



STAFF REPORT

SUBMITTED BY: Leah d'Eon

DATE: April 23, 2020

SUBJECT: Low Income Property Tax Exemption Policy

ORIGIN

Due to the COVID-19 outbreak, we have been asked what type of initiatives/programs we could implement to provide financial assistance to those facing financial difficulties during this time. Pursuant to Section 69 of the Municipal Government Act, the Council of the Municipality of the District of Barrington provides a tax exemption for low income earners. One type of assistance the municipality could provide would be to increase the maximum exemption amount and/or income threshold for the low-income property tax exemption program.

BACKGROUND

The current low-income property tax exemption policy provides the following:

- Applications are accepted until September 30th of each year.
- Property owner's gross income from all sources, including incomes from all persons residing within the home, must be \$25,000 or less on line 150 of their Notice of Assessment.
- Previous year's taxes must be paid in full.
- Property is their primary resident, occupied by owner.
- Income Brackets – Exemption
 - \$0 – \$20,200 - \$300
 - \$20,201 - \$22,725 - \$200
 - \$22,726 - \$25,250 - \$100

The current low-income property tax exemption policy approved May 27, 2019.

DISCUSSION

Upon review of the surrounding municipalities, we have noted the following policies.

Municipality	Income Bracket	Exemption
Barrington	\$0 - \$ 20,200	\$300
Barrington	\$20,201 - \$22,725	\$200
Barrington	\$22,726 - \$25,250	\$100
Argyle	\$0 - \$ 17,100	\$200
Argyle	\$17,101 - \$22,560	\$100
Mun of Shelburne	\$0 - \$20,000	\$600*
Mun of Shelburne	\$20,001 - \$25,000	\$300*
Mun of Shelburne	\$25,001 - \$30,000	\$150*
Mun of Shelburne	\$30,001 - \$35,000	\$50*
Town of Shelburne	\$0 - \$22,976	\$612
Town of Shelburne	\$22,977 - \$ 28,720	\$306
Town of Shelburne	\$28,721 - \$34,464	\$153
Mun of Yarmouth	\$0 - \$ 25,400	\$200
Town of Yarmouth	\$ 0 - \$25,000**	\$750
	**Applies only to senior, widow/widower or orphan	
* Proposed		

Here are the number of exemptions the Municipality of Barrington has provided for the past 3 years.

Tax Year	Value	Exemptions	\$ 300.00	\$ 200.00	\$ 100.00
2019/20	\$ 27,510	130	67	51	12
2018/19	\$ 31,302	118	81	32	5
2017/18	\$ 22,875	153	ALL \$150.00		

The total median income in 2015 was \$30,240 for those aged 15 and over. The total population of Barrington in 2015 was 5,750 for the age group of 15 and over. On average, approximately 2-3% of that population applied and received a tax exemption in the past several years, with an average of 134 applications per year.

Based on this information, here are possible options and the impacts it would have on our budget:

Option 1 - Increase the exemption values by \$100

\$0 - \$20,200 - \$400

\$20,201 - \$22,725 - \$ 300

\$22,726 - \$25,250 - \$200

This would result in \$12,500 of additional exemptions granted based on previous years applicants.

Option 2 - Increase the income brackets

\$0 - \$21,000 - \$300

\$21,001 - \$25,000 - \$ 200
\$25,001 - \$30,000 - \$100

This would result in an additional \$5,000 of exemption granted based on an assumption of another 50 applications.

Option 3 – Increase the income brackets and exemption values

\$0 - \$21,000 - \$400
\$21,001 - \$25,000 - \$ 300
\$25,001 - \$30,000 - \$200

This would result of an additional \$17,500 - \$20,000 of exemptions granted.

One point that is very important to note is that the property tax exemptions are based on prior years income. Applications received in 2020 must be accompanied by the Notice of Assessment for 2018. For residents who are facing unexpected hardships this current fiscal year, the low-income property tax exemption policy changes proposed in this staff report would not apply to them. We would have to keep the revised policy in place until the 2022 taxation year to assist those residents.

It is possible that the residents facing financial hardship due to COVID-19 would be eligible for the provincial and federal initiatives recently announced. Also, it has been suggested to municipalities to develop a tax financial program for businesses and residents (more details to come on that).

BUDGET IMPLICATIONS

Depending on which low income property tax exemption changes council would choose to implement, the cost would be between \$5,000 to \$20,000 for fiscal year 2020 -2021.

LEGAL IMPLICATIONS

N/A

PUBLIC CONSULTATION/COMMUNICATIONS

N/A

RECOMMENDATION

In order to help to the most residents, we would recommend increasing both the income brackets and the exemption values for fiscal 2019 – 2020. Prior to fiscal 2020 – 2021, we would recommend reviewing the number of applications received for 2019 – 2020 and decide whether we wish to extend the policy changes into the next fiscal year.

SUGGESTED MOTION

Move to amend the Low-Income Property Tax Exemption Policy to increase the income brackets and exemption as presented for a one-year period and reassess after that period.

ATTACHMENTS

- Low-Income Property Tax Exemptions Policy



POLICY NO. 41

LOW INCOME PROPERTY TAX EXEMPTION POLICY

Pursuant to Section 69 of the Municipal Government Act, the Council of the Municipality of the District of Barrington wishes to provide a tax exemption for low income earners.

Policy Details:

- 1.1 Applications will be accepted until September 30th of each year.
- 1.2 To qualify for the low income property tax exemption, a property owner's gross income from all sources, including incomes from all persons residing within the home, must be \$25,000 or less on line 150 of their Notice of Assessment from Canada Revenue Agency received the previous year. (Applications received in 2020 must be accompanied by the Notice of Assessment for 2018.) Proof of income must be provided by all persons residing within the home by providing their Notice of Assessment from Canada Revenue Agency as indicated above. The application must be signed by the property owner attesting that the information provided is correct to the best of their knowledge.
- 1.3 To qualify for the exemption, a property owner's previous year's rates and taxes must be paid in full at the time of their application.
- 1.4 This exemption shall only be available for property owners where the property is their primary residence occupied by him/her.
- 1.5 Property owners shall be eligible for an annual property tax exemption according to the following income levels and amounts (exemption granted will not exceed amount owed):
 - a) For those making less than \$20,000 the grant exemption would be \$300
 - b) For those making more than \$20,000 but less than \$22,500 the grant exemption would be \$200
 - c) For those making more than \$22,500 but less than \$25,000 the grant exemption would be \$100

1.6 The current levels of income will increase by 1% each year for five years, at which time or before the income levels will be reviewed by Council.

	2019	2020	2021	2022	2023
Lowest Income	20000.00	20200.00	20402.00	20606.02	20812.08
Medium Income	22500.00	22725.00	22952.25	23181.77	23413.59
Highest Income	25000.00	25250.00	25502.50	25757.53	26015.10

Chief Administrative Officer’s Annotation for Official Policy Book	
Date of Notice to Council members of Intent to Consider	May 13, 2019
Date of Passage of current Policy	May 27, 2019
I certify that this Policy No. 41 “Low Income Property Tax Exemption Policy” was amended by Council as indicated above.	
<hr/> <div style="display: flex; justify-content: space-between;"> Chris Frotten Chief Administrative Officer Date </div>	

VERSION LOG

Version Number	Amendment Description	Amendment/Policy Owner	Approved By	Approval Date
1	Approved Policy of Council	CAO	Council	October 2, 2017