City of Kelowna

MEMORANDUM

Date: March 19, 2007

File: 1970-01

To: City Manager

From: George King, Acting Revenue Manager

Subject: 2007 Property Tax Deferment Program

RECOMMENDATION:

THAT Council receives the report of the recent changes to the Property Tax Deferment Program from the Acting Revenue Manager, dated March 19, 2007.

BACKGROUND:

For most homeowners, property taxes represent a significant household expense – and for seniors on limited or fixed incomes, property tax increases can put a strain on their budgets. The British Columbia Property Tax Deferment Program provides a way for qualifying seniors to manage their housing costs.

To qualify, you must be a Canadian Citizen or permanent resident who has lived in British Columbia for at least one year immediately prior to applying for tax deferment benefits as announced by the Province in March of this year and effective for the 2007 tax year:

- 55 years or older during that calendar year (only one spouse must be 55 or older);
- a surviving spouse; or
- a disabled person as defined by regulations.

You may defer taxes on your home where you live and conduct your daily activities. Second residences such as summer cottages or rental properties do not qualify for tax deferment benefits.

You must have a minimum equity in your home of 25 percent of the current assessed value determined by BC Assessment.

After deducting your home owner grant, you can defer all or part of the unpaid balance of your residential property taxes for the current year. For those property owners who have chosen to add the “annual payments” for a local area service improvement project to their property taxes, this amount is being deferred as part of the residential property taxes. However, all penalties, interest, previous years’ property taxes, user fees and utility charges must be paid to your taxing authority, as they cannot be deferred.

In regards to the feasibility of the one time payment of the commuted cost for a local area service improvement project to be added to property tax notice in a 1 year period it has been determined that this would be allowed. This would now require providing property owners within a local area service improvement project three options:

1. One time payment of the commuted cost.
2. Annual payments charged on your annual property tax notice for each of the 20 years.
3. One time payment of the commuted cost charged on your annual property tax notice on the basis that the eligible property owner will be deferring taxes.

Finally, in regards to allowing the tax deferral to be rolled over on farm land from one relative to another currently this option is only given to the surviving spouse. In the act:

- a. “spouse” means,
  - i. a person who is married to another person, or
  - ii. a person who
    1. is living and cohabitating with another person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, and
    2. has been living and cohabitating in that relationship for a continuous period of at least 2 years.
- b. “surviving spouse” means,
  - i. a person who was the spouse of another person at the time of death of the other person and who is not currently the spouse of another person.

Submitted by:

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G. King, CMA
Acting Revenue Manager

Approved for Inclusion: Paul Macklem, CMA – Director of Financial Services