

PARTIAL TAX EXEMPTION ADMINISTRATIVE ORDER AND TAX DEFERRAL BY-LAW AMENDMENTS

Audit and Finance Standing Committee
March 9, 2022

PROPERTY TAX EXEMPTIONS

Property Tax Rebate Program redesigned in 2006

- Increased maximum rebate level
- Integrated rebate and deferral programs, so homeowners could qualify for both
- No age restriction

Rebate and Deferral programs “indexed” in 2008

- Maximum rebate level linked to average home taxes
- Income eligibility threshold linked to Statistics Canada Low-Income Cut-Offs

Legislative Authority

- 1) Partial Tax Exemption Administrative Order (AO 10)
- 2) Tax Deferral By-law (T-700)

LIVING WAGE IN HALIFAX

2021/22 Income Eligibility Threshold was \$35,000.

With current AO 10, the threshold would increase to **\$36,000** in 2022/23.

According to Canadian Centre for Policy Alternatives report,

- Living Wage in Halifax is \$40,100.

With proposed AO 10 amendments,

- Income Eligibility Threshold would increase to **\$43,000** in 2022/23.

- Almost **40% increase** in number of **eligible households** expected.

MAXIMUM TAX REBATE INCREASE

The Maximum Tax Rebate is currently **\$1,050**.

The maximum rebate is “indexed” based on
the average single-family home total tax bill.

As the average tax bill increases, so does the maximum tax rebate.

The indexing formula in AO 10 will be changed
to increase the Maximum Tax Rebate to **\$1,200**.

➤ Increases benefit (reduces taxes) for those currently in the program.

CHANGES SUMMARY AND IMPACT

Summary of Changes:

- Increase income eligibility from \$36,000 to **\$43,000**
- Increase maximum rebate from \$1,050 to **\$1,200**
- Increase program budget from \$1,425,000 to \$1,700,000

Income Range		Current AO	Proposed AO	Change (\$ and %)	
Up to	\$5,000	\$937	\$1,067	\$131	14%
\$5,001	\$10,000	\$824	\$926	\$103	12%
\$10,001	\$15,000	\$808	\$906	\$99	12%
\$15,001	\$20,000	\$849	\$949	\$101	12%
\$20,001	\$25,000	\$772	\$934	\$162	21%
\$25,001	\$30,000	\$569	\$959	\$390	69%
\$30,001	\$36,000	\$259	\$685	\$426	164%
\$36,001	\$43,000	\$0	\$323	\$323	n/a
Avg Program Rebate		\$641	\$733	\$92	14%

For the roughly 1,600 homeowners in the program with incomes under \$36,000, their average rebate is estimated to increase from \$641 to \$886, an **increase of \$245 or 38%**.

600 new households are expected to be added to the program, with an estimated average rebate of **\$323**.

ADMIN ORDER AND BY-LAW AMENDMENTS

To make the Tax Rebate and Deferral program changes:

- three edits are proposed for Administrative Order 10,
- one edit for By-law T-700.

Indexing will continue in future years

- the income levels and rebate amounts are “reset” with these amendments however, the indexing features remain and will continue from the new levels

RECOMMENDATION

That the Audit and Finance Standing Committee recommend that Halifax Regional Council:

1. Adopt the amendments to Administrative Order 10, the *Partial Tax Exemption Administrative Order*, as set out in Attachment 2 to the report; and
2. Adopt By-law T-706, amending By-law T-700, the *Tax Deferral By-law*, as set out in Attachment 4 to the report.