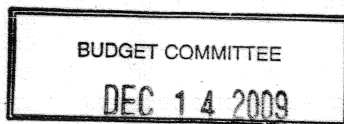




Corporate Report



Clerk's Files

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Files

DATE: December 8, 2009

TO: Chairperson and Members of Budget Committee
Meeting Date: December 14, 2009

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services & Treasurer

SUBJECT: Tax Rebate for Low-Income Seniors and Low-Income Persons
with Disabilities

- RECOMMENDATION:**
1. That Council Budget Committee approve implementation of a tax rebate program for low income seniors and low income persons with disabilities as outlined in the report dated December 8, 2009 from the Commissioner of Corporate Services and Treasurer at an estimated City cost for 2010 of \$364,000.
 2. That the Region of Peel be requested to fund the regional portion of the Mississauga tax rebate program at an estimated regional cost for 2010 of \$517,000.
 3. That the necessary by-laws be enacted to implement this rebate program.

BACKGROUND:

At its meeting of December 3, 2009, Region of Peel General Committee dealt with a Corporate Report entitled "Common Tax Rebate for Low-Income Seniors and Low-Income Disabled Persons. This report was approved and a copy is attached as Appendix 1.

Existing Tax Relief Programs

The Region of Peel must, under section 319 of the *Municipal Act*, pass a by-law for the purpose of relieving financial hardship from property tax increases for low-income seniors and low-income persons with

disabilities. The tax relief provided may be by deferral, cancellation, or refund of all or part of a property tax increase in the residential property class. The school boards and the lower-tier municipalities are required to share in the cost of any regional program adopted under section 319. The by-law defines the eligibility requirements for the assistance.

Details of the mandatory Region tax relief program and the optional lower-tier tax relief programs for low-income seniors and low-income persons with disabilities currently in place in the Region of Peel are outlined in Appendix 2 and are summarized below.

Under section 319 of the *Municipal Act*, the Region of Peel offers an interest-free tax deferral to eligible low-income seniors and low-income persons with disabilities for the amount of the increase in taxes from the previous year. The tax deferral is secured by a lien on the property.

Under the *City of Mississauga Act*, the City offers an interest free loan of \$500 annually to low-income seniors and low-income persons with disabilities. The loan is secured by a lien on the property.

The City of Brampton and the Town of Caledon each offer a subsidy of \$300 annually to low-income seniors. The subsidy is not extended to low-income persons with disabilities. The annual cost of this program to Brampton and Caledon is \$435,000 and \$90,000, respectively. The Brampton and Caledon programs were established under legislation in existence prior to property tax reform in 1998. The cost of these grandfathered programs is not shared with the Region or the school boards.

COMMENTS:

The Joint Regional and Area Municipal Tax Policy Team met to explore options for providing tax relief to low-income seniors and low-income persons with disabilities. The Tax Policy Team identified the following parameters:

- assistance should be provided to those requiring it rather than just to those receiving increases in taxes;
- common region wide eligibility requirements should be established to determine need;
- a common rebate amount should be available across the Region;

- the level of assistance should be higher than what is available today;
- existing tax relief programs should be discontinued in favour of a new program;
- costs of the program should be shared between the Region, the lower-tier municipalities and the school boards as allowed by legislation.

Section 365 of the *Municipal Act*, allows a lower-tier municipality to pass a by-law to provide for the cancellation, reduction or refund of taxes levied which are considered by the Council to be “unduly burdensome.” A by-law is required to define the eligibility requirements for the assistance. School boards are required to share in the cost of the program. The Region may share in the cost of the program if Regional Council passes a by-law to do so. Otherwise the relief program, other than the portion covered by the school boards, must be funded entirely by the lower-tier municipality.

Utilizing section 365 of the *Municipal Act*, each lower-tier municipality would pass a by-law containing the terms and conditions of the tax relief to be provided. The upper-tier municipality would pass a by-law confirming their participation in the lower-tier program. The Tax Policy Team proposes a rebate of \$400 per year with the following eligibility criteria:

Must be:

- ♦ 65 years of age and in receipt of the Guaranteed Income Supplement (GIS), or
- ♦ Handicapped and in receipt of benefits under the *Ontario Works Act* (OWA) or *Ontario Disability Support Program Act* (ODSPA);
- ♦ Must be the personal/principal residence;
- ♦ Must have owned a property in the municipality for at least one year.

The program would be enacted and administered at the lower-tier and funded by the Region of Peel, the lower-tier municipality and the school boards based on the pro-rated shares of the tax relief granted. The existing local programs would be discontinued. In Mississauga, there are 97 tax deferrals (i.e. loans) outstanding totalling \$216,973.55. Loan balances range from \$159 to \$9,674.

In addition, Regional staff are reviewing whether the proposed plan can replace the existing Region tax deferral program required under section 319 of the *Municipal Act*. Regional staff will update Region of Peel General Committee of their findings.

Other Considerations

City staff have determined based on the experience in Brampton and Caledon which currently administer a grant program that a new position would be required to administer a tax rebate program for the more than 2,750 applications that are estimated to be received. By way of comparison, the City receives approximately 1,000 vacancy rebate applications and 110 charity rebate applications yearly which are staffed by two FTE.

As well additional programming would be required in the tax system to capture the tax rebate information. There would be no additional cost to the City for these modifications as the tax system work plan and priorities would be adjusted to accommodate this work.

STRATEGIC PLAN: A tax relief program for low-income seniors and low-income persons with disabilities is in alignment with the second pillar in the strategic plan "Ensuring youth, older adults and new immigrants thrive". The proposed plan assists in achieving the strategic goals of ensuring affordability and accessibility and support aging in place.

FINANCIAL IMPACT: The program is estimated to provide tax relief to 2,500 seniors and 250 disabled taxpayers in Mississauga. Since there is no tax rebate program in place in Mississauga, the number of eligible taxpayers has been estimated based upon the Brampton and Caledon programs.

As this is a new program, it is proposed to be funded through a tax increase.

	Proposed \$400 Program
City – program	\$308,000
City – staff resource	56,000
Region	517,000
Boards of Education	275,000
Annual Program Cost	\$1,156,000
Mississauga Tax Levy Increase*	\$1.41
Mississauga Tax Percentage Increase*	0.13%

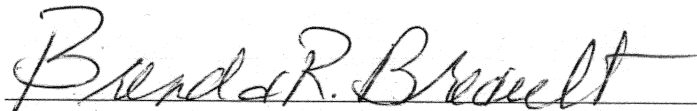
* on average single family dwelling assessed at \$386,000

CONCLUSION:

It is proposed that a common tax rebate program for low-income seniors and low-income disabled persons be established and administered by each lower tier municipality. The amount of the rebate would be \$400 annually to eligible taxpayers. The costs of the program would be shared between the Region, the Cities and the School Boards in proportion to their shares of the property tax levy. The program would replace the City's existing tax loan program and subject to Regional Solicitor's confirmation the Region's tax deferral program. The cost of the program in Mississauga would be funded through a tax increase and would require an additional complement to administer the program.

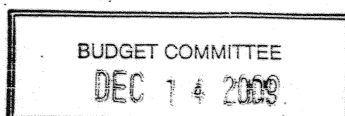
ATTACHMENTS:

- Appendix 1: Region of Peel General Committee Report "Common Tax Rebate Program for Low-Income Seniors and Low-Income Disabled Persons"
- Appendix 2: Peel Tax Relief Programs for Seniors & Disabled Taxpayers



Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services & Treasurer

*Prepared By: Jeffrey J. Jackson, Director, Revenue and Materiel
Management Division*

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MA-B4-1

REPORT

General Committee

DATE: November 16, 2009

REPORT TITLE: COMMON TAX REBATE PROGRAM FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That the proposed Regional 2010 Non Program Property Tax current budget include a provision of \$808,195 to fund the Regional portion of the property tax rebate to be offered to eligible low-income seniors and low-income disabled persons under a new program to be offered by the Peel lower-tier municipalities under section 365 of the *Municipal Act*, 2001.

Regional staff be directed to review whether the current Regional property tax increase deferral program for low-income seniors and low-income persons with disabilities under section 319 of the *Municipal Act*, 2001 can be replaced by the tax relief proposed herein.

REPORT HIGHLIGHTS

- Regional Council referred the report of the Chief Financial Officer and Commissioner of Corporate Finance (CFO), dated October 5, 2009, titled "Tax Relief for Low-income Seniors and Low-income Disabled Persons Under Section 319 of the *Municipal Act*, 2001" (hereafter referred to as the "Act") to the 2010 Budget meeting and requested that the Chief Administrative Officer report back on the cost of providing tax relief for low-income senior and disabled persons, information on similar programs that are available at other municipalities and to clearly identify the program objectives.
- The Joint Regional and Area Municipal Tax Policy Team reviewed the available options of providing tax assistance to low-income senior and disabled taxpayers and is proposing a common rebate program under section 365 of the Act to be introduced and administered at the lower-tier municipal level starting in 2010.
- The lower-tier municipalities shall give notice to the Region of Peel of local by-law passage under section 365 of the Act and the Region to pass a by-law to provide a similar rebate of taxes levied for upper-tier purposes.
- The Boards of Education to assume their share of the cost of the new program under the lower-tier by-laws.
- Lower-tier municipal staff to prepare Council reports recommending cancellation of the City of Mississauga existing interest free loan program and the City of Brampton and Town of Caledon cancellation of their existing subsidy programs in order to eliminate duplication with the proposed new program.
- It would be prudent for Regional staff to investigate whether the assistance to be provided under section 365 of the Act will also meet the requirements under section 319 of the Act and cancel the existing tax deferral of all annual tax increases Regional program.

November 16, 2009

COMMON TAX REBATE PROGRAM FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

DISCUSSION

1. Background

On October 22, 2009 Regional Council referred to the 2010 Budget meeting the report of the CFO, dated October 5, 2009, titled "Tax Relief for Low-income Seniors and Low-income Disabled Persons Under Section 319 of the *Municipal Act*, 2001" and requested that the Chief Administrative Officer report back on the following:

- The cost to provide tax relief for low-income seniors and low-income disabled persons.
- Provide information on similar programs that are available in other municipalities in Canadian jurisdictions, including the former City of York.
- Consider the concern raised that other programs will be jeopardized by implementing a tax relief program and requested that the report clearly identify the program objectives.

2. Proposed Tax Relief Program

The Joint Regional and Area Municipal Tax Policy Team reviewed the various tax relief programs currently offered at the Regional and lower-tier levels and is proposing the introduction of a new tax relief program for eligible senior and disabled taxpayers for 2010 and future fiscal years. This new program will be administered by the Cities of Brampton and Mississauga and the Town of Caledon under section 365 of the *Act* and will provide a common tax assistance amount and have common eligibility criteria (see below). Tax assistance by-laws passed by a lower-tier municipality under section 365 of the *Act* apply to taxes for local municipal as well as school purposes. The upper-tier may pass a by-law after receiving notice of the lower-tier by-law passage to share in the cost of the tax assistance provided.

The Tax Policy Team is proposing that starting in 2010, each eligible taxpayer be offered a \$400 property tax rebate. This will be a new program for the City of Mississauga which currently does not offer a rebate program, but instead provides an annual interest free loan of \$500 to eligible taxpayers. Mississauga's current loan program has a very low participation rate and the cost to the City is minimal. The proposed program will therefore result in significantly higher costs in Mississauga. For the City of Brampton and the Town of Caledon the new program will replace the current \$300 rebate offered to eligible taxpayers. The cost of the current rebate program in Brampton and Caledon is entirely paid through the local municipal taxes, while the cost of the proposed new program will be shared by the Cities/Town, the Region as well as the school boards. Due to this sharing, Brampton and Caledon will experience favourable cost impacts while Mississauga and the Region will incur new costs.

a) Proposed Program Objectives

The Tax Policy Team identified the following objectives/principles of implementing a new program to provide tax relief to low-income seniors and low-income disabled persons:

1. Increase the tax relief currently offered to eligible applicants without significantly impacting the taxpayers that will fund the program cost
2. Provide a common rebate amount to eligible applicants across the Region
3. Use common eligibility criteria across the Region

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COMMON TAX REBATE PROGRAM FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

4. Promote low cost service delivery by eliminating duplicate programs
5. Share the costs of the program between the Region, the lower-tier municipalities and the school boards as allowed by the legislation

b) Proposed Eligibility Criteria

The Tax Policy Team reviewed the current eligibility criteria for the various tax assistance programs offered by the Region and the lower-tier municipalities and is proposing only some minor modifications. The common eligibility criteria for applicants would be as follows:

- 65 years of age and in receipt of the Guaranteed Income Supplement (GIS), or Handicapped and in receipt of benefits under the *Ontario Works Act* (OWA) or *Ontario Disability Support Program Act* (ODSPA)
- Must be the personal/principal residence
- Owned a property in the municipality for at least one year

c) Cost of the Proposed \$400 Rebate Program

The Tax Policy Team has estimated the 2010 cost of the proposed rebate program. The Region and the City of Mississauga will experience cost increases of \$808,195 and \$364,000 respectively (0.1% budget impacts) while the City of Brampton and Caledon will have cost decreases of \$228,085 and \$35,045 respectively (budget impact decreases of 0.1%). The school boards will also share in the program cost as allowed under section 365 of the *Act*. The following table outlines the estimated 2010 current costs.

	<u>Mississauga</u>	<u>Brampton</u>	<u>Caledon</u>	<u>Region</u>	<u>School Boards</u>
Estimated # of Applicants	<u>2,750</u>	<u>1,595</u>	<u>215</u>	<u>4560</u>	<u>4560</u>
Total Rebate	\$1,100,000	\$638,000	\$86,000		
- Education	(275,000)	(130,790)	(22,145)		\$427,935
- Region	<u>(517,000)</u>	<u>(256,795)</u>	<u>(34,400)</u>	\$808,195	
City/Town	\$308,000	\$250,415	\$29,455		
Less: Current Rebate	<u>-----</u>	<u>478,500</u>	<u>64,500</u>	<u>-----</u>	<u>-----</u>
Net Rebate Cost	\$308,000	(\$228,085)	(\$35,045)	\$808,195	\$427,935
Administration	<u>56,000</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Estimated Total Cost	<u>\$364,000</u>	<u>(\$228,085)</u>	<u>(\$35,045)</u>	<u>\$808,195</u>	<u>\$427,935</u>
Budget Impact	0.1%	(0.1%)	(0.1%)	0.1%	N/A

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COMMON TAX REBATE PROGRAM FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

d) Existing Tax Assistance Programs to be Cancelled

The Tax Policy Team is proposing that current lower-tier property tax assistance programs be cancelled upon introduction of the proposed new tax rebate program under section 365 of the *Act*. Specifically, staff will recommend that the City of Mississauga will cancel their existing interest free loan program passed under *The City of Mississauga Act* while the City of Brampton and Town of Caledon will cancel their existing subsidy programs passed under the authority of the *Municipal Elderly Resident's Tax Assistance Act* (now repealed) in order to eliminate duplication.

Additionally, Region of Peel staff will investigate whether the assistance to be provided under section 365 of the *Act* will also meet the mandatory requirements under section 319 of the *Act* and allow for the cancellation of the existing Regional tax deferral program.

3. Property Tax Assistance Comparison and Benefits Summary

A survey of tax assistance programs provided by municipalities across Canada indicates that there is not a consistent approach to offering property tax assistance to low-income senior and disabled taxpayers. In some provinces the assistance is offered at the provincial level (i.e. British Columbia, Manitoba, Saskatchewan) while in others there are programs offered at both the provincial and municipal levels. It is also noted that there is no consistency in the delivery of services/programs across the country as the responsibilities are different from province to province.

Appendix I provides a survey summary of the tax assistance programs that are offered by GTA lower-tier municipalities and the City of Toronto. The assistance offered is highest among the Halton Region lower-tier municipalities which have recently enacted by-laws under section 365 of the *Act*; while there are a number of municipalities not offering any property tax rebates to low-income senior/disabled taxpayers. Staff were not able to obtain information on property tax assistance programs that were offered by the former City of York as requested by Council.

The following table outlines the property tax related assistance that would be available to qualifying Peel low-income senior and disabled taxpayers assuming the proposed rebate program is approved for the 2010 fiscal year:

	<u>Seniors</u>	<u>Disabled</u>
<u>Current</u>		
Province of Ontario – maximum property tax credit	\$625	\$250
Province of Ontario – senior homeowner tax grant	500	—
<u>New</u>		
Peel – lower-tier property tax rebate	<u>400</u>	<u>400</u>
Total potential property tax assistance	<u>\$1,525</u>	<u>\$650</u>

The total potential seniors tax assistance available represents approximately 40% of the property taxes paid by an average residential property in each of Brampton, Mississauga and Caledon.

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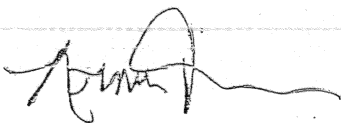
November 16, 2009

**COMMON TAX REBATE PROGRAM FOR LOW-INCOME SENIORS AND LOW-INCOME
DISABLED PERSONS****FINANCIAL IMPLICATIONS**

Approval of the proposed program will require a 2010 Non Program Property Tax current budget increase of \$808,195 to fund the Regional portion of the rebate. This will result in an impact of 0.1 percent on the 2010 current budget which will add \$1.64 on the average Regional portion of the 2010 property tax bill. The total property tax impact on taxpayers will be different at each lower-tier municipality as this is a new program in Mississauga while it is an enhancement to an existing program in Brampton and Caledon.

CONCLUSION

The Joint Regional and Area Municipal Tax Policy Team has reviewed the various tax relief programs currently offered at the Regional and lower-tier levels and is recommending the introduction of the new tax relief program for eligible senior and disabled taxpayers for 2010 and future fiscal years. Upon notification of lower-tier by-law passage under section 365 of the Act to adopt the rebate program, Regional staff will prepare a report and accompanying by-law to provide for a rebate of the prorated taxes levied for Regional purposes.



Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Dave Bingham at extension 4292 or via email at binghamd@peelregion.ca

Authored By: Jim Alpous

c. Legislative Services

Summary of GTA Lower-tier Municipalities and City of Toronto Current Tax Rebate Programs

MA-B4-3711

Municipality	Legislative Authority	Rebate		Seniors Yes/No	Disabled Yes/No	Criteria			
		Program	Amount			Age	Income	CVA	Ownership
Peel	s. 319 <i>Municipal Act</i>	Yes	Varies *	Yes	Yes/ODSP	60 & over	< \$36,000	< \$525,000	Yes
	<i>Elderly Resident's Tax Assistance Act</i>	Yes	\$300	Yes	No	65 & over	No	No	1 year
		Yes	\$300	Yes	No	65 & over	No	No	1 year
		No							
Durham		Yes	\$250	Yes	No	65 & over	GIS	No	Yes
	<i>Elderly Resident's Tax Assistance Act</i>	Yes	\$250	Yes	Yes	65 & over	GIS/ODSP	No	Yes
		Yes	\$250	Yes	No	65 & over	GIS	No	Yes
		Yes	\$250	Yes	No	65 & over	GIS	No	Yes
Halton		No							
		No							
		No							
		No							
Halton	s. 365 <i>Municipal Act</i>	Yes	\$450	Yes	No	65 & over	GIS	No	1 year
	s. 365 <i>Municipal Act</i>	Yes	\$400	Yes	No	65 & over	GIS	No	1 year
	s. 365 <i>Municipal Act</i>	Yes	\$475	Yes	No	65 & over	\$24,718	No	Yes
		No							
York	<i>Elderly Resident's Tax Assistance Act</i>	Yes	\$265	Yes	No	65 & over	GIS	No	1 year
		Yes	\$280	Yes	No	65 & over	GIS	No	1 year
		No							
		No							
York		No							
		No							
		No							
		No							
York		No							
		No							
		No							
		No							

* the Toronto program is a "Tax Increase Cancellation Program", and the amount varies on a property by property basis

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Appendix I - Tax Relief Programs for Seniors & Disabled Taxpayers

	Region of Peel	City of Mississauga	City of Brampton	Town of Caledon
Program Name	Tax Relief for Seniors and Persons with Disabilities	Low Income Seniors and Disabled Tax Loan	Elderly Residents Tax Assistance	Elderly Residents Tax Assistance
Brief Description	Interest free deferral of annual tax increases secured by a lien on the property. Application must be made annually. Repayment must be made for the total amount deferred.	Interest free loan secured by a lien on the property. Application must be made annually. Repayment must be made for the total loan amount.	Tax credit/rebate to eligible senior citizen property owners. Application must be made annually.	Tax credit/rebate for eligible applicants. Application must be made annually.
Mandatory/Optional	Mandatory Program *	Optional Program *	Optional Program *	Optional Program *
Legislative Reference	<i>Municipal Act</i> , Section 319	<i>The City of Mississauga Act</i>	By-law 105-93 **	By-law 92-100 **
Program Type	Deferral	Loan	Subsidy	Subsidy
Deductible Amount	N/A	N/A	N/A	N/A
Annual Benefit Amount	Varies	\$500	\$300	\$300
Program Sharing	Region, City/Town, and Province	City	City	Town
Eligibility Criteria	<ol style="list-style-type: none"> 1. 65 years of age and in receipt of the Guaranteed Income Supplement (GIS) 2. Must be the personal/principal residence 3. Owned the property for at least one year 4. Handicapped and in receipt of benefits under the <i>Ontario Works Act</i> (OWA) or <i>Ontario Disability Support Program Act</i> (ODSPA) 	<ol style="list-style-type: none"> 1. 65 years of age and in receipt of the GIS 2. Must be the personal/principal residence 3. Owned the property for at least one year 4. Handicapped and in receipt of benefits under the OWA or ODSPA 5. 60 years of age and in receipt of benefits under the OWA 	<ol style="list-style-type: none"> 1. 65 years of age and in receipt of the GIS 2. Must be the personal/principal residence 3. Have not claimed a tax credit on any other property for the year 	<ol style="list-style-type: none"> 1. 65 years of age and in receipt of the GIS 2. Must be the personal/principal residence 3. Must be the assessed owner for at least 5 years

* per the *Municipal Act*** passed under the authority of the *Municipal Elderly Residents Tax Assistance Act*