

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

