



Port Hoppers for Fair Taxes seeks the fair, justifiable, and equitable distribution of tax-burden in the Municipality of Port Hope. This backgrounder provides facts, all of which are supported at our site: www.porthopecommunitygroups.org/PortHoppersForFairTaxes

September 3, 2015

DISTRIBUTION OF TAX-BURDEN

FACT: During the decade prior to Amalgamation, Hope Township's share was between 13 and 15% of the total spent by both municipalities.

FACT: Port Hope's negotiated share of the Tax-burden was 85.8% in 2001 while its share of Weighted Assessment was 73% which recognized the distinct nature of the two municipalities, their historical and actual costs, and the distinct usage of services.

FACT: The 85/15 split is consistent with the pre-amalgamation past and continues to be consistent with services that have solid data like policing. The relationship between Hope Twp's tax rate and Port Hope's tax rate (calculated without application of LLRW interest) is consistent (on average) with the relationship between rural and urban municipalities in Northumberland County.

FACT: The Amalgamation Agreement anticipated regular reviews but these were not undertaken. If these had taken place every 5 years or so, they may well have concluded there should have been no change in the distribution of tax-burden from the 85/15 split.

FACT: in 2013, total taxes per household were nearly equal for an average household in the urban and rural wards (Municipal, County & Education)



Former Port Hope \$3,288
5,091 households*



Former Hope Twp \$3,488
1,464 households

* Source: Statistics Canada website

TAX INCREASES

FACT: In every year from Amalgamation in 2001 through to 2012, a policy had been stated by Council to ensure that tax-burdens do not shift from one ward to the other

FACT: For the first decade after Amalgamation, both wards experienced the same increase in their respective shares of post-amalgamation tax-burden (75.2%)

FACT: Between 2001 and 2015, Port Hope's municipal taxes have increased 99.2% and Hope Township's have increased 134.8%

FACT: Since 2011, Port Hope's municipal taxes have increased 12.7% and Hope Township's have increased by 34.0%.

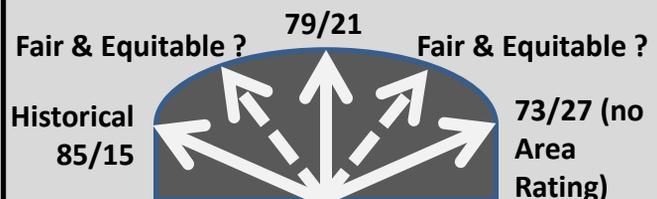
FAIR, JUSTIFIABLE & EQUITABLE

The various splits of tax-burden can be viewed as a continuum, like the diagram below.

The historical 85/15 split, based on historical experience prior to Amalgamation, is the starting point.

A distribution, solely based on Weighted Assessment, would result in a split of about 73% paid by Port Hope, and 27% by Hope Township, as represented on the right of the diagram.

Any distribution that is a departure from 85/15 is arbitrary until justified by actual data.





AREA RATING WORKING GROUP

MYTH: the previous distribution allocation system (85/15) was non-compliant with ministry directives and therefore illegal, and had to be replaced

FACT: using Area Rating (as does the City of Hamilton) accommodates differentiated service levels by ward

MYTH: Hope Township isn't paying its share because Port Hope's taxes are the highest in the County and Hope Twp's are the lowest in the County

FACT: Port Hope's tax rate is 6.4% higher than Cobourg's (2013)

FACT: Alnwick/Haldimand has the lowest municipal tax rate in the County (2013)

MYTH: Hope Township needs to pay more than 15% of the total tax levy because it enjoys more than 15% of the benefits from the services provided.

FACT: Port Hope has 42 parks; Hope Twp has 3

FACT: Port Hope has 84.6 % of hours of library operation while Hope Twp has 15.4%

FACT: Port Hope Police represents 85% of total policing costs and the OPP represents 15%

AREA (DIFFERENTIATED) RATING CAN APPLY WHEN:

- **"Significant difference in service levels"** – services with significant differences in service levels are potential candidates for area rating
- **"Significant difference in usage"** – property taxes are not a user fee, but rather a way of distributing the cost for local public services and programs
- **"Major services should be considered for service rating"**
- **"Common" vs "Special":** The **"Common"** tag applies to services that are being delivered consistently throughout the Municipality, in the same manner, and at the same level. The **"Special"** tag applies to services where there is some difference between the Wards, and analysis of Ward-specific costs are going to be needed to determine the fair share for each Ward.

All are consistent with the City of Hamilton's approach

LLRW FUNDS IN BOTH WARDS

FACT: The Federal Government paid Hope Township's \$10 million to Royal Trust, not to Hope Township (unlike Port Hope's which was paid to the former Town of Port Hope)

FACT: According to the Amalgamation Agreement, use of interest earned on the Hope Township Fund is to be used solely in the former Hope Township, and solely to defray ratepayers' municipal taxes

FACT: Use of the interest from Port Hope's \$10 million fund is restricted solely to the geographic region of the former Town of Port Hope, however there is no further restriction on its use

FACT: once the CNSC approved the LLRW storage sites in 2012, the covenant that required the potential return of the two \$10 million funds was removed; however, no other conditions were removed

FACT: Between 2001 and 2012, \$4,584,289 of Hope Township's interest was withdrawn, and used for building & equipment reserves and other unstated purposes (no principle used)

FACT: In 2013 \$100,000 was authorized to reduce Hope Township taxes and \$50,000 to reduce Port Hope taxes. The entire \$150,000 was removed from the Hope Township Fund and nothing was taken from the Port Hope Fund (according to CIBC reports)

FACT: In the first quarter of March 2015, \$550,589 was withdrawn from the Hope Township Fund, however, Council minutes do not document authorization for this transaction