



Subject: Deed Transfer Tax Report #4
To: Corporate and Residential Services Committee
Date Prepared: February 26, 2024
Related Motions: C23(38), CRS24(5); CRS24(44)
Prepared by: Kim Ramsay, CPA, CMA, Chief Administrative Officer
Approved by: Kim Ramsay, CPA, CMA, Chief Administrative Officer

Summary

This report is a follow up report to Deed Transfer Tax (DTT) discussions held in January and February 2024. This report outlines the previously agreed upon direction that the DTT budget can increase from \$2.1 to \$3 million in 2024-2025 and contemplates the best use of the increase to revenue. The report also discussed the three operating grants currently in place from the General Tax Rate (GTR) and provides Committee members with a broader data set, and tax burden information from each district.

Financial Impact Statement

Various scenarios in this report will impact the operating budget differently.

The recommended scenario will see the GTR reduced by 1 cent and new Growth Management Grants allocated to Uniacke (equivalent of 2.5 cents) and Enfield and NMR Lights to the equivalent of 2 cents.

Cost to the municipality is \$237,294, Decrease to GTR of 1.04 cents. DTT budget increased to \$3 million.

Recommendations

Increase DTT budget to \$3,000,000, allocating \$381,000 to a Municipal Buildings & Property Reserve and using the remainder to establish new Growth Management Grants for Uniacke, NMR Streetlights and Enfield Streetlights and reduce the GTR by 1 cent.

New Growth Management Grants: Allocate the equivalent to 2.5¢ to Uniacke and 2¢ equivalent to NMR and Enfield District 10 Streetlight rates by allocating \$143,221 to a Uniacke Growth Management Reserve and reducing the Enfield and NMR Streetlight rates by 2 cents each (\$42,081 and \$51,992 respectively).

Recommended Motion

Recommend that the draft budget be tabled with an increase to the Deed Transfer Tax budget to \$3,000,000 and that the Budget Management Policy be amended to include direction to staff on the Deed Transfer Tax draft budget each year per the recommendation in this report (Section 10.1).

And, that the Budget Management Policy be updated for the February 28th Council meeting to document the Growth Management Grants to the Urban Service Rate, the Uniacke Districts, Nine Mile River Streetlights and Enfield/Grand Lake Streetlights.

February 28th, 2024 Council:

Move that Council give notice of intent to approve the revisions to the Budget Management Policy, as attached to the February 28th, 2024 Council Agenda.

March 27th, 2024 Regular Meeting of Council:

Move that Council approve the revisions to the Budget Management Policy, as per the notice at the February 28, 2024 Council meeting.

Background

MOTION CRS24(44)

Direct staff to prepare a report regarding the number of residents, both in number of people, number of properties and assessments, of those in the who are not on the USR, so committee can continue with deliberations.

Note: Population breakdowns are not available by electoral districts with enough certainty to make informed decisions.

Discussion

GENERAL TAX RATE

Assumption: This report assumes Committee will recommend an increase to the Deed Transfer Tax budget from \$2,123,000 to \$3,000,000. The average of the actual past two full fiscal years and the projection for the current year of 2023-2024 is \$3,230,000. There is also Deed Transfer Tax Reserve of \$289,000 should it be required.

Of this \$877,000 increase, approx. 43% would be set aside in reserve (\$381,000 - 13% of \$3 million) and \$495,996 would be used to reduce rates per the recommendation and discussion coming from this report. This is the equivalent of 2 cents per \$100 of residential and resource assessment.

Policy Change:

The following Budget Management Policy revision is being recommended:

10.1 Deed Transfer Tax

The initial draft of the Operating Budget shall use an estimate of the annual Deed Transfer Tax revenue between 80% and 90% of the average past two full fiscal years and the projected current years actual revenues. The amount to be used as the final budget figure for the Deed Transfer Tax shall be decided in consultation with Council.

10.2 Portion of Deed Transfer Tax Allocated to Reserves

The initial draft of the Operating Budget shall include an allocation of 13% of the Deed Transfer Tax budget to Reserves for Municipal Buildings and Property. This reserve will provide funding for a variety of general tax rate purposes including land purchases, tourism sites, building construction, building repairs, office space, and business park developments. These annual contributions will continue until such a time as Council believes the reserve balance is adequate. Council has discretion to alter this amount in any given budget year.

OPERATING GRANTS

Assumption: The Municipality will maintain the three operating grants currently in place

The Municipality has three operating grants that allocate funds from the General Tax Rate. Along with the DTT Grant to the urban service rate the Municipality funds the Operating Grants for the smaller fire departments and a \$10,000 allocation to the East Hants Sportsplex rate.

FIRE OPERATING GRANTS

The annual Operating Grant is paid to volunteer fire departments operating within the boundaries of the Municipality whose assessment base is less than \$94 million dollars; this assessment cap is increased by the Consumer Price Index (CPI) each year as is the grant amount. The current grant is \$11,506 per year, per below. Fire Operating Grants of \$69,035 (equivalent of 2 cents) are funded by the GTR and increased by CPI each year:

- Maitland - \$11,506
- Noel - \$11,506
- Walton - \$11,506
- Gore - \$11,506
- Kennetcook - \$11,506
- Rawdon- \$11,506

EAST HANTS SPORTSPLEX

When the East Hants Sportsplex rate was established, the Council of the day granted \$10,000 to the East Hants Sportsplex Area Rate in recognition of the people who live outside of the catchment area and who visit the facility. This amount has not been indexed and remains at \$10,000.

URBAN SERVICE RATE GRANT

The Urban Service Rate Grant was first awarded in 2003-2004 and was equal to 50% of the deed transfer tax collected in that year. The grant was established to help remedy the increasing tax burden being felt by those in the serviced area as Enfield, Elmsdale and Lantz assessments rose. The current grant is equivalent to 3.8 cents. Tables 1 through 4 have data broken out between USR and the rest of the Corridor. The data shows the significant contribution made to the overall financial health and growth of this area. This growth comes at a cost for infrastructure that is not yet matched by any other growth in the municipality.

Year	DTT Collected	DTT Transfer	% to Corridor
2003-2004	\$ 490,306	\$245,154	50%
2004-2005	\$ 730,742	\$300,343	41%
2005-2006	\$ 930,002	\$310,000	33%
2006-2007	\$ 1,193,983	\$417,894	35%
2007-2008	\$ 1,242,751	\$497,101	40%
2008-2009	\$ 1,151,260	\$460,504	40%
2009-2010	\$ 1,137,460	\$454,984	40%
2010-2011	\$ 1,150,779	\$460,312	40%
2011-2012	\$ 1,232,090	\$400,000	32%
...			
2022-2023	\$ 3,363,546	\$400,000	12%
2023-2024	\$ 3,200,000	\$430,800	13%

Note: The grant was stabilized between 2011 and 2022.

ALTERNATIVE ALLOCATIONS OF THE 2¢

Assumption: Council does not want to remove the operating grants to the USR, Fire Operations or EHSP.

Assumption: Council has expressed a desire to provide some sort of grant to those who do not currently receive a similar benefit to the above noted operating grants.

The three areas would be Enfield District 10 properties that pay the Enfield/Grand Lake Lights rate, Nine Mile River streetlight area, and the two Mount Uniacke Districts.

Assumption: There is significant variance in the tax burden across the municipality (see APPENDIX A for District maps), with properties in the urban core and suburban areas of Uniacke contributing significantly more per dwelling (\$2,187 to \$2,417) than in other areas (\$1,179 and \$1,367) - TABLE 2. To this end, it is assumed that with this significant budget increase in the DTT and in recognition of where the DTT is collected (TABLE 4), Council would seek to see some reduction in the General Tax Rate to the benefit of everyone to reduce this overall burden.

Scenario 1:

Allocate \$104,325 of DTT uptick; Reduce General Tax Rate by 1.58 cents

	Equivalent of			
	1¢	1.5¢	2¢	2.5¢
Mount Uniacke	\$ 57,289	\$ 85,933	\$ 114,577	\$ 143,221
Nine Mile River Lights	\$ 25,996	\$ 38,994	\$ 51,992	\$ 64,990
Enfield/Grand Lake Streetlights	\$ 21,040	\$ 31,561	\$ 42,081	\$ 52,601

Recommendation to achieve: Allocate the equivalent to 1¢ to Uniacke and to NMR and Enfield District 10 Streetlight rates.

Growth Management Grants = \$104,325; GTR = Reduced by \$391,671 (-1.58¢/\$100)

Scenario 2:

Allocate \$208,650 of DTT uptick; Reduce General Tax Rate by 1.16 cent

	Equivalent of			
	1¢	1.5¢	2¢	2.5¢
Mount Uniacke	\$ 57,289	\$ 85,933	\$ 114,577	\$ 143,221
Nine Mile River Lights	\$ 25,996	\$ 38,994	\$ 51,992	\$ 64,990
Enfield/Grand Lake Streetlights	\$ 21,040	\$ 31,561	\$ 42,081	\$ 52,601

Recommendation to achieve: Allocate the equivalent to 2¢ to Uniacke and to NMR and Enfield District 10 Streetlight rates.

Growth Management Grants = \$208,650; GTR = Reduced by \$287,346 (-1.16¢/\$100)

Scenario 3:

Allocate \$237,294 of DTT uptick; Reduce General Tax Rate by 1.04 cents

	Equivalent of			
	1¢	1.5¢	2¢	2.5¢
Mount Uniacke	\$ 57,289	\$ 85,933	\$ 114,577	\$ 143,221
Nine Mile River Lights	\$ 25,996	\$ 38,994	\$ 51,992	\$ 64,990
Enfield/Grand Lake Streetlights	\$ 21,040	\$ 31,561	\$ 42,081	\$ 52,601

Recommendation to achieve: Allocate the equivalent to 2.5¢ to Uniacke and 2¢ equivalent to NMR and Enfield District 10 Streetlight rates.

Growth Management Grants = \$237,294; GTR = Reduced by \$258,702 (-1.04¢/\$100)

Based on the data in Tables 1 through 4, this would be the recommended scenario. This can be achieved by allocating \$143,221 to a Uniacke Growth Management Reserve and reducing the Enfield and NMR Streetlight rates by 2 cents each (\$42,081 and \$51,992 respectively)

GRANTS IN POLICY

Assumption: Council will capture the Growth Management Grants in Policy.

Policy Change:

The following Budget Management Policy revision is being recommended:

10.3 Growth Management Grant

Council will draft budgets with the following Growth Management Grants:

- 1) Urban Service Rate an amount equal to \$444,585 for the fiscal year 2024-2025 with an increase of CPI thereafter.
- 2) Uniacke Growth Reserve an amount equal to \$143,221 for the fiscal year 2024-2025 with an increase of CPI thereafter.
- 3) Enfield Streetlights an amount equal to \$42,081 for the fiscal year 2024-2025 with an increase of CPI thereafter.
- 4) NMR Streetlight rate an amount equal to \$51,992 for the fiscal year 2024-2025 with an increase of CPI thereafter.

Note: An equivalent Operating Grant for smaller fire departments is captured in the Fire Grant Policy.

Should the draft budget propose an increase to the General Tax Rate, the Growth Management Grants may be reduced per Council review.

Alternative: The policy could be written as an equivalent of a cent each year.

Data Review

TABLE 1: GENERAL TAX RATE OVERVIEW BY AREA & DWELLING UNITS

BREAKDOWN OF GENERAL TAX REVENUE BY AREA (UPDATED)								
	RESIDENTIAL	RESOURCE	COMMERCIAL	DWELLINGS	GTR REVENUE	% OF TOTAL GTR REV	RES/RES GTR REVENUE	RES/RES % OF TOTAL GTR RES/RES REV
CORRIDOR - USR	\$ 1,014,644,900	\$ 22,464,200	\$ 130,539,400	3,476	\$ 11,755,446	47%	\$ 8,400,584	42%
CORRIDOR	\$ 471,674,100	\$ 8,007,500	\$ 17,628,500	2,842	\$ 4,338,473	17%	\$ 3,885,421	19%
RURAL	\$ 386,666,000	\$ 34,185,200	\$ 15,975,600	2,891	\$ 3,819,468	15%	\$ 3,408,895	17%
UNIACKE	\$ 535,443,400	\$ 6,890,700	\$ 35,659,900	2,009	\$ 5,309,366	21%	\$ 4,392,906	22%
TOTAL	\$ 2,408,428,400	\$ 71,547,600	\$ 199,803,400	11,218	\$ 25,222,753	100%	\$ 20,087,806	100%

TABLE 2: GENERAL TAX RATE OVERVIEW BY AREA & DWELLING UNITS

BREAKDOWN OF RESIDENTIAL/RESOURCE GENERAL TAX REVENUE BY DWELLING				
	GTR RES/RES REVENUE	# Dwellings	\$ of GTR per Dwelling	% OF GTR LEVIED
CORRIDOR - USR	\$ 8,400,584	3,476	\$ 2,417	42%
UNIACKE	\$ 4,392,906	2,009	\$ 2,187	22%
CORRIDOR - OTHER	\$ 3,885,421	2,842	\$ 1,367	19%
RURAL	\$ 3,408,895	2,891	\$ 1,179	17%
TOTAL	\$ 20,087,806	11,218		100%

TABLE 3: 8 YEAR GROWTH BY AREA

		Residential & Resource	%AGE of Growth	Commercial 02	%AGE of Growth	Dwelling	%AGE of Growth
1 Enfield	1	\$ 128,025,200	14%	\$ 4,571,900	6%	235	19%
2 Elmsdale/Belnan	2	\$ 87,987,100	10%	\$ 33,692,200	43%	68	5%
3 Milford/Nine Mile River	3	\$ 69,372,600	7%	\$ 9,127,600	12%	86	7%
4 Shubenacadie	4	\$ 33,997,700	4%	\$ 2,334,200	3%	19	2%
5 Maitland/MacPhees Corner	5	\$ 47,999,400	5%	\$ 1,242,800	2%	44	4%
6 Walton/Noel/Kennetcook	6	\$ 36,719,900	4%	\$ 1,431,100	2%	36	3%
7 Lantz/Milford	7	\$ 124,496,500	13%	\$ 3,491,100	4%	326	26%
8 Mount Uniacke	8	\$ 93,650,000	10%	\$ 19,896,300	25%	50	4%
9 South/East Uniacke	9	\$ 142,043,300	15%	\$ 144,000	0%	186	15%
10 Enfld/Grand Lake	10	\$ 104,175,700	11%	\$ 1,020,900	1%	121	10%
11 Rawdon/Gore	11	\$ 57,324,500	6%	\$ 1,171,500	1%	66	5%

TOTAL		\$ 925,791,900	100%	\$ 78,123,600	100%	1,237	100%
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CORRIDOR OTHER		\$ 167,781,300	18%	\$ 6,196,600	8%	197	18%
CORRIDOR USR		\$ 380,273,500	41%	\$ 48,041,300	61%	537	48%
NORTH (5,6 & 11)		\$ 142,043,800	15%	\$ 3,845,400	5%	146	13%
UNIACKE		\$ 235,693,300	25%	\$ 20,040,300	26%	236	21%

TOTAL		\$ 925,791,900	100%	\$ 78,123,600	100%	1,116	100%
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TABLE 4: DEED TRANSFER OVERVIEW BY AREA & # OF TRANSACTIONS

The Municipality collects 1.5% Deed Transfer Tax (DTT) from each independent sale of property in the Municipality. The people purchasing homes are the same people subject to much higher tax burdens than their long-term neighbours given the increase in their market values and the removal of the CAP from the prior owners' tax bill calculation. The amount collected in the areas and per transaction is significantly higher in the Corridor (USR and Other) than in Uniacke or the northern regions of East Hants.

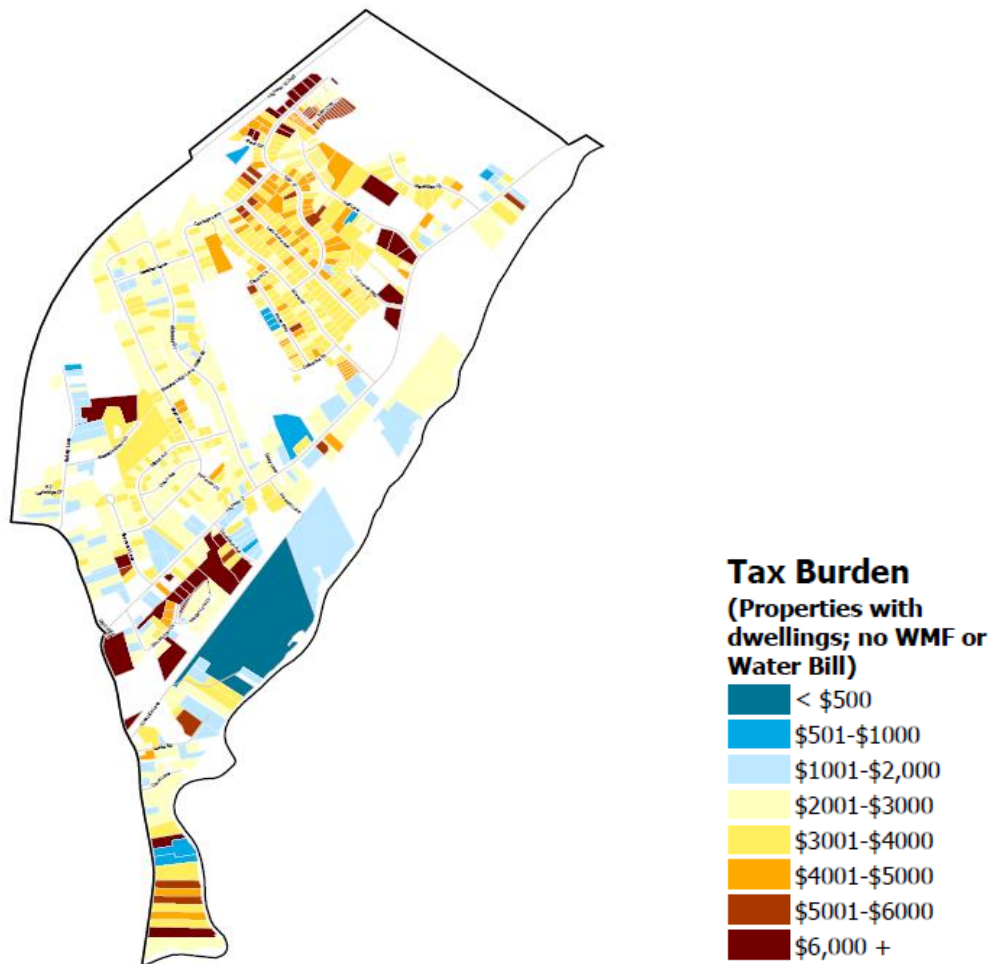
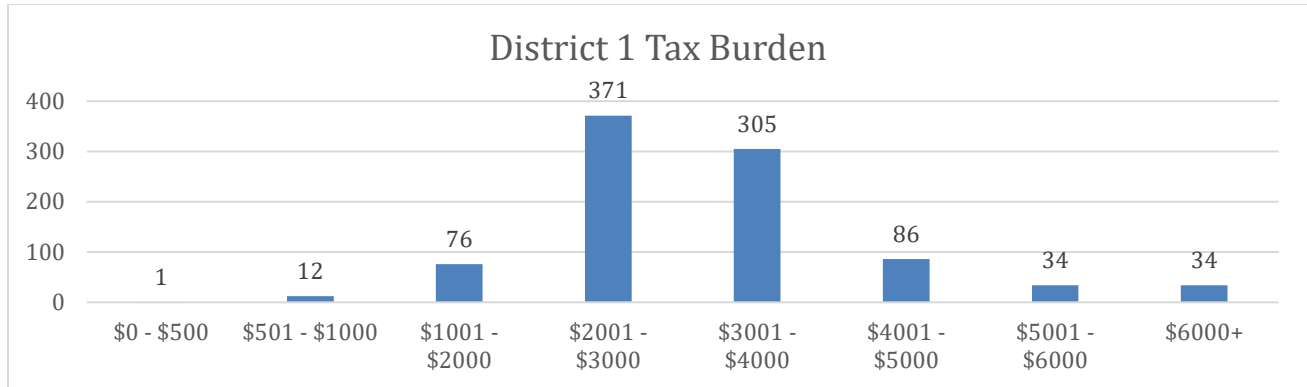
DEED TRANSFER TAX COLLECTED BY AREA		
AREA	TOTAL \$ COLLECTED	PERCENT OF TOTAL COLLECTED
CORRIDOR - USR	\$1,387,653	41%
CORRIDOR - OTHER	\$727,143	22%
NORTHERN - 5, 6, 11	\$406,575	12%
UNIACKE - 8, 9	\$842,025	25%
	<u>\$ 3,363,396</u>	

DEED TRANSFER TAX COLLECTED PER TRANSACTION		
AREA	TOTAL \$ COLLECTED	AVERAGE \$ PER TRANSACTION
CORRIDOR - USR	\$1,387,653	\$ 6,140
CORRIDOR - OTHER	\$727,143	\$ 5,308
NORTHERN - 5, 6, 11	\$406,575	\$ 2,420
UNIACKE - 8, 9	\$842,025	\$ 4,386
	<u>\$ 3,363,396</u>	

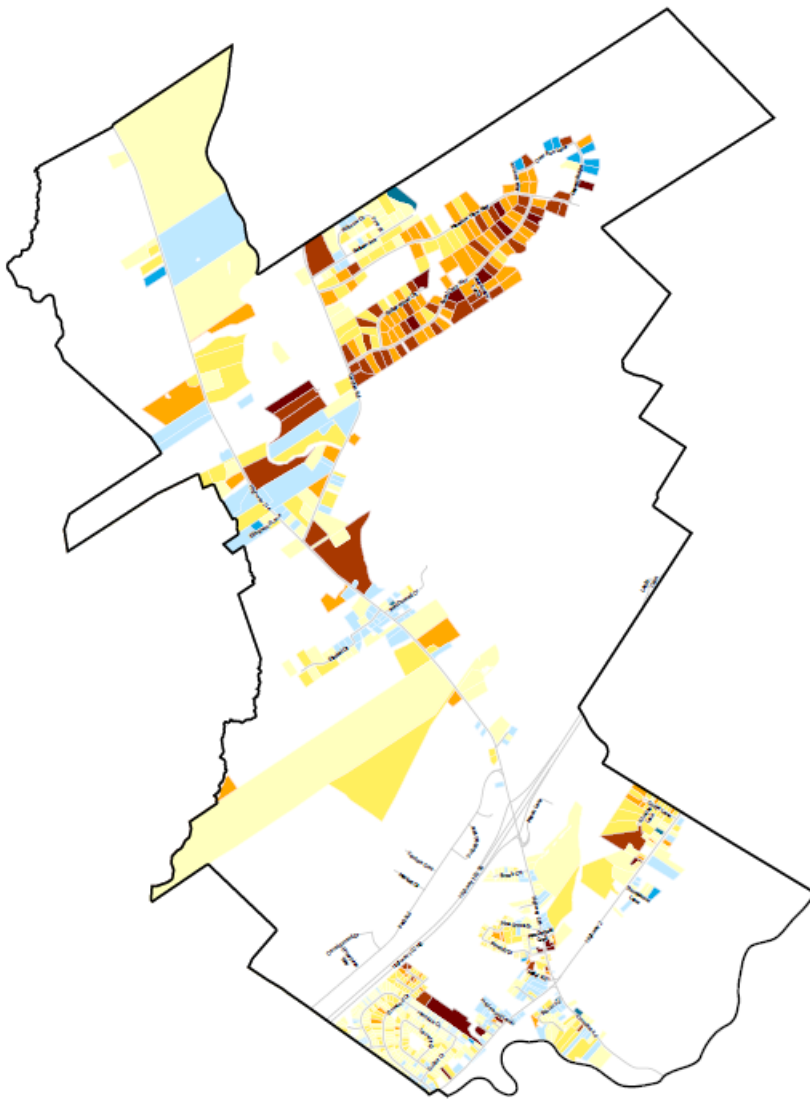
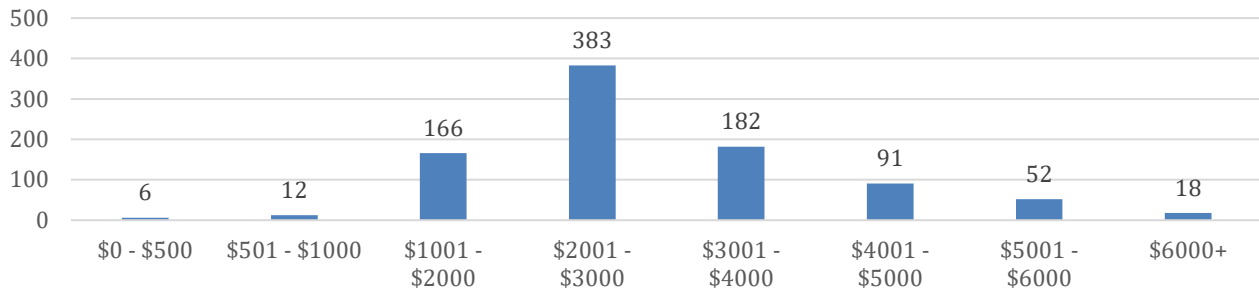
APPENDIX A: TAX BURDEN BY DISTRICT

The following tables demonstrate the tax burden from the final bills in 2023 by District for any property with residential assessment, with a civic number. The tables demonstrate that 50% of Enfield (1,10) tax bills are over \$3,000 while 6% of the northern region’s (5,6,11) tax bills exceed \$3,000. The same figures for Uniacke (8,9), Elmsdale/Lantz (2,7) and Shubie/Milford (4,3) are 32%, 35% and 23% respectively. The wastewater management fee and water bills are not included in the burden.

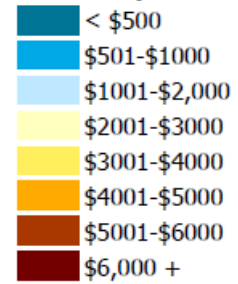
If Council has opportunity to reduce the general tax rate to benefit everyone across districts, this would be to the benefit of those paying a significant tax burden, some as a result of the CAP being removed from their new home’s assessment.



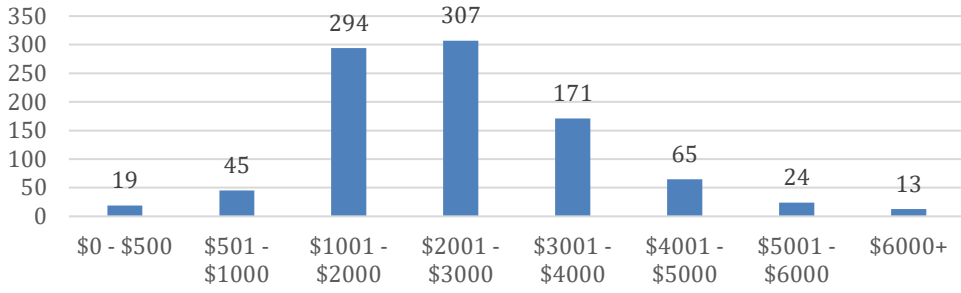
District 2 Tax Burden



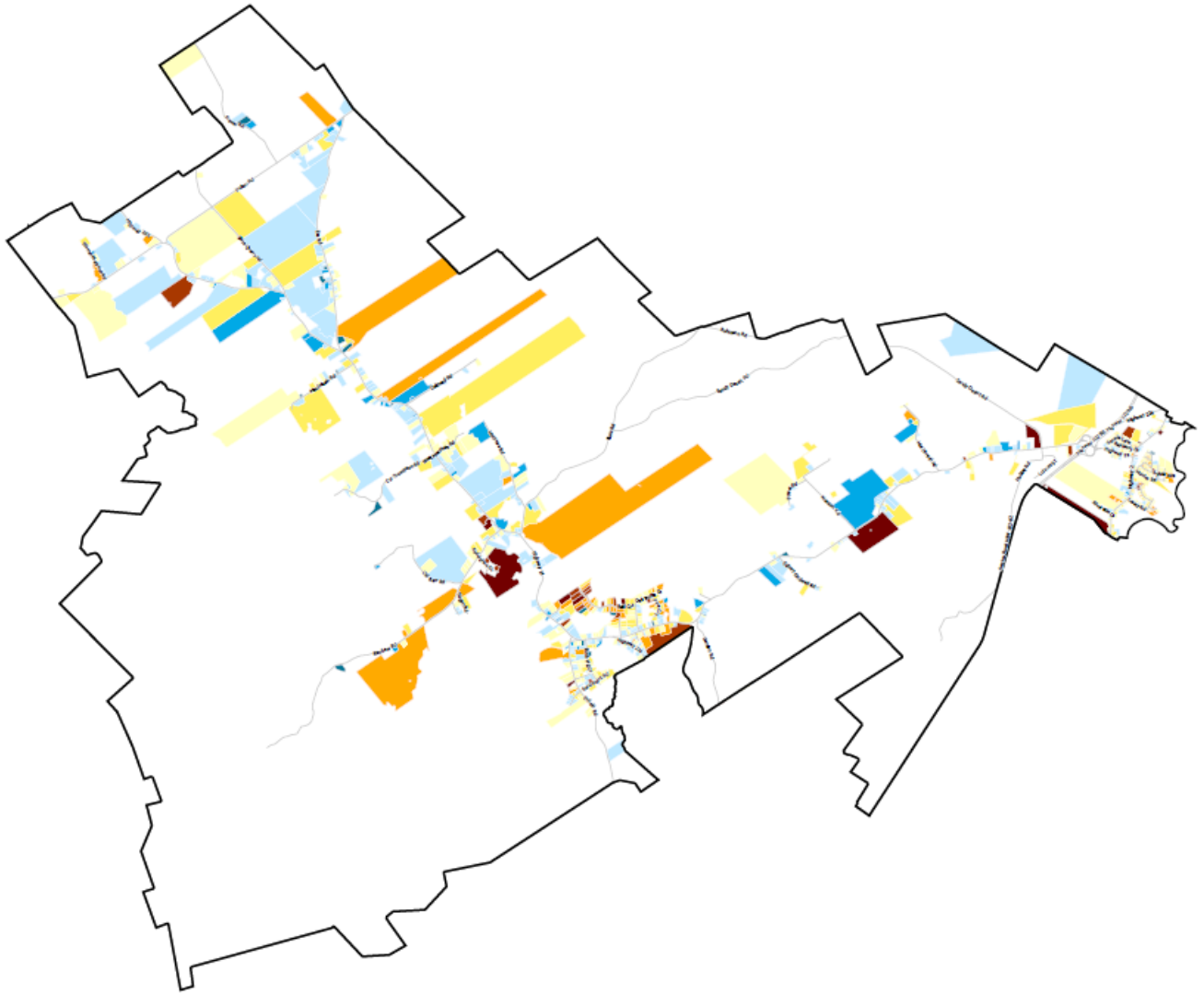
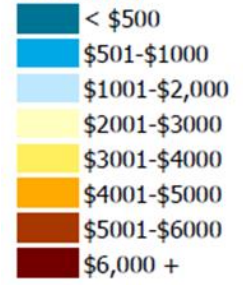
Tax Burden (Properties with dwellings; no WMF or Water Bill)



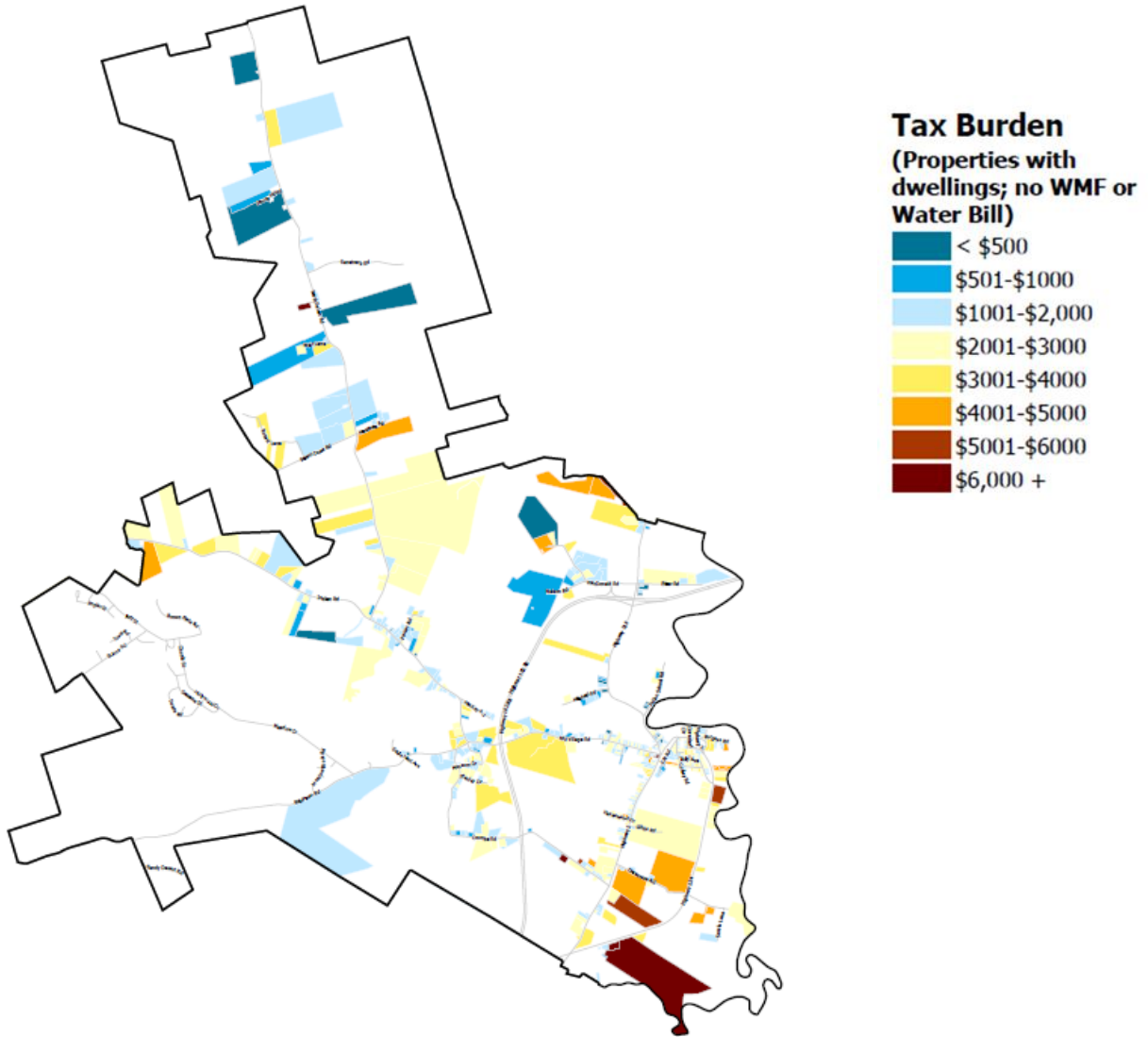
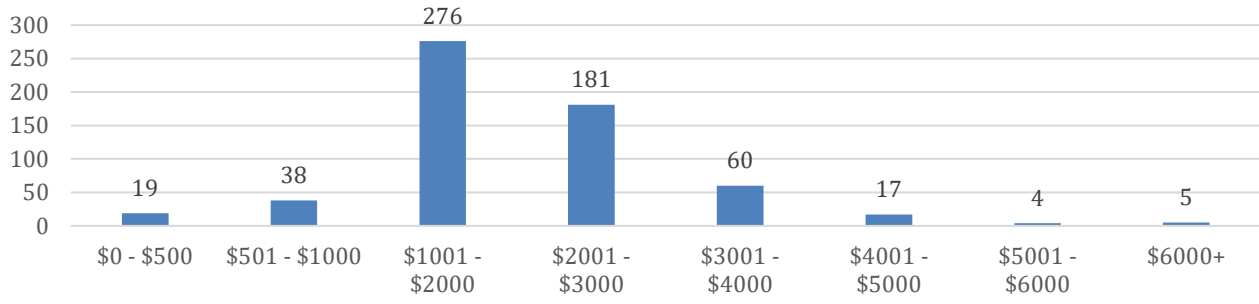
District 3 Tax Burden



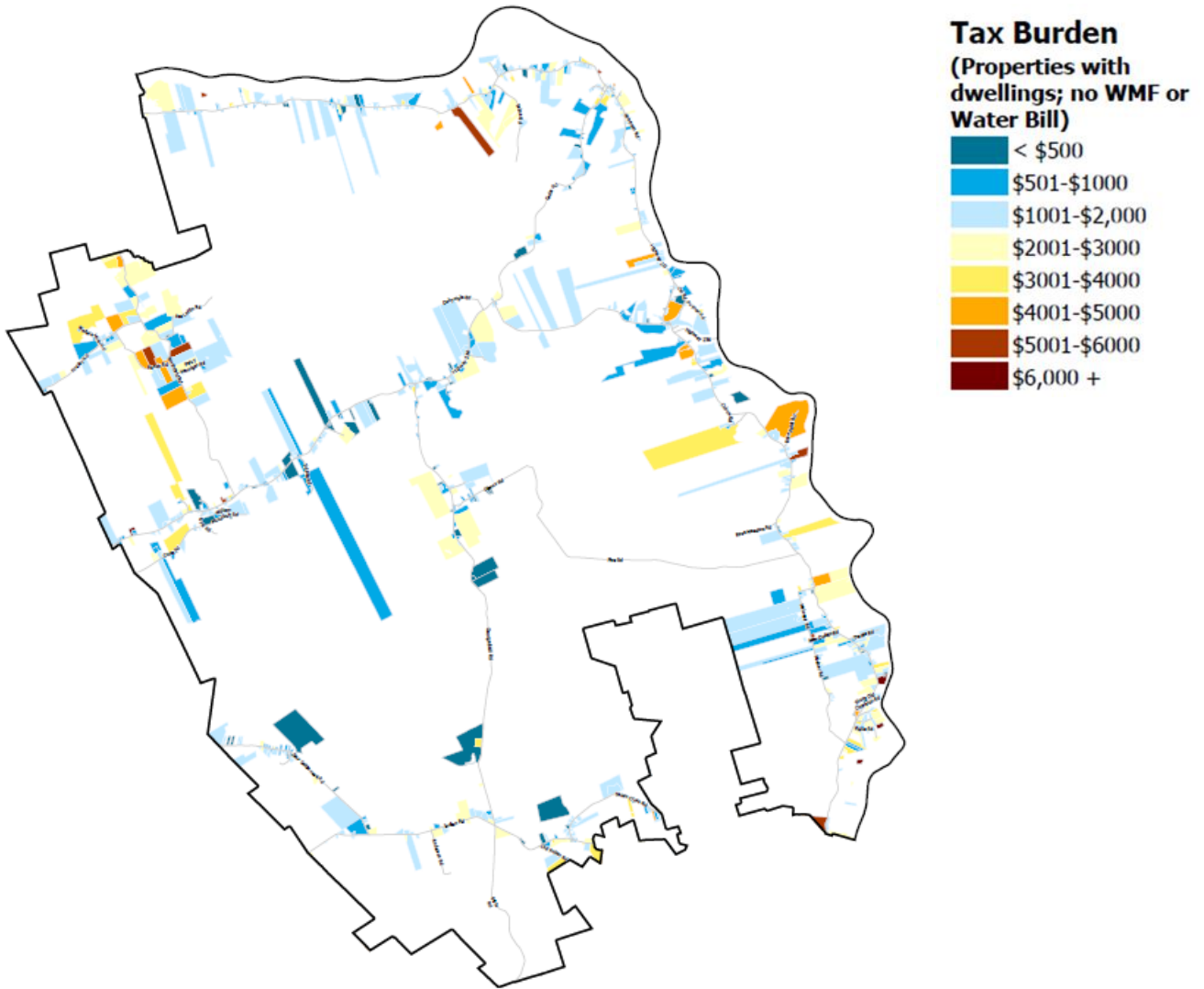
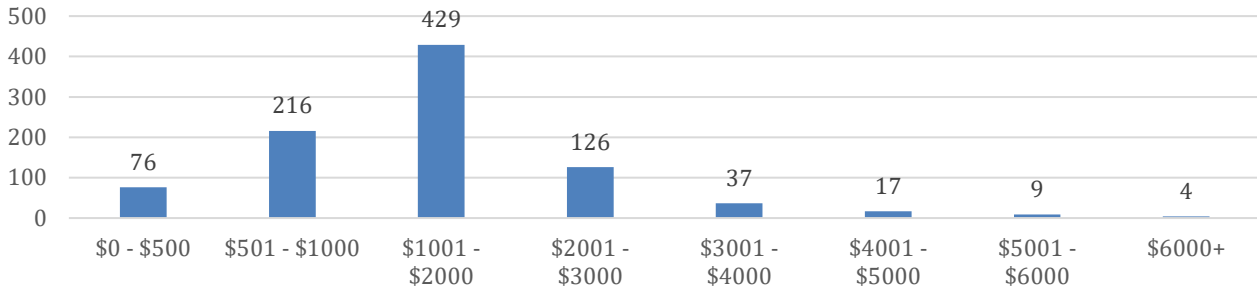
Tax Burden (Properties with dwellings; no WMF or Water Bill)

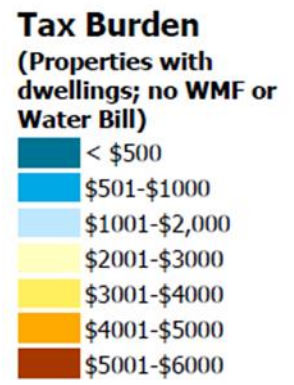
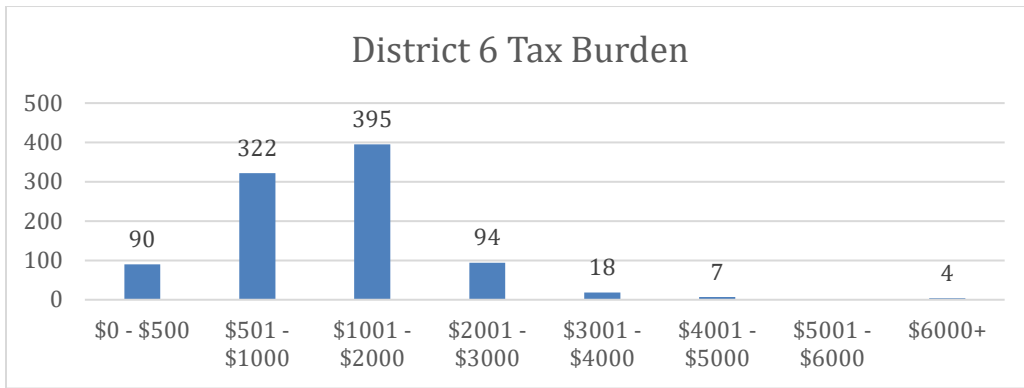


District 4 Tax Burden

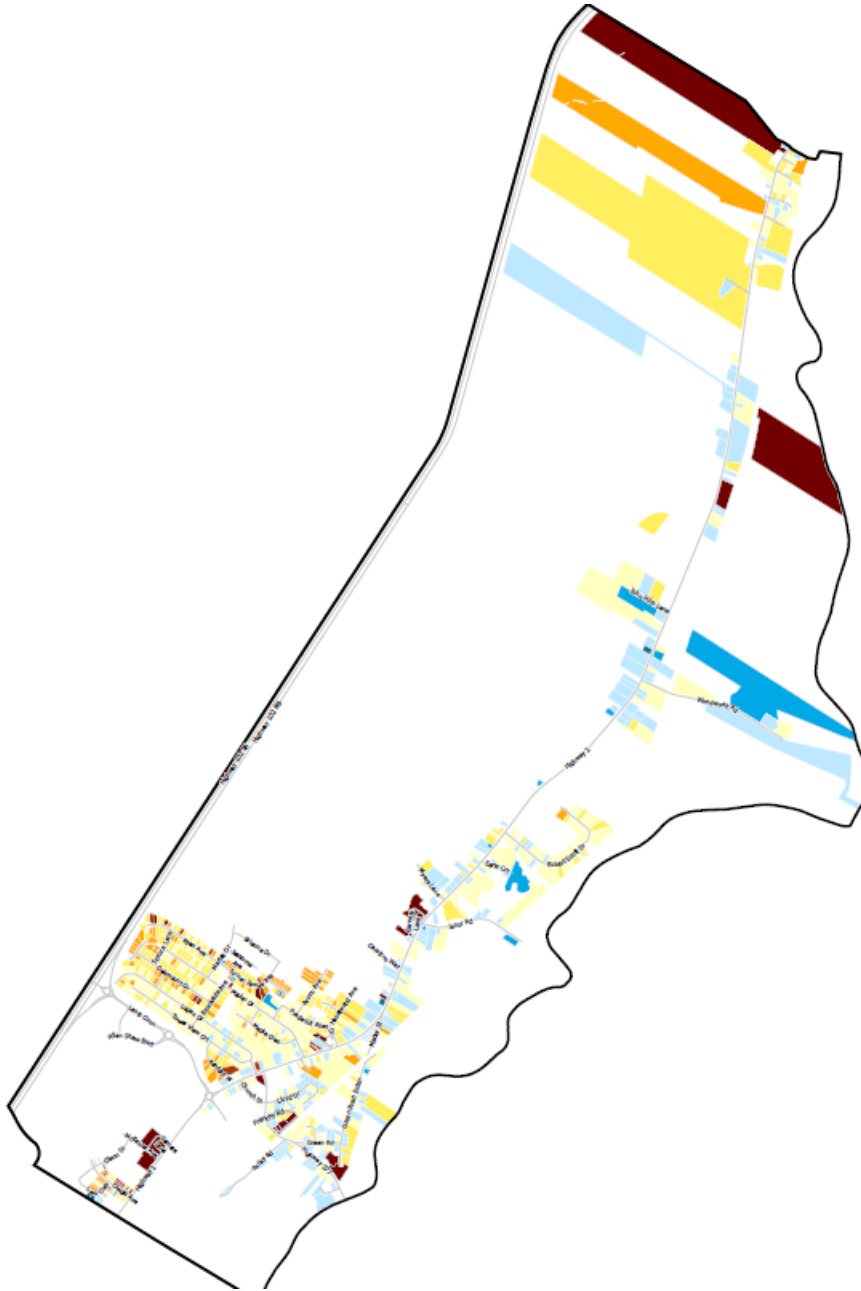
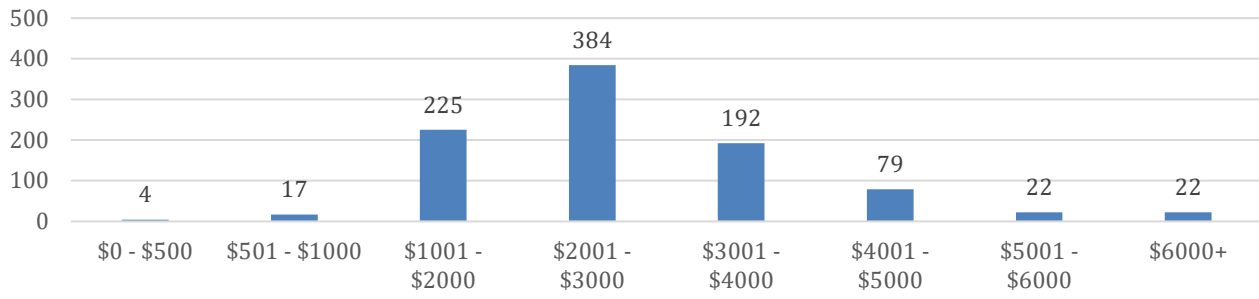


District 5 Tax Burden





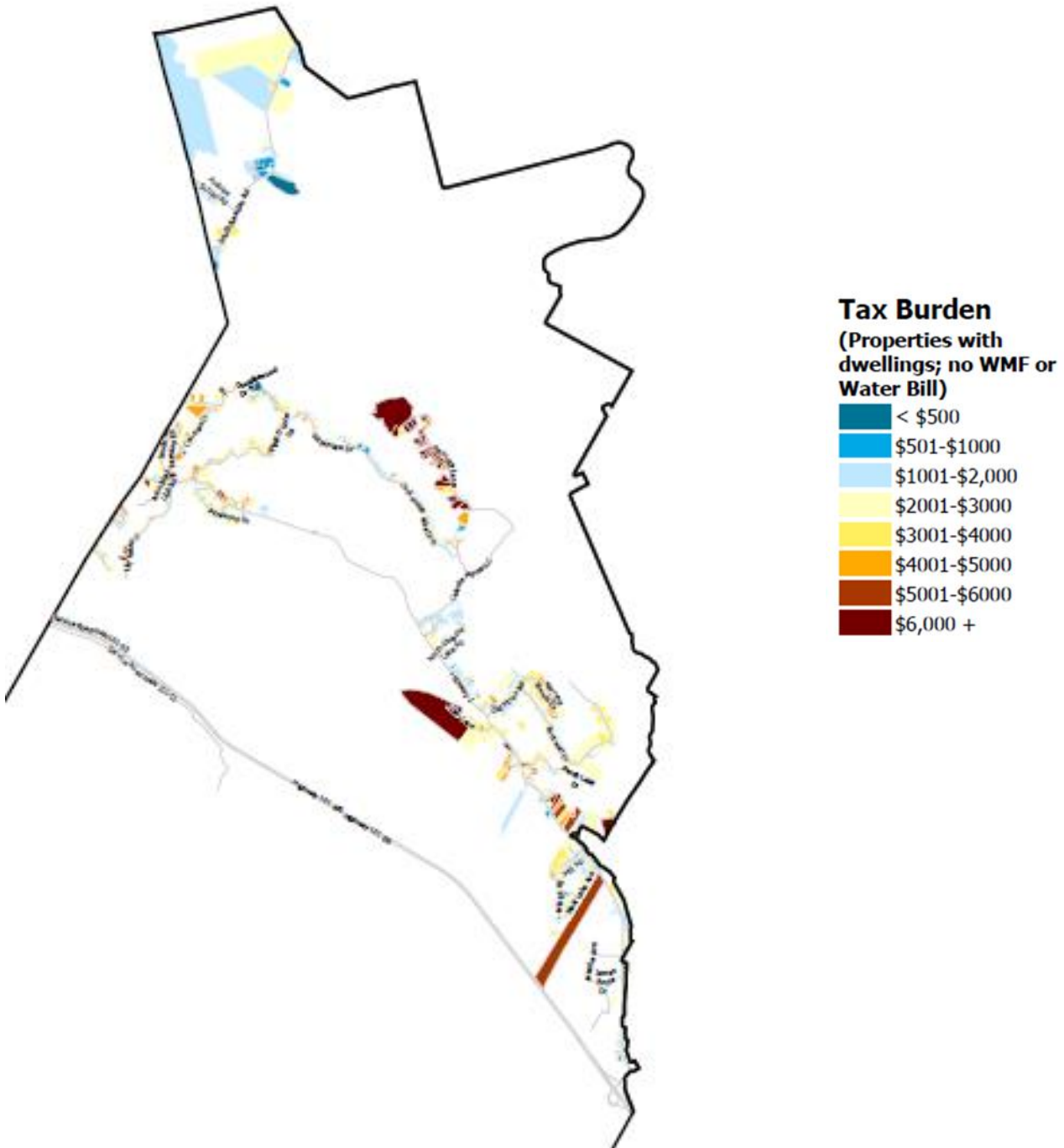
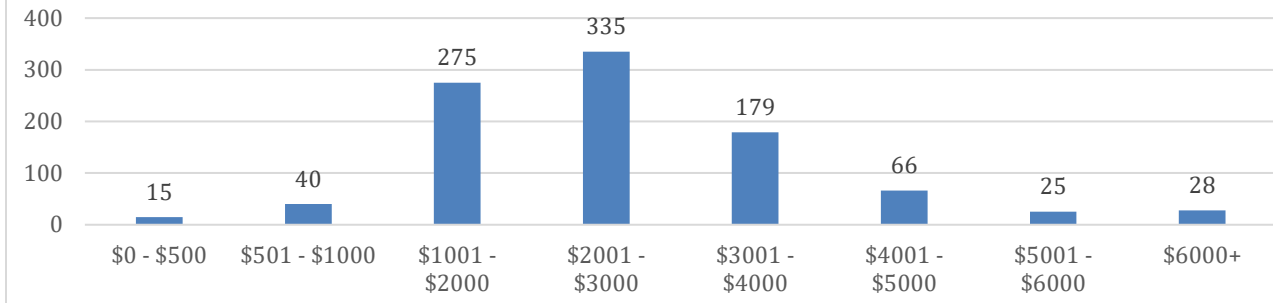
District 7 Tax Burden



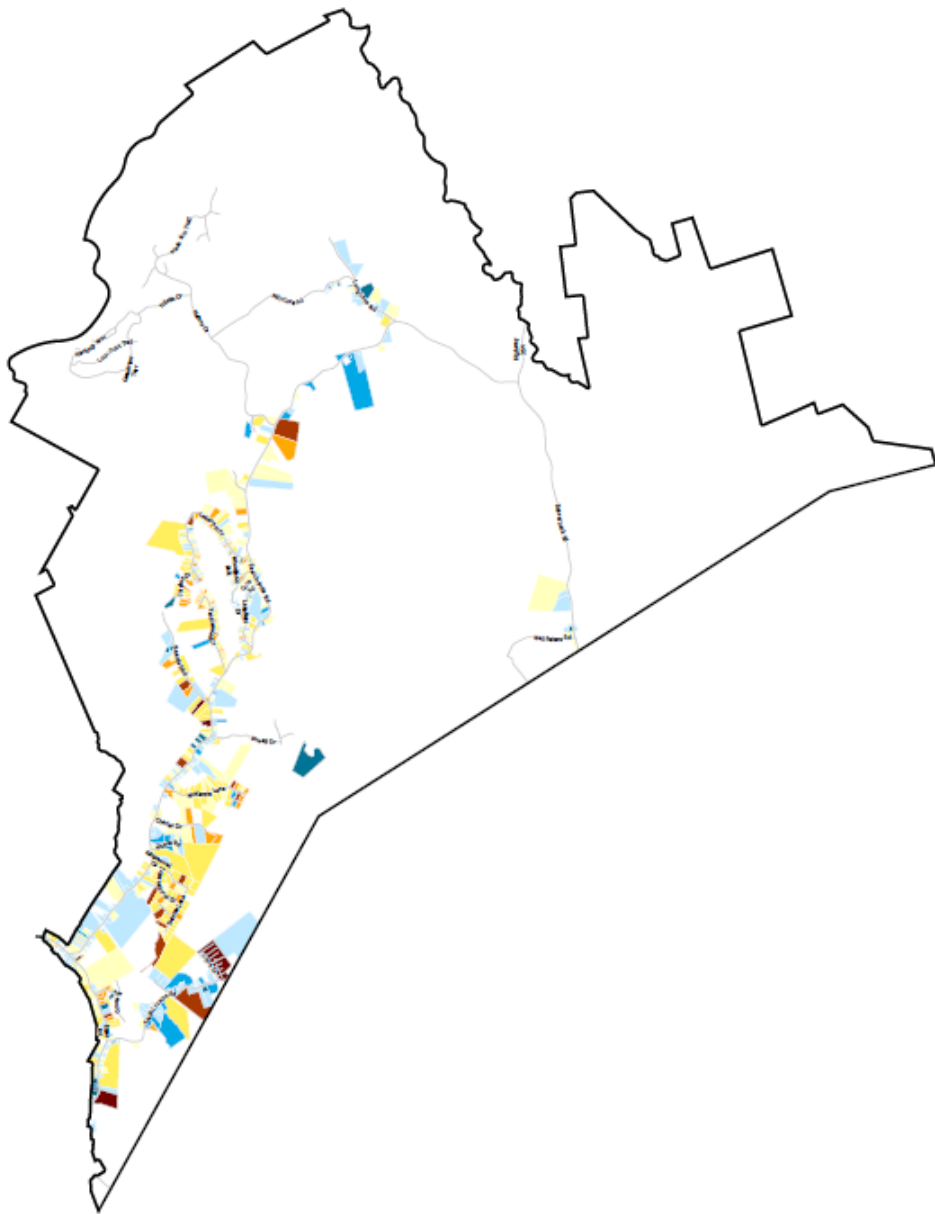
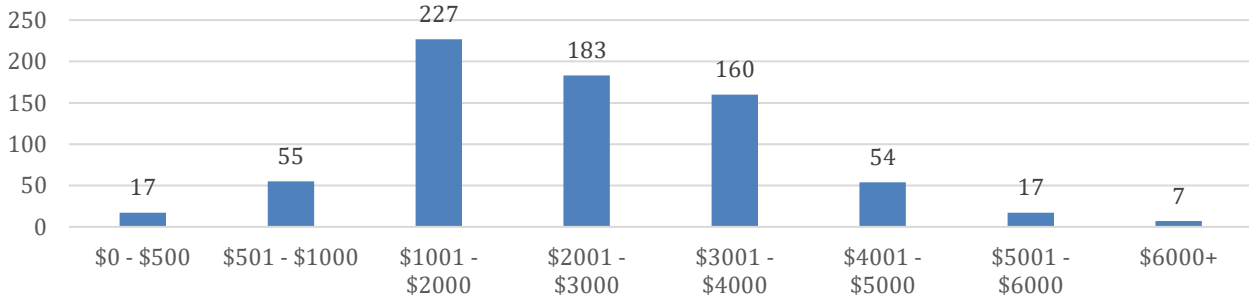
Tax Burden (Properties with dwellings; no WMF or Water Bill)



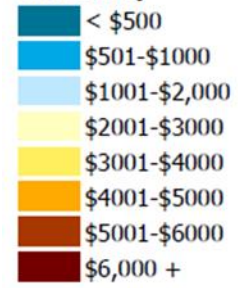
District 8 Tax Burden



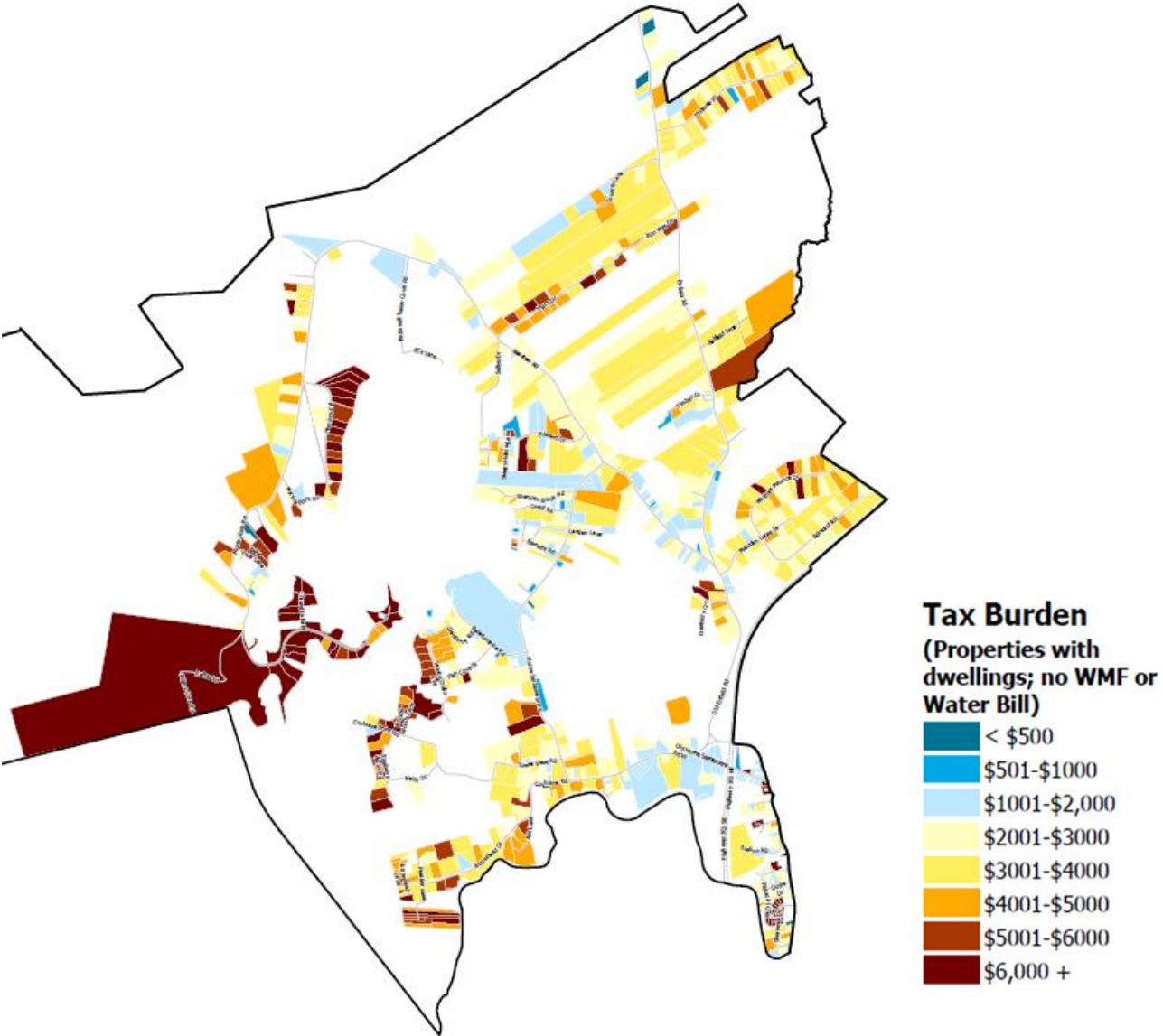
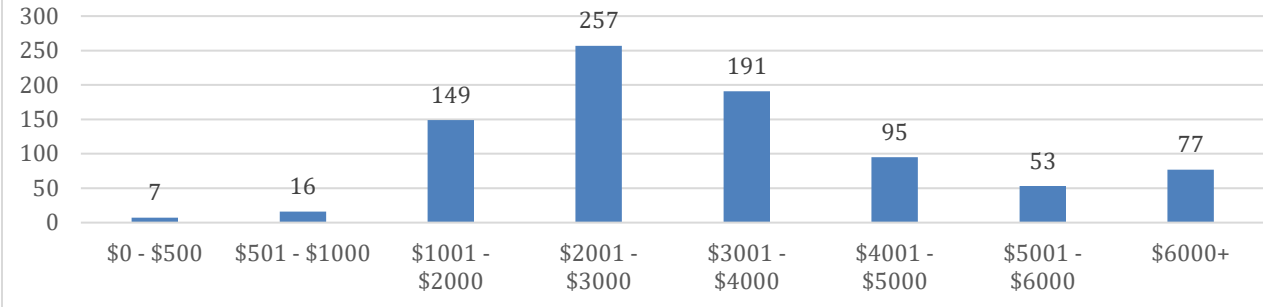
District 9 Tax Burden



Tax Burden (Properties with dwellings; no WMF or Water Bill)



District 10 Tax Burden



District 11 Tax Burden

