



Town of Mahone Bay

Staff Report

RE: 2019-20 Budget Policy/By-law

May 3, 2019

General Overview:

The purpose of this report is to make recommendation to Council concerning the adoption of a Low Income Property Tax Exemption Policy and Tax Exemptions for Non-Profit Organizations By-law.

Background:

Section 69 of the Nova Scotia Municipal Government Act empowers the Council to grant residents income-based exemptions from taxation by policy.

Section 71 (b) of the Nova Scotia Municipal Government Act empowers the Council to exempt from taxation properties belonging to non-profit community, charitable, fraternal, education, recreational, religious, cultural or sporting organizations. Section 71 (e) further stipulates that tax reduction can be extended to buildings, pump stations, deep well pumps, main transmission lines, distribution lines, meters and associated plant and equipment of a municipal water utility.

Analysis:

Each year as a component of the annual budget process the Town Council reviews its low-income property tax exemption program and tax exemptions for non-profit organizations. Staff recommend no change to the 2018-19 programs for the 2019-20 fiscal year and have prepared policies reflecting the draft 2019-20 budget presented to Council on April 23rd (attached as appendices to this report). For 2019-20 staff have also prepared a new Non-Profit Organizations By-law which, once adopted, will be supported by an annual review/update of the associated policy, along with the annual grant amounts in the budget corresponding to each property.

Once adopted, these budget-related policies/by-laws will be available to the public for their information.

Financial Analysis:

For 2019-20 the draft budget reflects \$10,500 for low-income exemptions and \$97,263 for non-profit organizations (in amounts corresponding to the taxes on properties specified by policy under the Non-Profit Organizations By-law).

Links to Strategic Plan:

Key Strategic Initiatives and Core Activities

3.3 Governance and Public Engagement

- Improve communications and share information with the public in a manner consistent with their needs

Recommendation:

It is recommended that at its regular meeting on May 14th, after due consideration, Council resolve:

THAT Council adopt the attached Low Income Property Tax Exemption Policy.

It is further recommended:

THAT Council give first reading to the Non-Profit Organizations By-law and direct staff to schedule the required public hearing prior to second reading.

Attached for Council Review:

- Draft Low Income Property Tax Exemption Policy (with application form)
- Draft Tax Exemptions for Non-Profit Organizations By-law (with policy schedule)

Respectfully Submitted,



Dylan Heide
Town of Mahone Bay CAO

Town of Mahone Bay

Low Income Property Tax Exemption Policy

1.0 Purpose:

The Council of the Town of Mahone Bay is authorized to adopt a policy providing tax exemption to residents of the Town of Mahone Bay in accordance with Section 69 of the Municipal Government Act. This policy is designed to document the processes followed by the Town residents to make application to receive the low-income property tax exemption if they meet the required qualifications.

This policy is designed to clearly outline the process and requirements to be followed to ensure provision of the low-income tax exemption to qualified residents of the Town of Mahone Bay.

2.0 Definitions:

- a) Applicant Ratepayer means the person(s) to whom the property taxes are assessed.
- b) Income means the net income as indicated on the previous year's Income Tax Notice of Assessment.
- c) Low-Income Property Tax Exemption means the reduction of the property taxes up to an amount that is the lesser of the current year's taxes or the qualifying exemption.
- d) Low-Income Property Tax Exemption means the reduction of the property taxes up to an amount that is the lesser of the current year's taxes or the qualifying exemption.
- e) Qualified Property Owner means:
 - Owner of property in their name located within the Town boundaries; and
 - The property is occupied by the ratepayer as their principal residence; and
 - Whose total household income (including the income of all other members of the same family residing in the same household) is at or below the level established in this policy.
- f) Resident means a person residing at an address within the boundaries of the Town of Mahone Bay.
- g) Town Council means the Council of the Town of Mahone Bay.
- h) Town means the Municipality of the Town of Mahone Bay.

3.0 Low-Income Property Tax Exemption:

The Town determines its tax rates each year following confirmation of the budget for the period. These tax rates are used in conjunction with the property assessment values provided by Property Valuation Services Corporation (PVSC) to determine the property taxes that are applicable to each property within the boundaries of the Town of Mahone Bay.

In an effort to offer some relief to residents of the Town that may be experiencing difficulty paying their property taxes, the low-income property tax exemption has been implemented.

The program will be advertised annually providing details of qualifications and the policy and application will be available on the website.

The low-income property tax exemption will provide qualified applicants with a reduction in the total property tax amount of up to the lesser of total property taxes or the qualifying property tax exemptions.

4.0 Qualifications:

4.1 In order to qualify for this year's graduated tax exemption, the total income (as confirmed by the previous year's Income Tax Notice of Assessment) of all persons residing in the household of the applicant ratepayer, must be \$32,000 or less;

4.2 The applicant ratepayer must occupy the residential property as his or her principal residence (nine months or more per year).

4.3 The applicant ratepayer completes the application attached as Appendix "A" to this policy completely and provides the required previous year's Income Tax Notice of Assessment.

4.4 Only one tax exemption will be applicable per property regardless of ownership.

5.0 Process:

5.1 When the ratepayer receives their final tax billing (2nd one in the year), they should complete the application, sign the application, attach the required previous year's Income Tax Notice(s) of Assessment, and deliver it to the Town office prior to September 30th.

5.2 The Finance Department will review the application for completeness, accuracy and eligibility and advise the applicant ratepayer of the decision;

5.3 The Finance Department will apply this year's Low-Income Tax Exemption as follows:

- 5.3.1 Total household income of \$18,000 or less will qualify for a rebate up to \$600
- 5.3.2 Total household income of \$18,001 to \$21,000 will qualify for a rebate up to \$500
- 5.3.3 Total household income of \$21,001 to \$24,000 will qualify for a rebate up to \$400
- 5.3.4 Total household income of \$24,001 to \$27,000 will qualify for a rebate up to \$300
- 5.3.5 Total household income of \$27,001 to \$30,000 will qualify for a rebate up to \$200
- 5.3.6 Total household income of \$30,001 to \$32,000 will qualify for a rebate up to \$100

5.4 The Finance Department will allocate the total amount of the annual budget for Low-Income Tax Assessments on a first-come first-serve basis to all qualified applicants;

5.5 If the property tax account is then in a credit position, the applicant ratepayer can request a refund or allow the credit to remain and be applied to the subsequent year to further reduce property tax accounts.

6.0 Review and Update

This policy and the associated budget allocation will be reviewed annually in the budget process to determine if the Town was able to meet the need of the qualified applicants, and if in the future the Town will offer a larger exemption, a higher income level or another modification to the policy.

<u>Clerk's Annotation for Official Policy Book</u>	
Date of Notice to Council Members of Intent to Consider {7 days minimum notice}:	_____
Date of Passage of Policy:	_____
_____	_____
Clerk	Date

2019/2020
TAX EXEMPTION APPLICATION FORM

Town of Mahone Bay, P. O. Box 530, Mahone Bay, NS B0J 2E0

1. Applicant's Name _____ Social Insurance # _____

Is there more than one Assessed Owner? _____

Address of Property for which exemption is claimed _____

2. Income of Applicant

Total Income (Line 150 on Income Tax Return) \$ _____ (a)

3. Other Income – Income from outside Canada \$ _____ (b)

4. Income of other members of the family residing in the same household

Name	S.I.N.	Relationship to Applicant	
		Line 150 Inc. Tax Return	\$ _____ (c)
		Line 150 Inc. Tax Return	\$ _____ (d)

Do any other persons not related to you reside at this residence? YES _____ NO _____

If (YES) include the following as Income if not included in Line 150 of your Income Tax Return:

Monies received for housing International Students or Foster Children \$ _____ (f)

Deemed Income – Non family members over 18 if not Board or Rent Included In Line 150 of your Income Tax Return. (Include \$4,800 for each such person) \$ _____ (g)

Total Income for exemption consideration Total (a) to (g) above \$ _____ (h)

DEDUCT

Any Disability CPP Benefits and War Veteran Allowances included in above \$(_____) (i)

NET INCOME FOR TAX EXEMPTION PURPOSES (h) - (i) \$ _____

This information is to the best of my knowledge, true and complete.

Signature of Applicant

Witnessed by me on this _____ day of _____, 20____, at _____

in the County of _____, Province of Nova Scotia.

Town of Mahone Bay

Attach income verification to application: (copy of Income Tax Assessment from the Canada Revenue Agency along with Page 1 and 2 of your 2017 Income Tax Return.)

Deadline for filing application – September 30, 2019

Property AAN# _____ Amount of Exemption granted \$ _____

Town of Mahone Bay

Tax Exemptions for Non-Profit Organizations By-law

This by-law shall repeal and supersede any and all previous regulations and/or by-laws held by the town of Mahone Bay regarding partial or full tax exemptions for non-profit organizations.

1.0 Short Title

This By-law shall be cited as “Tax Exemption for Non-Profit Organizations By-Law.”

2.0 Interpretation

In this By-Law, unless the context otherwise indicates:

“Non-Profit Organization” means, as described by the Municipal Government Act:

- a) Properties of named registered Canadian Charitable organizations;
- b) Property used directly and solely for a charitable purpose;
- c) Property of a nonprofit community, charitable, fraternal, educational, recreational, religious, cultural or sporting organization if, in the opinion of Council, the organization provides a service that might otherwise be a responsibility of the Council.

3.0 Provisions

3.1 Properties listed in Schedule “A” *Policies under the Tax Exemptions for Non-Profit Organizations By-Law* have been determined by Council to have met the criteria outlined herein. Properties may be added or removed by motion of Council.

3.2 Properties listed in Schedule “A”. *Policies under the Tax Exemptions for Non-Profit Organizations By-Law*, are defined as:

3.2.1 Properties which would otherwise be classified as, and taxed at the rate of, commercial property which shall be taxed at the percentage of the assessed value of taxable residential property; partial tax exemption.

3.2.2 Properties which would otherwise be classified as, and taxed at the rate of, a taxable commercial or residential property, receiving full tax exemption.

3.3 When a property or part thereof, listed in Schedule “A” *Policies under the Tax Exemptions for Non-Profit Organizations By-Law* ceases to be occupied by the non-profit owner/organization, as described above, the partial or full tax exemption allowance

shall cease and the owner of the property shall immediately be liable for the real property tax for the remainder of that tax year onward.

THIS IS TO CERTIFY that the By-Law of which the foregoing is a true copy and was duly passed at a duly called meeting of the Council of the Town of Mahone Bay, held on the day of , 2019.

GIVEN under the hand of the Clerk and the corporate seal of the said Town this day of 2019.

David Devenne, Mayor

Maureen Hughes, Clerk

SCHEDULE "A"

Account Assessment Number (AAN)

FULL TAX EXEMPTIONS

Mahone Bay Centre – 45 School Street

AAN04647513

Mahone Bay Founders' Society – 578 Main Street

AAN00186791

Town of Mahone Bay Water Utility – 68 Zwicker Lane

AAN04647459