

CRA Council Remuneration Adjustment

Town of Amherst

January 2019



BACKGROUND

- Compensation for elected officials is not considered salary
- Traditionally a portion of the compensation has been exempt from income taxes (one third currently)
- Some rationale provided for the tax-free exemption was to recognize elected officials were contributing to their communities, attending events at their costs, travelling within their communities without reimbursement
- The increase in taxation means increased revenue for the province and federal which is being paid for by the municipality



DISCUSSION/DISCLAIMER

- The Federal Government announced in their budget the exemption would be removed effective for the 2019 tax year – January 1, 2019
- The next few slides are for demonstration purposes only
- Council should inquire about the actual impacts of the change in taxation based on their own personal situation
- The tax amounts are based on 2017 tax rates (this is the only on-line calculator available)
- This analysis shows the increase in compensation required for Council to take home the same pay as they received prior to the tax change



IMPACTS – TOWN COUNCILLOR

Town Councillor	
Current Taxable Amount	14,361
Tax (Due) Rebate	216
Tax Exempt Amount	7,181
Total Take Home Pay	\$ 21,758
Future Taxable Amount	21,542
Tax (Due) Rebate	- 2,457
Total Take Home Pay	\$ 19,085
Difference	\$ 2,673
Amount of Income required	25,050
Tax Payable	3,292
Total Take Home Pay	\$ 21,758
Net Increase to Councillor's Pay	
To Have the Same Take Home Pay	\$ 3,508

*Note the tax rates are estimates (NS provincial rates and federal rates do not have the same threshold. 2019 uses 2018 thresholds and tax rates)



IMPACTS – DEPUTY MAYOR

Deputy Mayor	
Current Taxable Amount	16,250
Tax (Due) Rebate	- 580
Tax Exempt Amount	8,125
Total Take Home Pay	\$ 23,795
Future Taxable Amount	24,375
Tax (Due) Rebate	- 3,131
Total Take Home Pay	\$ 21,244
Difference	\$ 2,551
Amount of Income required	27,723
Tax Payable	3,928
Total Take Home Pay	\$ 23,795
Net Increase to Deputy Mayor's Pay To Have the Same Take Home Pay	\$ 3,348

*Note the tax rates are estimates (NS provincial rates and federal rates do not have the same threshold. 2019 uses 2018 thresholds and tax rates)



IMPACTS – MAYOR

Mayor	
Current Taxable Amount	24,298
Tax (Due) Rebate	- 3,113
Tax Exempt Amount	12,150
Total Take Home Pay	\$ 33,335
Future Taxable Amount	36,447
Tax (Due) Rebate	- 6,426
Total Take Home Pay	\$ 30,021
Difference	\$ 3,314
Amount of Income required	41,178
Tax Payable	7,843
Total Take Home Pay	\$ 33,335
Net Increase to Mayor's Pay	
To Have the Same Take Home Pay	\$ 4,731

*Note the tax rates are estimates (NS provincial rates and federal rates do not have the same threshold. 2019 uses 2018 thresholds and tax rates)



OVERALL BUDGET IMPACT

- If approved the total impact to budget would be:

Budget Increase	
5 Councillors	\$ 17,540
Deputy Mayor	\$ 3,348
Mayor	\$ 4,731
Total	\$ 25,619

OTHER ITEMS FOR CONSIDERATION

- The NSFM is recommending that pre-tax compensation for elected officials be adjusted to allow them to maintain the same levels of post-tax compensation after the 2019 laws are enacted.
- A scan of the other jurisdictions shows that most fall into one of these three options:
 - 1) Defer the increase until 2019/2020 budget discussions
 - 2) Implement an increase effective Jan 1, 2019
 - 3) No increase at all
- Of the municipalities that responded to the request for information, there are four that have not yet made a decision.



ENVIRONMENTAL SCAN

COUNCIL HONORARIUM REPLIES TO LIST SERVE QUESTION

NO CHANGES	INCREASE TO MAINTAIN NET INCOME AS OF JANUARY 1, 2019	POSTPONED TO BUDGET 2019-2020	WILL BE DISCUSSED AT COUNCIL JANUARY (UNDECIDED)
Annapolis Royal	Bible Hill	Town of Pictou	Annapolis County
Guysborough	Mun. East Hants	Town of New Glasgow	Town of Amherst
Middleton	CBRM	Municipality Yarmouth - 11.1%	
	Town of Berwick	Municipality Saint Mary's	
	Wolfville - 12%	Town of Shelburne	
	Halifax - 1.1%	Municipality of Shelburne	
	Queens	Town of Port Hawkesbury	
	County of Kings		
	Municipality of Digby		
	Town of Antigonish		
	Town of Digby (pending approval)		
	Town of Windsor		
	Town of Mulgrave		
	Town of Truro		
	Municipality Clare		
	County of Richmond (passed at COW Dec - expect approval at Council Jan)		



CHOICES

- 1) Make no change to council compensation – take home dollars will decrease
- 2) Increase council compensation to keep net pay the same effective January 1, 2019
- 3) Increase council compensation to keep net pay the same effective April 1, 2019 (means three months less pay in 2019: Jan-Mar)
- 4) Increase council compensation a lesser amount

RECOMMENDATION

- In keeping with what the majority of municipalities in the Province have done and the recommendation of the NSFM, it is recommended that Council increase Council compensation to keep net pay the same effective January 1, 2019.
- It is recommended that salaries for Council be adjusted as follows and the Salary Administration Policy be updated to reflect the changes in salaries:

Salary Increase	Current	Future
Councillor	\$ 21,542	\$ 25,050
Deputy Mayor	\$ 24,375	\$ 27,723
Mayor	\$ 36,447	\$ 41,178



QUESTIONS AND DISCUSSION

