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Item No. 08 Halifax Regional Council March 22, 2016

TO:	Mayor Savage and Members of Halifax Regional Council
SUBMITTED BY:	Original Signed by Director
	Amanda Whitewood, Director of Finance and Information Technology/CFO
DATE:	February 4, 2016
SUBJECT:	Residential Tax Exemptions: Indexed Program Values for 2016-2017

INFORMATION REPORT

<u>ORIGIN</u>

Administrative Order 10 – Partial Tax Exemption for Residential Taxation – requires indexing of the Residential Tax Exemption Program, based on changes in Statistics Canada Low-Income Cut Offs and average HRM property taxes.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, 2008, c.89, subsection 86(2) which states that, "Council may, by policy,

(a) grant an exemption from taxation, in the amount or to the extent set out in the policy, for a person whose income is below the amount set out in the policy; and(b) prescribe a scale of exemptions related to income.

Administrative Order 10 – Partial Tax Exemption for Residential Taxation.

BACKGROUND

Using the exemption formulas in Administrative Order 10, the following exemption changes are required to update the exemption and deferral programs for 2016-17:

1. The upper income eligibility threshold bracket will <u>increase</u> from \$32,000 to \$33,000.

The low-income cut-off scale for a 3-person household has increased to \$32,065; when rounded <u>up</u> to the nearest \$1,000, the threshold becomes \$33,000. 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 top of the lowest income range will <u>remain</u> at \$21,000.

Property tax brackets – see the left hand column of Table T, below – will <u>increase</u> by \$100, in line with average taxes in the municipality: \$2,619 per home, rounded up to \$2,700, sets the top of the middle property tax bracket.

The "reference rebate" will <u>remain</u> at \$850. The "reference rebate", calculated as 1/3rd of the average regional residential property tax in the prior year (rounded to the nearest \$50), is the maximum "rebate" payable to those in the lowest income range and middle property tax bracket. In 2015, the average property tax, including area rates, was \$2,619 per single-family home.

DISCUSSION

The new Table 'T' for 2016-17 is shown below. For comparison, the Table 'T' for 2015-16 is included as **Attachment 1**.

Tax Payable	Total Household Income				
	\$0 - \$21,000	\$21,001- \$24,000	\$24,001 - \$27,000	\$27,001 - \$30,000	\$30,001- \$33,000
<\$1,700	\$750	\$600	\$450	\$300	\$150
\$1,701 - \$2,700	\$850	\$680	\$510	\$340	\$170
>\$2,701	\$950	\$760	\$570	\$380	\$190
	Minimum Tax Payable				
	\$110	\$230	\$260	\$290	\$320

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 2014-15, about 2,300 households benefitted from the program. Program applications are currently accepted until March 31st of each fiscal year. However, the application deadline is under review and is recommended to change for the 2016-17 program.

Low-Income Homeowner Tax Exemption Program Statistics

Summary of Low-Income Homeowner Tax Exemption Program Activity				
Fiscal Year	# Clients*	Average Rebate**	Program Cost	
2013-14	2,324	\$553	\$1,286,250	
2014-15	2,287	\$578	\$1,322,450	
2015-16 (10 months)	2,067	\$569	\$1,175,900	

* the income eligibility threshold increased from \$31,000 (in 2013-14) to \$32,000 (in 2014-15)

** the "reference rebate" increased from \$800 (in 2013-14) to \$850 (in 2014-15)

The new income threshold of \$33,000 applies, as well, 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 proposed budget for Residential Tax Exemptions (M311-8005) is \$1,425,000 in 2016-17. Assuming \$25,000 is required for homes destroyed by fire, \$1,400,000 would be available for the low-income homeowner tax exemption program. Based on an estimated average rebate of \$570 per eligible household, the program budget could provide funding for approximately 2,450 tax exemption clients in 2016-17.

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 Halifax.ca 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

Attachment 1 - Table 'T' Household Income, Property Tax, Rebate Value and Minimum Payable, 2015-16.

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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Attachment 1

Tax Payable	Total Household Income				
	\$0 - \$21,000	\$21,001- \$23,750	\$23,751 - \$26,500	\$26,501 - \$29,250	\$29,251 - \$32,000
<\$1,600	\$750	\$600	\$450	\$300	\$150
\$1,601 - \$2,600	\$850	\$680	\$510	\$340	\$170
>\$2,601	\$950	\$760	\$570	\$380	\$190
		Mir	nimum Tax Paya	ıble	
	\$110	\$220	\$250	\$280	\$310