 (b) states that:

*“the person’s gross income together with the income of a spouse or other member of the household over the age of 18 years, including any legally recognized trustee, guardian or executor resident on the property does not exceed \$28,000 for the calendar year proceeding [sic] that for which the application is made....”*

Staff recommend this clause be revoked and replaced with the following:

*“the person’s gross income together with the income of a spouse or other member of the household over the age of 18 years, including any legally recognized trustee, guardian or executor resident on the property does not exceed the indexed income threshold as set under Administrative Order 10, Item 4.0 (b)”.*

The deferral program is a cost to the municipality in terms of deferred revenue, diminished investment return, and administration. The full by-law may be viewed on HRM’s web site at: [www.halifax.ca/legislation/bylaws/hrm/documents/By-LawT-700.pdf](http://www.halifax.ca/legislation/bylaws/hrm/documents/By-LawT-700.pdf).

## BUDGET IMPLICATIONS

If approved, the proposed amendment to By-law T-700 will not increase program costs. The change is primarily procedural in that a public hearing process will not be required should the tax exemption program’s indexed income threshold increase or decrease.

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<sup>1</sup> Statistics Canada data is th basis for the LICO’s.

The current upper income threshold is \$28,000 and will not immediately change with this recommendation.

### 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. HRM Grants Committee could overturn or amend staff's recommendation.

This action is not recommended: The residential tax exemption and deferral programs work in synch, ie. customers may use a combination of rebate, deferral and payment plan to maintain home ownership or to decrease annual operating costs. It is preferable that these programs are consistent in terms of eligibility criteria and timelines. There is also an administrative efficiency achieved by HRM in not having to hold a public hearing should the income threshold increase or decrease.

### ATTACHMENTS

1. By-law T-704 an Amendment to By-law T-700.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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, HRM Finance 490-5469

Attachment 1

HALIFAX REGIONAL MUNICIPALITY

BY-LAW T-704

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 Section 3.1 (b) with the following:

"the person's gross income together with the income of a spouse or other member of the household over the age of 18 years, including any legally recognized trustee, guardian or executor resident on the property does not exceed the indexed income threshold as set under Item 4.0 (b) Administrative Order 10".

Done and passed this day xx of xx, 2008.

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Mayor

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Municipal Clerk