

**Item No. 03**  
**Halifax Regional Council**  
**April 30, 2013**

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

Original Signed by Director

**SUBMITTED BY:**

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Greg Keefe, Director of Finance/CFO

**DATE:** April 16, 2013

**SUBJECT:** Residential Tax Exemption: Revised Rebate Values for 2013-2014

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**INFORMATION REPORT**

**ORIGIN**

On December 4, 2007, Regional Council approved indexing of the *Residential Tax Exemption Program*.

**LEGISLATIVE AUTHORITY**

HRM Charter Section 86 – Low Income Tax Exemption Policy;  
Administrative Order 10 – Partial Tax Exemption for Residential (Homeowners).

**BACKGROUND**

Using the exemption formulas in Administrative Order 10, the following exemption changes are required to update the exemption and deferral program for 2013:

1. The upper income eligibility threshold bracket will increase from \$30,000 to \$31,000.  
 The low-income cut-off scale for a 3-person household has increased to \$30,707; when rounded up to the nearest \$1,000, the threshold becomes \$31,000. This eligibility threshold applies to both the residential tax exemption and deferral programs. It is estimated that an additional 100 clients will be eligible to apply for the low-income rebate, based on the increased threshold.  
  
 The lowest income range will increase by \$1,000 to “\$0 to \$21,000.”  
 The low-income cut-off scale for a 1-person household has increased to \$20,065; when rounded up to the nearest \$1,000, the threshold becomes \$21,000.  
  
 The last time either of the two income thresholds changed was three years ago, April 1, 2010.
2. The “reference rebate” will remain at \$800.  
 The “reference rebate”, calculated as 1/3rd of the average regional residential property tax in the prior year (2012), is the maximum “rebate” payable to those in the lowest income range and middle property tax bracket. In 2012, the average property tax including area rates was \$2,436 per single-family home.
3. Property tax brackets – see the left hand column of Table T, below – will increase by \$100, in line with the increase in average taxes in HRM.

**DISCUSSION**

The new Table ‘T’ for 2013-14 is shown below. For comparison, the Table ‘T’ for 2012-13 is included as **Attachment 1**.

<b>Table ‘T’ Household Income, Property Tax, Rebate Value and Minimum Payable New Values for 2013-2014</b>					
	<b>Total Household Income</b>				
<b>Tax Payable</b>	<b>\$0 - \$21,000</b>	<b>\$21,001- \$23, 500</b>	<b>\$23,501 - \$26,000</b>	<b>\$26,001 - \$28,500</b>	<b>\$28,501 - \$31,000</b>
<b>&lt;\$1,500</b>	\$700	\$560	\$420	\$280	\$140
<b>\$1,501 - \$2,500</b>	<b>\$800</b>	\$640	\$480	\$320	\$160
<b>&gt;\$2,501</b>	\$900	\$720	\$540	\$360	\$180
	<b>Minimum Tax Payable</b>				
	\$110	\$220	\$250	\$270	\$300
All eligible applicants have the option to defer the balance of tax due (less the minimum payable) or to make payment through a monthly payment plan.					

Over the past several years, program participation has ranged from a high of 2,800 recipients in 2005-06 to just over 2,200 in 2008-09. In 2012-13, more than 2,200 households benefited from the program. Program applications are accepted until March 31<sup>st</sup> of each fiscal year.

**Low-Income Homeowner Program Information** (during period when income threshold was \$30,000)

<b>Summary of Low-Income Homeowner Tax Exemption Program Activity, 2010 to 2013</b>			
<b>Fiscal Year</b>	<b># Clients</b>	<b>Average Rebate*</b>	<b>Program Cost</b>
<b>2010-11</b>	<b>2,422</b>	<b>\$521</b>	<b>\$1,261,278</b>
<b>2011-12</b>	<b>2,350</b>	<b>\$518</b>	<b>\$1,216,651</b>
<b>2012-13**</b>	<b>2,235</b>	<b>\$546</b>	<b>\$1,219,391</b>

\* the "reference rebate" increased from \$750 (in 2010-11 and 2011-12) to \$800 in 2012-13

\*\* preliminary year end values

The new income threshold of \$31,000 applies, equally, to the Low-Income Homeowner Tax Deferral program (By-Law T-700), which allows low-income homeowners to defer up to their full net annual tax bill, i.e. their annual tax bill less rebate.

**FINANCIAL IMPLICATIONS**

The budget for M311-8005 in is expected to be \$1,335,000 in 2013-14. Assuming \$25,000 may be required for homes destroyed by fire in 2013-14, \$1,310,000 would be available for the low income rebate program. Based on an estimated average rebate of \$550 per eligible household, the 2013-14 program budget could provide funding for approximately 2,380 tax exemption clients.

**COMMUNITY ENGAGEMENT**

Community engagement was not deemed necessary to this update, since the process complies with previous Council decision on the annual incrementing of the low-income exemption/deferral programs.

In fact, this report plays a part in the program's public information plan which includes an annually-revised program guide, notices on tax bills, information availability on HRM's website and at customer service centres, as well as, direct mail outs to clients.

**ALTERNATIVES**

Not applicable. This is an Information Report only, based on the current Residential Tax Exemption Program policy and procedures.

**ATTACHMENTS**

1. Table 'T' Household Income, Property Tax, Rebate Value and Minimum Payable, 2012-13.

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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.

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Original Signed

Report Approved by:

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Bruce Fisher, Manager Financial Policy and Planning, Finance & ICT, 490-4493

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**Attachment 1**

<b>Table 'T' Household Income, Property Tax, Rebate Value and Minimum Payable New Values for 2012-2013</b>					
	<b>Total Household Income</b>				
<b>Tax Payable</b>	<b>\$0 - \$20,000</b>	<b>\$20,001- \$22, 500</b>	<b>\$22,501 - \$25,000</b>	<b>\$25,001 - \$27,500</b>	<b>\$27,501 - \$30,000</b>
<b>&lt;\$1,400</b>	\$700	\$560	\$420	\$280	\$140
<b>\$1,401 - \$2,400</b>	<b>\$800</b>	\$640	\$480	\$320	\$160
<b>&gt;\$2,401</b>	\$900	\$720	\$540	\$360	\$180
	<b>Minimum Tax Payable</b>				
	\$100	\$210	\$240	\$260	\$290
All eligible applicants have the option to defer the balance of tax due (less the minimum payable) or to make payment through a monthly payment plan.					