



City of  
**Peterborough**

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**To:** **Members of the Committee of the Whole**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **February 27, 2017**

**Subject:** **Report CPFS17-002**  
**Tax Credits and Rebates**

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## **Purpose**

A report to provide an overview of the current tax credit programs and to propose an amendment to further assist low-income seniors.

## **Recommendations**

That Council approve the recommendations outlined in Report CPFS17-002 dated February 27, 2017, of the Director of Corporate Services, as follows:

- a) That for 2018 and future taxation years, the City's tax assistance program to eligible Low Income Seniors and Low Income Persons with Disabilities be amended to provide a flat rate of relief to be granted in the amount of \$400.
- b) That existing eligible Low Income Seniors and Low Income Persons with Disabilities who currently receive an annual credit greater than \$400, be grandfathered at the higher amount.
- c) That the combined family net income threshold in the Ages 55-64 program of \$25,000 be changed to \$30,000 beginning with the 2018 taxation year.
- d) That the date of home ownership for eligible Low Income Seniors and Low Income Persons with Disabilities move from May 1 of the rebate year, to the full year prior to the rebate year.
- e) That the application deadline for the Low Income Seniors and Low Income Persons with Disabilities rebate program move from June 30, to February 15 of the rebate year.

- f) That By-law 06-075, being a by-law to provide for tax relief to eligible Low Income Seniors and Low Income Persons with Disabilities, be repealed and replaced with a new by-law at a later date.

## Budget and Financial Implications

An amount of \$127,700 has been included in the 2017 Operating Budget for the various tax credit programs.

<b>Program Name</b>	<b>2017 Budgeted Amount</b>
Tax Assistance to Elderly Residents 65 Years of Age and Over Tax Credit Program	\$115,000
Low Income Seniors and Low Income Persons with Disabilities Property Tax Assistance	\$9,000
Ontario Disability Support Property Tax Rebate program	\$200
Low Income Seniors Ages 55 – 64	\$3,500
<b>Total</b>	<b>\$127,700</b>

The budget impact of the recommendation a) depends on the number of eligible people who ultimately apply, but the net annual City requirement after deducting the school board's 13% share, is expected to be approximately \$25,000 and will be budgeted for in the program in 2018.

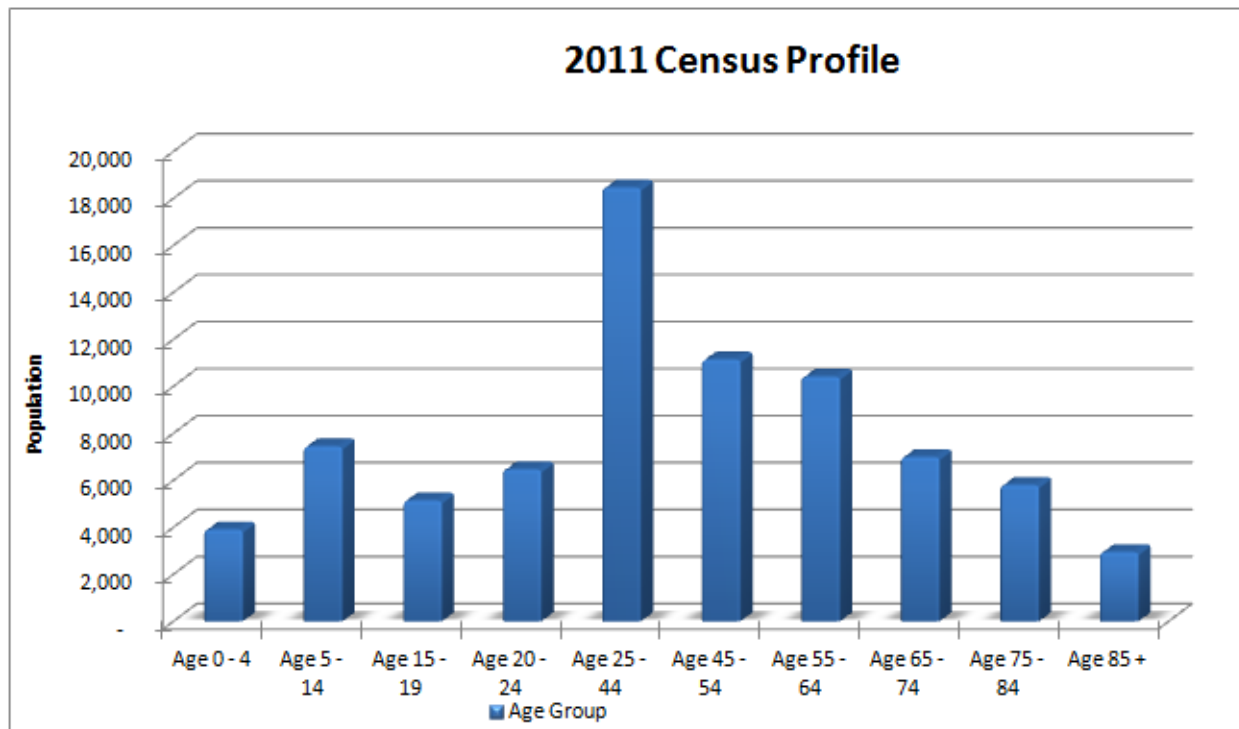
## Background

### City Population Demographics

Chart 1 provides a brief review of the City's demographics to help determine the number of potential people there are in the community that Council may, in some way, be providing property tax relief.

Specific demographic data from the Statistics Canada 2016 census is not yet available for Peterborough, however, according to the 2011 census data, 78,700 people live in the City and the number of people within certain age groups is set out in Chart 1.

**Chart 1**  
**2011 City Population By Age Group**



Staff have no way of correlating the number of people within certain groups to the number of single family dwellings owned by people within the age group for which a property tax credit may apply. Additionally, we have no way of knowing the income levels of people within the age group.

### History

In 2003, the City offered a flat rate credit of \$250.00. In 2005, the rebate amount to eligible low income seniors and low income persons with disabilities increased to \$375.00. These rebates were applied to any tax increase above a \$100 threshold amount.

Due to the introduction of the four-year phased in assessment in 2006, many properties were realizing substantial tax increases which would have seen the flat rate tax credit increase to \$625. It was resolved that the amount of credit that eligible low income seniors and low income persons with disabilities would receive be based on a formula per property that limited the net municipal and education tax levy increase from the tax year 2005, (which included the \$375.00 credit), to 2006 to no more than a 2% increase; and that the amount of credit available be capped at \$530.00. This was done to mitigate substantial increases due to re-assessment.

This maximum rebate cap increased to \$540.00 in 2007 and \$550.00 in 2008. The maximum eligible capped amount was increased to \$561.00 in 2009 and was the same through to and including the 2017 taxation year.

### **Existing Tax Assistance Programs**

Appendix A, attached to this report, provides a summary of the programs the City currently provides which includes:

- Low Income Seniors and Low Income Persons with Disabilities Property Tax Assistance Program;
- Ontario Disability Support Property Tax Rebate Program, and
- Persons who are age 55-64, and who have incomes of < \$25,000.

Appendix C provides an overview of the Provincial Programs related to property taxes and then summarizes the changes to the Municipal programs being proposed in this report.

Under the existing structure, the Low Income Seniors portion of the Low Income Seniors and Low Income Persons with Disabilities Property Tax Assistance Program are available only to seniors who are 65 years old and older and who are receiving the Basic Old Age Security and some portion of the Guaranteed Income Supplement. The fact people must be receiving some portion of the GIS to qualify for the Low Income Seniors portion of the Low Income Seniors and Low Income Persons with Disabilities Property Tax Assistance Program, makes the programs fairly easy to determine eligibility requirements. Staff simply need to confirm the recipients are receiving some portion of the GIS and there is no need for staff to perform any other income testing.

### **Age 55-64 low income senior**

In 2003, through Report FAFS03-027 Tax Credits and Rebates, a new category of low income seniors between the ages of 55-64 was created. Eligibility is for those whose taxable income, as determined by Customs Canada in its notice of assessment under the Income Tax Act (Canada) with respect to that person and his or her spouse for the taxation year immediately preceding the City Taxation year in which a credit is claimed, is no greater than \$25,000.

The new category provided Council with the ability to provide some additional relief to those in the community on fixed low pensions who may struggle to cope with tax increases and who would otherwise not qualify as they are not 65 years of age or older.

### **Ontario Disability Support Property Tax Rebate Program**

Low income persons receiving Ontario Disability Support payments, upon confirmation of receipt of the maximum shelter allowance (Amounts vary - 2016 - \$479 Single, Family of 5 - \$956), regardless of age, qualify for a tax credit.

Individuals are only eligible for one municipal program.

## Proposed Changes to Existing Programs

Staff are proposing that four changes be made to existing programs. The changes focus on the issues of fairness of application and simplicity of administration.

### 1) Credit - Flat Rate of \$400

The first change being proposed is that of returning to a flat rate fixed amount. The amount being recommended is \$400.00. Under the current rules, tax relief is calculated as the amount required to limit the property tax amount paid to no more than 2% more than the prior years property tax amount paid (including any credit given in the prior year). This results in tax credits of varying amounts. The maximum credit available is \$561.

The current calculation is difficult to explain to residents, and time consuming to administer, whereas moving to a fixed amount is easy to understand and administer.

With the current program, return applicants are receiving larger credits than eligible new residents or a resident that moves within the City of Peterborough. The reason for this is that last years credit is being applied to reduce the previous year's tax levy. A fairer way of implementing a credit program is that all eligible residents in the same circumstances receive the same amount of property tax credit.

A review of similar sized municipalities suggests that the flat rate credit approach is preferred by most. If Council is supportive, staff would apply the credit to the interim billing as an adjustment, rather than reducing the levy amount. As a transitional measure, any eligible resident currently in the program and receiving a credit of >\$400 would be grandfathered at the higher amount until they are no longer in the program.

Chart 2 provides an analysis of the recipients in the program in 2016.

**Chart 2**  
**2016 Program Statistics**

<b>Description</b>	<b>Number of Rebates</b>	<b>%</b>	<b>Total Rebate</b>	<b>Municipal Cost</b>
Rebates < \$400	115	46%	\$17,899	\$15,567
Rebates >\$400 but < \$561	23	9%	\$11,064	\$9,622
Rebates at maximum amount of \$561	111	45%	\$62,271	\$54,155
<b>Total</b>	<b>249</b>	<b>100%</b>	<b>\$91,234</b>	<b>\$79,344</b>
<b>Estimate Required to Bring 115 to \$400</b>			<b>\$28,100</b>	<b>\$24,438</b>

## **2) Age 55-64 Income Threshold**

The second change being proposed is a revision to the combined family net income used for the age's 55-64 low income relief. The current threshold is \$25,000 and has been this amount since the inception of the program in 2003.

Staff propose that the amount be changed to \$30,000 commencing with the 2018 taxation year. Although not the same as the threshold used in the Ontario Senior Homeowner's Property Tax Grant program (\$35,000 single, \$45,000 family net income), the revised amount is more reflective of today's economy.

## **3) Home Ownership Date**

The third change being proposed is a change to the date on which the residence must have been owned by. Currently that date is May 1 of the rebate year. Changing the ownership deadline to December 31 of the previous year is an easier and more consistent cut off as anyone purchasing property in the application year is not eligible until the following year. Regardless of when the cut off date is, homes will be sold and purchased throughout the rebate year. Properties purchased after December 31, will not qualify until the next year.

For example, if a credit is being applied in 2018, the owner must have owned the residence in the City as of January 1, 2017 to December 31, 2017. The participant would not be entitled to a tax credit in the year of sale, unless a subsequent purchase of property occurred in the City whereby the homeowner could effectively demonstrate continuous ownership throughout the calendar year.

## **4) Application Deadline**

The final change being proposed is to change the deadline for applications from June 30, to February 15.

The practical implication of this change will allow the credits to be processed on a go forward basis during the period of the Interim Tax Billing – the homeowner will receive the credit earlier in the year. Historically, the tax credit was applied during the Final Tax Billing in July.

## **City's Heritage Property Tax Credit Program**

No changes are being proposed, and the following is presented for information purposes only.

Owners of property designated under The Ontario Heritage Act and subject to a heritage conservation easement agreement may be eligible to receive tax relief for municipal and school purposes levied on their eligible heritage property in the amount of 40% for residential properties and 20% for commercial and multi-residential (including new multi-residential) properties.

Homeowners in receipt of a Heritage Property Tax Credit are not eligible for tax relief under the Low Income Seniors or Low Income Persons with Disabilities Property Tax Assistance Program.

## **Provincial Programs**

There are two Provincial programs also available to homeowners; both are geared towards providing some form of property tax relief. The programs are administered by the Province and are run completely independent of the City's programs. In addition to the municipal programs, homeowners may be eligible for one or both of the Provincial programs.

### **Ontario Senior Homeowner's Property Tax Grant**

This grant helps seniors with the cost of their property taxes. Details of that program are outlined on Appendix C as well. Generally it means that every senior in the Province who pays property taxes and who meets the income requirements, will be entitled to up to an amount of \$500.

The program provides relief to a number of City of Peterborough residents over and above any of the Municipal Programs for which they qualify.

### **Ontario Energy and Property Tax Credit**

This program is intended to help low to moderate income individuals with property taxes and the sales tax on energy. The credit is part of the Ontario Trillium Benefit.

The program is available to seniors, as well as non-seniors and students. Home ownership is not a prerequisite as the program is also available to those who rent, live in long-term care homes, or even a student residence.

The dollar amount of tax credit varies and is adjusted for inflation each year. For a homeowner who is also a senior, the maximum tax credit available in 2015 was \$1,148 (\$924 to help with property taxes and \$224 to with sales tax on energy).

## **Summary**

Council of the City of Peterborough has always demonstrated a concern for those in our community who are on low fixed incomes who face tax increases. The proposed changes outlined in this report simplify the mechanics of how the programs work, and will continue to help cushion tax increases for low income seniors and persons with disabilities.

Submitted by,

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Attachments:

Appendix A - Summary of Current Tax Rebates/Credits Available to Low Income Seniors and Disabled Persons and ODSP recipients

Appendix B - Summary of Proposed Tax Rebates/Credits Available to Low Income Seniors and Disabled Persons and ODSP recipients

Appendix C – Provincial Programs Available



## **Appendix A**

Summary of Current Tax Rebates/Credits Available to Low Income Seniors and Disabled Persons and ODSP recipients

# Report CPFS17-002 - Appendix A

## Summary of Current Tax Rebates/Credits available to

low income seniors/disabled, ODSP recipients and pre-seniors between 55 to 64 years of age

Type	Credit//Rebate Name	Enabling Legislation	Who Qualifies	2016 Amount	Estimated Number that received assistance in 2016	Total Municipal Cost 2016	Application Process
1	<b>Low Income Seniors Property Tax Program</b>	<ul style="list-style-type: none"> <li>- Mandatory program under Section 319 of the Municipal Act 2001 although \$ value and criteria are up to Council's discretion.</li> <li>- Section 365 of the Municipal Act 2001 enables tax credit to be shared with school board.</li> </ul>	<ul style="list-style-type: none"> <li>- Must be 65 or older by Dec 31 of previous year.</li> <li>- Applicant must solely own and occupy property (with spouse where applicable) as of May 1 of the application year.</li> <li>- Applicant and/or spouse must be receiving Guaranteed Income Supplement in addition to basic Old Age Security.</li> <li>- Annual application process.</li> </ul>	Variable up to a maximum of \$561	222	\$71,838	Must apply each Year in June, credit appears on final tax bill as reduction
2	<b>Low Income Pre-Senior Age 55 to 64 Property Tax Program</b>	<ul style="list-style-type: none"> <li>- Program created in 2003 at discretion of Council.</li> <li>- Program set up to mirror relief provided for those over 65 years of age.</li> <li>- Section 365 of the Municipal Act 2001 enables tax credit to be shared with school board.</li> </ul>	<ul style="list-style-type: none"> <li>- Applicant must be at least 55 years of age by Dec 31 of the year previous to application.</li> <li>- Net family combined taxable income of &lt;\$25,000.</li> </ul>	Variable up to a maximum of \$561	7	\$838	Must apply each Year in June, credit appears on final tax bill as reduction
3	<b>Low Income Persons with Disabilities Program</b>	<ul style="list-style-type: none"> <li>- Program created in 2002.</li> <li>- Program set up to mirror relief provided for those over 65 years of age.</li> <li>- Section 365 of the Municipal Act 2001 enables tax credit to be shared with school board.</li> </ul>	<ul style="list-style-type: none"> <li>- Applicant must be receiving funds through the Ontario Disability Support Program (ODSP)</li> <li>- Applicant must be receiving the maximum allowable Shelter Allowance under the ODSP.</li> </ul>	Variable up to a maximum of \$561	20	\$6,668	Must apply each Year in June, credit appears on final tax bill as reduction

## **Appendix B**

Summary of Proposed Tax Rebates/Credits Available to Low Income Seniors and Disabled Persons and ODSP recipients

# Report CPFS17-002 - Appendix B

## Summary of Proposed Tax Rebates/Credits available to

low income seniors/ disabled, ODSP recipients and pre-seniors between 55 to 64 years of age

Type	Credit//Rebate Name	Enabling Legislation	Who Qualifies	2016 Amount	Estimated Number that received assistance in 2016	Total Municipal Cost 2016	Application Process
1	<b>Low Income Seniors Property Tax Program</b>	<ul style="list-style-type: none"> <li>- Mandatory program under Section 319 of the Municipal Act 2001 although \$ value and criteria are up to Council's discretion.</li> <li>- Section 365 of the Municipal Act 2001 enables tax credit to be shared with school board.</li> </ul>	<ul style="list-style-type: none"> <li>- Must be 65 or older by Dec 31 of previous year.</li> <li>- Applicant must solely own and occupy property (with spouse where applicable) as of Jan 1 of the previous year.</li> <li>- Applicant and/or spouse must be receiving Guaranteed Income Supplement in addition to basic Old Age Security.</li> <li>- Annual application process.</li> </ul>	\$400	222	\$92,711	<ul style="list-style-type: none"> <li>- Must apply annually in February.</li> <li>- Appears as credit on interim tax bill reducing March instalment payable.</li> </ul>
2	<b>Low Income Pre-Senior Age 55 to 64 Property Tax Program</b>	<ul style="list-style-type: none"> <li>- Program created in 2003 at discretion of Council.</li> <li>- Program set up to mirror relief provided for those over 65 years of age.</li> <li>- Section 365 of the Municipal Act 2001 enables tax credit to be shared with school board.</li> </ul>	<ul style="list-style-type: none"> <li>- Applicant must be at least 55 years of age by Dec 31 of the year previous to application.</li> <li>- Net family combined taxable income of &lt;\$30,000.</li> </ul>	\$400	7 Plus	\$2,575	<ul style="list-style-type: none"> <li>- Must apply annually in February.</li> <li>- Appears as credit on interim tax bill reducing March instalment payable.</li> </ul>
3	<b>Low Income Persons with Disabilities Program</b>	<ul style="list-style-type: none"> <li>- Program created in 2002</li> <li>- Program set up to mirror relief provided for those over 65 years of age.</li> <li>- Section 365 of the Municipal Act 2001 enables tax credit to be shared with school board.</li> </ul>	<ul style="list-style-type: none"> <li>- Applicant must be receiving funds through the Ontario Disability Support Program (ODSP).</li> <li>- Applicant must be receiving the maximum allowable Shelter Allowance under the ODSP</li> </ul>	\$400	20	\$8,496	<ul style="list-style-type: none"> <li>- Must apply annually in February.</li> <li>- Appears as credit on interim tax bill reducing March instalment payable.</li> </ul>

## **Appendix C**

Provincial Programs Available

**Report CPFS17-002 - Appendix C**  
**Provincial Programs Available**

Type	Credit//Rebate Name	Enabling Legislation	Who Qualifies	2016 Amount	Estimated Number that received assistance in 2016	Total Municipal Cost 2016	Application Process
1	<b>Ontario Energy and Property Tax Credit</b>	Created under the Ontario Trillium Benefit, this program is designed to help low- to moderate-income Ontario residents with sales tax on energy and with property taxes.	<p>Persons with low and moderate income who:</p> <ul style="list-style-type: none"> <li>- is an Ontario resident</li> <li>- is 16 years or older</li> <li>- pays rent or property tax on principal residence in Ontario</li> </ul> <p>Completely independent of any Municipal Programs.</p> <p>Seniors can also qualify under the Ontario Senior Homeowner's Property Tax Grant Program.</p>	<p>Varies depending on net family income of applicant and spouse, where applicable. Based on previous year's income tax and benefits return.</p> <p>Combined benefit can range up to \$1,008 for non-seniors and up to \$1,148 for seniors depending on income for 2016.</p>	N/A	N/A	Application made directly to Canada Revenue Agency when filing income tax return.
2	<b>Ontario Senior Homeowner's Property Tax Grant</b>	Created in the Taxation Act, 2007, S.O. 2007, c11, Sch.A as part of the Province of Ontario's commitment to help seniors stay in their homes.	<ul style="list-style-type: none"> <li>- Must be 64 or older on or before Dec 31 of the previous year.</li> <li>- Meet the income requirements - max \$35,000.</li> <li>- A resident of Ontario.</li> <li>- Owns and occupies principal residence.</li> </ul> <p>Completely independent of any Municipal Programs.</p> <p>Seniors can also qualify under the Ontario Energy Homeowner's Property Tax Grant Program.</p>	Up to \$500 depending on adjusted family net income.	N/A	N/A	Application made directly to Canada Revenue Agency when filing income tax return.