# 3
# REINSTATEMENT OF PROPERTY TAX RELIEF PROGRAM FOR SENIORS AGED 65 OR OLDER

***(Regional Council at its meeting on February 19, 2004, deferred the foregoing Clause and Bill No. 21, relating to Property Tax Relief for Seniors.)***

**The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, January 12, 2004, from the Commissioner of Finance:**

## 1. RECOMMENDATIONS

It is recommended that:

1. Council reinstate the policy to provide an interest free deferral of property assessment related tax increases for qualified senior homeowners aged 65 or older.

2. Legal Services be authorized to prepare the necessary by-law to implement this change.

## 2. PURPOSE

The purpose of this report is to recommend the reinstatement of the interest free deferral of any property assessment tax increase for seniors aged 65 and older. The reinstatement of this policy is in response to the repealing of the Ontario Home Property Tax Relief for Seniors Act, 2003 ("the Act") by the current provincial government.

## 3. BACKGROUND

In 1998, in response to provisions under the Fair Municipal Finance Act, Regional Council approved a policy and by-law that would provide property tax relief on assessment related increases for low income seniors and low income disabled persons.

In June 2003, the Province enacted the Ontario Home Property Tax Relief for Seniors Act, 2003. The Act was to provide homeowners who are at least 65 years of age with a refund which was equal to the education portion of property tax paid on their principal residence.

Since the provincial refund program would have benefited seniors to a much greater extent than the tax deferral program, on September 18, 2003 Council amended its tax deferral program to no longer provide it to seniors aged 65 and older, effective January 1, 2004. However, Council's tax deferral for low income seniors aged 55 to 64 and low income disabled persons continued.

In December 2003, the McGuinty government repealed the Act prior to any senior homeowners receiving an education tax grant.

## 4. ANALYSIS AND OPTIONS

With the repeal of Ontario Home Property Tax Relief for Seniors Act, senior homeowners in York Region will not be provided with the tax relief that was contemplated when Council amended its property tax deferral policy in September 2003.

It is therefore recommended the policy to defer "assessment-related tax increases" per calendar year for qualified seniors aged 65 or older until the disposition or transfer of their property be reinstated.

## 5. FINANCIAL IMPLICATIONS

Reinstating the tax deferral program for seniors of 65 years of age and older is estimated to impact the Region by about $10,000 annually. In 2002, only 86 seniors participated in the Region's tax deferral program, which represents less than 0.1% of the eligible senior homeowners. The tax deferrals for homeowners (property and education) aged 65 and older ranged from $25 to over $1,000 with an average of $258.

## 6. LOCAL MUNICIPAL IMPACT

The local municipal share represents approximately 25% of total deferment amount. Of the $22,216 tax deferred in 2002, an estimated $5,700 was deferred by local municipalities.

## 7. CONCLUSION

This report recommends that in response to recent legislative changes, the original policy approved by Council to defer property assessment tax increases for seniors aged 65 and older be reinstated.

The Senior Management Group has reviewed this report.