



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

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

ORIGIN

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 increase from \$32,000 to \$33,000.

The low-income cut-off scale for a 3-person household has increased to \$32,065; when rounded up 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 remain at \$21,000.

2. Property tax brackets – see the left hand column of Table T, below – will increase 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 remain 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.

Table ‘T’ Household Income, Property Tax, Rebate Value and Minimum Payable New Values for 2016-2017					
	Total Household Income				
Tax Payable	\$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

All eligible applicants have the option to defer the balance of annual taxes 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 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)

Attachment 1

Table 'T' Household Income, Property Tax, Rebate Value and Minimum Payable New Values for 2015-2016					
	Total Household Income				
Tax Payable	\$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
	Minimum Tax Payable				
	\$110	\$220	\$250	\$280	\$310
All eligible applicants have the option to defer the balance of annual taxes or to make payment through a monthly payment plan.					