

Request for Decision

Seniors' Rebate

Presented To:	Finance Committee
Presented:	Monday, Dec 05, 2011
Report Date	Wednesday, Nov 30, 2011
Type:	Follow Up Reports to Parking Lot Items

Recommendation

For Direction.

Staff are seeking direction on which rebate option Finance Committee would consider and the value of the option. Based on Finance Committee's decision, the appropriate option will be added to the 2012 Operating Budget voting process.

Background

History of the Elderly Property Tax Assistance Credit

At amalgamation, all senior homeowners that met the criteria of the program were eligible for a \$100 tax credit. In 2004, the credit was increased to \$150 and in 2008 it was increased again to \$200. The following outlines the criteria an individual must meet to be eligible for the tax credit:

- Receives the Guaranteed Income Supplement (GIS*) from the Federal Government
- Is a City of Greater Sudbury resident
- Is at least 65 years old, in the year the credit is claimed
- Is assessed as the owner of the residential property for the entire year prior to the year of application
- Occupies a single family dwelling unit in the City of Greater Sudbury on which municipal taxes have been levied in excess of \$600 annually
- The credit is also extended to a surviving owner, spouse or same sex partner

*The Guaranteed Income Supplement is an income tested, monthly benefit for seniors with limited incomes. It is a benefit that low income seniors receive in addition to their Old Age Security (OAS) pension.

Seniors' Assistance for Water/Wastewater Rebate

A Finance Committee request to provide a seniors rebate for water and wastewater charges was brought forward in a report to Policy Committee on November 16, 2011. The report proposed that the Finance Committee consider a water/wastewater rebate for eligible seniors and four options were prepared as follows:

Signed By

Report Prepared By

Ed Stankiewicz
Manager of Financial Planning & Policy
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Recommended by the Department

Lorella Hayes
Chief Financial Officer/Treasurer
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Recommended by the C.A.O.

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Options	Level of Rebate	% Fixed Portion of 2011 Water/Wastewater Bill	Estimated Total Cost	Est. Increase in Overall Water Rates
Option 1	\$50	12.5%	\$47,500	0.1%
Option 2	\$75	18.75%	\$71,250	0.15%
Option 3	\$100	25.0%	\$95,000	0.2%
Option 4	Status quo & no rebate program	-	-	-

Policy Committee referred this issue to the Senior Advisory Panel (SAP) and staff met with the SAP on November 17, 2011. At the Finance Committee of November 24, 2011, two requests were made:

1. What is the impact of a \$25 water/wastewater rebate?
2. Investigate a property tax credit of \$75 versus a \$75 water/wastewater rebate.

The value of a \$25 water/wastewater rebate would be 1/3 the value identified in the Policy Committee report. The value for each block of \$25 rebates is \$24,000, which translates to an approximate .05% increase in the water/wastewater rate.

\$75 Property Tax Credit versus \$75 Water/Wastewater Rebate

The City of Greater Sudbury's existing Elderly Property Tax Assistance Credit program of \$200 is provided for under Section 365 of the Municipal Act. This section of the Act allows the City to provide tax reductions for the purposes of relieving financial hardship. As a result of this provision, the School Boards participate in this tax reduction, lessening the impact on the City's budget. Due to area rating the education portion of the property tax bill varies from 13% to 15%. For this analysis a 14% education tax portion of the property tax bill will be used and an estimate of 950 applicants will be considered. Based on these assumptions, the total tax credit for this \$75 initiative would be borne by the City at \$64.50 and school boards at \$10.50 for a total estimated value of \$62,000 to the City.

The \$75 water/wastewater rebate would be borne by all water/wastewater rate payers. This initiative would increase the water/wastewater rate by approximately .15%. This would have no affect on the tax levy.

Options for Consideration

Option One

Increase the seniors' property tax credit. The criteria of the program would not change and the school boards would share proportionately in the program. If inflationary increases were applied since 2008, the credit would be approximately \$225. An increase of \$25 would be worth approximately \$21,000, while a \$75 increase would translate to \$62,000 on the tax levy or .03%.

Option Two

Provide a water/wastewater rebate for eligible seniors. The same criteria as outlined in the Elderly Property Tax Assistance Credit Program would be used. A \$25 rebate would translate into an additional \$24,000 expenditure to the water wastewater budget. A \$75 rebate would be worth approximately \$72,000 on the water wastewater budget and would be carried by all water and wastewater users through a 0.15% rate increase.

Option Three

Status Quo. Provide no additional assistance.

Conclusion

Staff are seeking direction on which rebate option the Finance Committee would consider and the value of this option.