

Stark, Shaya FIN:EX

Subject: FW: FOI request

From: HOGADMIN FIN:EX [mailto:HOGADMIN@gov.bc.ca]

Sent: Tuesday, February 18, 2014 5:09 PM

To: Mackenzie; Maple Ridge; Maple Ridge; XT:Masset, Village ENV:IN; Masset; McBride; McBride; Merritt; Metchosin; Metchosin; Midway; Mission; Mission; Montrose; Nakusp; Nakusp; Nanaimo; Nanaimo; Nanaimo; Nelson; XT:NewDenver, Village ENV:IN; XT:Hunt, Wendy; District of New Hazelton MTIC:IN; New Westminster; North Cowichan; XT:NorthSaanich, District ENV:IN; North Saanich; North Vancouver (city); North Vancouver (city); North Vancouver (district); North Vancouver (district); North Vancouver (district); Northern Rockies; Northern Rockies; Oak Bay; Oliver; Osoyoos; Parksville; Parksville; Peachland; Peachland; Pemberton; Pemberton; Pemberton; Penticton; Penticton; Penticton; Pitt Meadows; Port Alberni; Port Alberni; Port Alice; Port Clements; Port Coquitlam; Port Coquitlam; Port Edward; Port Edward; Port Hardy; Port McNeill; Port McNeill; Port Moody; Pouce Coupe; Powell River; Powell River; Prince George; Prince Rupert; Prince Rupert; Princeton; XT:Montrose, Village ENV:IN; XT:Muni Princeton, General MTIC:IN; XT:PortAlice, Village ENV:IN

Cc: Davies, Nanci FIN:EX

Subject: Update: Threshold for the phase-out of the Home Owner Grant

Good afternoon.

Confirmed today, February 18, 2014, the threshold for the phase-out of the Home Owner Grant is decreased from \$1,295,000 to \$1,100,000 for the 2014 tax year.

- * This threshold ensures that at least 93.8 per cent of homeowners are eligible for the full grant. Previously, the threshold was set so that at least 95 per cent of homeowners were eligible for the full grant.
- * For properties valued above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.
- * This means the regular grant is eliminated on properties assessed at \$1,214,000 or more (\$1,254,000 in a northern and rural area).
- * The additional grant is eliminated on properties assessed at \$1,269,000 or more (\$1,309,000 in a northern and rural area).
- * The Homeowner grant website has been updated to reflect the new threshold values. gov.bc.ca/homeownergrant

Here is a link to the budget and fiscal plan.

http://www.bcbudget.gov.bc.ca/2014/bfp/2014_Budget_Fiscal_Plan.pdf

Please feel free to contact me should you have any questions. Nanci Davies, our program supervisor is also available and can be reached at 250 356-8932 or by email at Nanci.Davies@gov.bc.ca<<mailto:Nanci.Davies@gov.bc.ca>>.

Thank you,

Kymbralee Bennett

Director, Home Owner Grant Administration and Property Tax Deferment Property Taxation Branch / Ministry of Finance

250.387.0602 t 250.356.8994 f

kymbralee.bennett@gov.bc.ca<<mailto:kymbralee.bennett@gov.bc.ca>>

MINISTRY OF FINANCE: Trusted financial and economic leadership for a prosperous province

NANCI DAVIES | SUPERVISOR | HOME OWNER GRANT ADMINISTRATION

MINISTRY OF FINANCE | PH 250.356.8932 | FAX 250.356.8994

VISION: Trusted financial and economic leadership for a prosperous province

From: Ford, Louise E FIN:EX

Sent: Tuesday, August 25, 2015 10:04 AM

To: Davies, Nanci FIN:EX

Subject: Threshold change in 2014.....

Importance: High

Hi Nanci,

Do you have a copy of the communication that was sent to the municipalities regarding the threshold change in 2014.

Louise Ford

Manager, Systems Operations & Planning

Ministry of Finance, Property Taxation Branch

Telephone: 250 387-5469 Email: Louise.Ford@gov.bc.ca

Trusted financial and economic leadership for a prosperous province

HOME OWNER GRANT ACT

REVIEW HOME OWNER GRANT THRESHOLD

I. ISSUE

Review the Home Owner Grant (HOG) phase-out threshold.

II. BACKGROUND

The HOG Program allows qualifying homeowners to offset some of their property tax once a minimum tax payment is made.

The HOG is phased out for homes valued above a threshold amount. Historically, the threshold has been set so that at least 95.5 per cent of homeowners are eligible for the full HOG. For 2013, the HOG phase-out threshold is \$1,295,000.

- For properties assessed above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.
- The basic grant is \$570. The basic grant is currently eliminated for properties valued at \$1,409,000 and above.
- In addition to the basic grant, an additional grant of \$275 is available to qualifying seniors, low-income veterans, a very limited number of veterans above the low-income threshold and some persons with disabilities or their family members. For recipients of the additional grant, the grant is eliminated for properties valued at \$1,464,000 and above.
- In areas outside the Capital Regional District (CRD), the Greater Vancouver Regional District (GVRD) and the Fraser Valley Regional District (FVRD), grants are increased by up to \$200. The Northern and Rural Homeowner Benefit (NARHOB) was introduced in 2011.

The following table summarizes the HOG structure.

| | IN CRD, GVRD, FVRD (No Northern/ Rural Grant) | | OUTSIDE CRD, GVRD, FVRD (With Northern/Rural Grant) | |
|---------------------|---|--------------|--|--------------|
| | BASIC GRANT | HIGHER GRANT | BASIC GRANT | HIGHER GRANT |
| Minimum tax | \$350 | \$100 | \$350 | \$100 |
| Maximum grant | \$570 | \$845 | \$770 | \$1,045 |
| Phase-out threshold | \$1,295,000 | \$1,295,000 | \$1,295,000 | \$1,295,000 |
| Phase-out complete | \$1,409,000 | \$1,464,000 | \$1,449,000 | \$1,504,000 |
| Phase-out formula | Minus \$5 for every \$1000 above the phase-out threshold. | | | |

s.12,s.13

The threshold in 2013 was \$1,295,000, raised from \$1,285,000 in 2012.

s.12,s.13

s.12,s.13

The threshold has increased each year except in 2009 and 2010 when it remained unchanged.

s.12,s.13

Additional Background on the HOG

- In *Budget 2007* the program was expanded so that the HOG is available to eligible low-income homeowners who, but for the high assessed value of their home, would have been eligible for the full higher grant.
- In *Budget 2012* the program was further expanded to provide low-income veterans with a higher grant, and to allow qualifying homeowners who have moved into a residential care facility to apply for the HOG for an additional year.

- The HOG is available to individuals who are Canadian citizens or landed immigrants and who are ordinarily resident in BC.
- Homeowners are entitled to the grant if they occupy an eligible residence as their principal residence.
- The grant is not automatically given - it must be applied for each year.

The estimated cost of the HOG in 2013/14 is \$811 million. In 2012 over one million households claimed the HOG (about 67 per cent receive the basic grant and 33 per cent receive the higher grant).

III. DISCUSSION

s.12,s.13

IV. OPTIONS

Option 1:

s.12,s.13

Revenue impact: s.12,s.13

s.12,s.13

Option 2:

s.12,s.13

Revenue impact: s.12,s.13

V. RECOMMENDATION

Option 1:

s.12,s.13

VI. DECISION

Option 1 / Option 2

HOME OWNER GRANT ACT

REVIEW HOME OWNER GRANT THRESHOLD

I. ISSUE

Review the Home Owner Grant (HOG) phase-out threshold.

II. BACKGROUND

s.12,s.13

Historically, the threshold has been set so that at least 95.5 per cent of homeowners are eligible for the full HOG. For 2013, the HOG phase-out threshold is \$1,295,000. For properties assessed above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold. The home value at which the home owner loses her entire grant depends on which home owner grant she was receiving: basic or additional, rural or non-rural.

The estimated cost of the HOG in 2013/14 is \$811 million. In 2012, over one million households claimed the HOG (about 67 per cent receive the basic grant and 33 per cent receive the higher grant).

III. DISCUSSION

s.12,s.13

Page 08

Withheld pursuant to/removed as

s.12;s.13

IV. OPTIONS

Option 1: s.12,s.13

Revenue impact: s.12,s.13
s.12,s.13

Option 2: s.12,s.13

Revenue impact: s.12,s.13

Option 3: s.12,s.13

Revenue impact: s.12,s.13

V. RECOMMENDATION

s.12,s.13

VI. DECISION

Option 1 / Option 2 / or Option 3 with _____

Appendix 1: Excerpts from previous notes

- The basic grant is \$570. The basic grant in 2013 was eliminated for properties valued at \$1,409,000 and above.
- In addition to the basic grant, an additional grant of \$275 is available to qualifying seniors, low-income veterans, a very limited number of veterans above the low-income threshold and some persons with disabilities or their family members. For recipients of the additional grant, the grant is eliminated for properties valued at \$1,464,000 and above.
- In areas outside the Capital Regional District (CRD), the Greater Vancouver Regional District (GVRD) and the Fraser Valley Regional District (FVRD), grants are increased by up to \$200. The Northern and Rural Homeowner Benefit (NARHOB) was introduced in 2011.

The following table summarizes the HOG structure in 2013.

| 2013 | IN CRD, GVRD, FVRD (No Northern/ Rural Grant) | | OUTSIDE CRD, GVRD, FVRD (With Northern/Rural Grant) | |
|---------------------|---|--------------|--|--------------|
| | BASIC GRANT | HIGHER GRANT | BASIC GRANT | HIGHER GRANT |
| Minimum tax | \$350 | \$100 | \$350 | \$100 |
| Maximum grant | \$570 | \$845 | \$770 | \$1,045 |
| Phase-out threshold | \$1,295,000 | \$1,295,000 | \$1,295,000 | \$1,295,000 |
| Phase-out complete | \$1,409,000 | \$1,464,000 | \$1,449,000 | \$1,504,000 |
| Phase-out formula | Minus \$5 for every \$1000 above the phase-out threshold. | | | |

The Ministry of Finance reviews property value information from BC Assessment each year and, in keeping with current policy, adjusts the grant threshold so that at least 95.5 per cent of homeowners continue to be eligible for the full grant. The threshold in 2013 was \$1,295,000, raised from \$1,285,000 in 2012.

To avoid unnecessary concerns and questions from homeowners about their eligibility, a news release indicating the HOG threshold for the taxation year is generally sent out in early January just before the Assessment Notices are sent

Until recently, assessed values have been increasing, and the threshold was raised each year to ensure that 95.5 per cent of homeowners continue to be eligible for the full grant. The threshold has increased each year except in 2009 and 2010 when it remained unchanged. Data are not yet available to evaluate if continuing the current policy of setting the threshold will cause the threshold to increase, decrease or remain unchanged over the 2013 threshold.

| | threshold |
|-------|--------------|
| 2011 | \$ 1,150,000 |
| 2012 | \$ 1,285,000 |
| 2013 | \$ 1,295,000 |
| 2014* | \$ 1,275,000 |

HOME OWNER GRANT ACT
REDUCE THE HOME OWNER GRANT THRESHOLD

I. ISSUE

s.12,s.13

II. BACKGROUND

The Home Owner Grant Program (HOG) allows qualifying homeowners to offset some of their property tax once a minimum tax payment is made.

The HOG is phased out for homes valued above a threshold amount. Historically, the threshold has been set so that at least 95.5 per cent of homeowners are eligible for the full HOG. For 2013, the HOG phase-out threshold was \$1,295,000. For properties assessed above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold. The home value at which the home owner loses her entire grant depends on which home owner grant she was receiving: basic or additional, rural or non-rural. Low-income seniors and some other taxpayers are protected from the reduction in the home owner grant by the low income grant supplement programs.

The estimated cost of the HOG in 2013/14 is \$811 million. In 2012, over one million households claimed the HOG.

III. DISCUSSION

s.12,s.13

Home Owner Grant Amounts and Phase-Out Thresholds

| | IN CRD, GVRD, FVRD (No Northern/Rural Grant) | | OUTSIDE CRD, GVRD, FVRD (With Northern/Rural Grant) | |
|---------------------|---|---------------------|--|---------------------|
| 2014 | BASIC GRANT | HIGHER GRANT | BASIC GRANT | HIGHER GRANT |
| Minimum Tax | \$ 350 | \$ 100 | \$ 350 | \$ 100 |
| Maximum Grant | \$ 570 | \$ 845 | \$ 770 | \$ 1,045 |
| Phase-out threshold | \$ 1,100,000 | \$ 1,100,000 | \$ 1,100,000 | \$ 1,100,000 |
| Phase-out range | \$ 114,000 | \$ 169,000 | \$ 154,000 | \$ 209,000 |
| Phase-out complete | \$ 1,214,000 | \$ 1,269,000 | \$ 1,254,000 | \$ 1,309,000 |
| Phase-out formula | Minus \$5 of grant for every \$1000 above the threshold | | | |

Appendix A: ^{s.12,s.13}

s.12,s.13

Appendix B: Low Income Grant Supplement Programs

What is the Low-Income Grant Supplement (LIGS)?

The Low-Income Grant Supplement (LIGS) is a grant provided to reduce property tax for eligible low-income homeowners with homes assessed above the Home Owner Grant threshold. Qualifying owners get up to a maximum of \$845 if the property is outside the northern and rural areas of the province and \$1,045 if it is inside a northern and rural area of the province.

Who qualifies for the Low-Income Grant Supplement?

Eligible low-income seniors, certain veterans, or certain home owners or eligible occupants with disabilities (or with a spouse or relative with a disability residing with them) who would otherwise qualify for the additional home owner grant except that their home is assessed above the Home Owner Grant Threshold. In addition, homeowners have to meet the following qualifications to be eligible:

- Owner is Canadian Citizen or a Permanent Resident of Canada;
- Home is occupied by the owner as his or her principal residence;
- The applicant for LIGS is the registered owner or eligible occupant of the home on which the supplement is being claimed; and
- Owner is 65 or older or
- A veteran, or a veteran's spouse or widow/widower receiving an allowance under the *War Veterans Allowance Act* (Canada) or the *Civilian War-Related Benefits Act*, or
- Owner is person with a disability, or owner's spouse or relative has a disability, and the person with the disability in the home meets the disability qualifications under the *Employment and Assistance for Persons with Disabilities Act*.

The Amount of the Low-Income Grant Supplement and Income Level

If the net adjusted income of the owner (and the spouse if applicable) does not exceed \$30,000, the owner will receive up to the maximum supplement amount. If the adjusted net income of the owner (and spouse if applicable) exceeds \$30,000 but does not exceed \$32,000, the owner will receive up to half of the maximum supplement amount.

Latest Bulletin:

http://www.sbr.gov.bc.ca/documents_library/brochures/Low-Income_Grant_Supplement.pdf

Appendix C: ^{s.12,s.13}

s.12,s.13

Appendix D: Further details – 2013 grant

- The basic grant is \$570. The basic grant in 2013 was eliminated for properties valued at \$1,409,000 and above.
- In addition to the basic grant, an additional grant of \$275 is available to qualifying seniors, low-income veterans, a very limited number of veterans above the low-income threshold and some persons with disabilities or their family members. For recipients of the additional grant, the grant is eliminated for properties valued at \$1,464,000 and above.
- In areas outside the Capital Regional District (CRD), the Greater Vancouver Regional District (GVRD) and the Fraser Valley Regional District (FVRD), grants are increased by up to \$200. The Northern and Rural Homeowner Benefit (NARHOB) was introduced in 2011.

The following table summarizes the HOG structure in 2013.

| 2013 | IN CRD, GVRD, FVRD (No Northern/ Rural Grant) | | OUTSIDE CRD, GVRD, FVRD (With Northern/Rural Grant) | |
|---------------------|---|--------------|--|--------------|
| | BASIC GRANT | HIGHER GRANT | BASIC GRANT | HIGHER GRANT |
| Minimum tax | \$350 | \$100 | \$350 | \$100 |
| Maximum grant | \$570 | \$845 | \$770 | \$1,045 |
| Phase-out threshold | \$1,295,000 | \$1,295,000 | \$1,295,000 | \$1,295,000 |
| Phase-out complete | \$1,409,000 | \$1,464,000 | \$1,449,000 | \$1,504,000 |
| Phase-out formula | Minus \$5 for every \$1000 above the phase-out threshold. | | | |

Appendix E: Recent Thresholds

s.12,s.13

The threshold has increased each year except in 2009 and 2010 when it remained unchanged.

| | Threshold |
|--------------|-------------|
| 2010 | \$1,050,000 |
| 2011 | \$1,150,000 |
| 2012 | \$1,285,000 |
| 2013 | \$1,295,000 |
| 2014 revised | \$1,100,000 |

s.12,s.13

8

Speaking Points for Minister de Jong
January 15, 2014 Cabinet Meeting
Home Owner Grant Threshold for 2014
R/10/2014/25

s.12,s.13

Order in Council Cabinet Summary Information

Ministry: Finance

Date Prepared: January 7, 2014

Cliff #: 333658

Log #:

| Section | Detail |
|---|--|
| 1. Type of OIC: | <input type="checkbox"/> BRDO appointment* <input type="checkbox"/> Non-BRDO appointment <input type="checkbox"/> Not a regulation <input checked="" type="checkbox"/> Regulation - provide Regulatory Count: 0 |
| 2. Routine or For Attention: | <input checked="" type="checkbox"/> Routine <input type="checkbox"/> For Attention because (select all that apply): <input type="checkbox"/> REQUIRES DISCUSSION <input type="checkbox"/> CONTROVERSIAL <input type="checkbox"/> REVISES POLICY |
| 3. Required Effective Date (Select all timing constraints that apply. Include Rationale.) | <input type="checkbox"/> No Timing Requirements RUSH - Cabinet approval is required by December 31, 2014, because (check all that apply): <input checked="" type="checkbox"/> s.12,s.14 <input type="checkbox"/> Communication Lag - In order to give stakeholders sufficient time to adapt to the proposed change, the ministry would like to provide _____ months of lead time. <input type="checkbox"/> Media requirement. A Public Announcement is planned. <input checked="" type="checkbox"/> Other - For the convenience of the tax collectors, the OIC should be approved before the end of April 2014 |

* For Board Resourcing Development Office ("BRDO") appointments, no need to fill out rows 7 through 12. However, along with the tagged OIC, please provide the Biography and signed-off Request for Appointment (BRDO documents).

| | |
|---|---|
| 4. Processing Instructions after approval | <input checked="checked" type="checkbox"/> Process normally <input type="checkbox"/> Hold because (select all that apply): <input type="checkbox"/> Ministry requests hold until release by the Minister, no later than _____ <input type="checkbox"/> Other _____ |
| 5. Authorizing Act and section number(s) | <i>Home Owner Grant Act, R.S.B.C. 1996, c. 194 s. 18</i> |
| 6. Purpose, Content and Context (OIC "Essence") What needs to take place (new or changed)? Why? How will that be accomplished (e.g., is something being added, removed, granted or amended)? Who requested this change? What are the consequences if this OIC is not approved? | <ul style="list-style-type: none"> • Sets the threshold property value at which the Home Owner Grant begins to be phased-out for 2014 at \$1,100,000. • s.12,s.13 |

| | |
|--|-----------------------|
| <p>7. Fiscal Management Considerations If there are any fiscal implications, include the following details:</p> <p>Cost What is the charge/amount/value involved? How is the cost being covered?</p> <p>Fine, Fee or Administrative Penalty If the OIC includes a fine, fee or administrative penalty: Is Treasury Board review required? If so, when was the item reviewed and recommended to Cabinet for approval? When did Cabinet ratify that recommendation?</p> | <p>s.12,s.13</p> |
| <p>8. Legislative Counsel Cautions (yellow or red tags) Please speak to each concern expressed.</p> | <p>s.12,s.13,s.14</p> |
| <p>9. Stakeholder and Affected Party Consultations Who is impacted? Include First Nations, local governments, stakeholders, ministries, agencies or offices (e.g., Labour Relations). Include support or non-support (and why), reason for concern, status of consultation and resolution as of the date of the reviewing Cabinet meeting.</p> | <p>s.12,s.13</p> |

| | |
|---|-----|
| 10. Trade Obligations <input checked="" type="checkbox"/> Trade is not affected. <div style="float: right;"> The OIC affects trade and <input type="checkbox"/> BC, Alberta and Saskatchewan Trade Offices have been notified. <input type="checkbox"/> Trade partners have not yet been notified because: _____ </div> | |
| 11. Prerequisites (e.g., sponsorship, agreements, surveys, etc.) that need to be met and how each prerequisite has been met (or "N/A"). | n/a |
| 12. Communication plan overview (or "N/A"). | n/a |

Deputy Minister

Date Signed

Contact Name: Ali Ghanghro
Title: Tax Policy Analyst
Phone Number: 250 387-5044

Prepared By: Ali Ghanghro
Phone Number: 250 387-5044

Attached Appendices:

- ☒ Distribution Form
- ☐ Regulatory Criteria Checklist
- ☒ Regulatory Criteria Exemption Form
- ☐ Map(s)
- ☐ Other:

HOME OWNER GRANT ACT

REVIEW HOME OWNER GRANT THRESHOLD

I. ISSUE

Review the home owner grant (HOG) phase-out threshold.

II. BACKGROUND

The HOG program allows qualifying homeowners to offset some of their property tax once a minimum tax payment is made. The basic grant is \$570. An additional grant of \$275 is available to qualifying seniors, veterans of older wars or their spouses, low-income veterans, and some homeowners where a person with disabilities resides in the home. In areas outside the Capital Regional District (CRD), the Greater Vancouver Regional District (GVRD) and the Fraser Valley Regional District (FVRD), grants are increased by up to \$200. This Northern and Rural Homeowner Benefit (NARHOB) was introduced in 2011 as a carbon tax offset.

The HOG is phased out for high-valued homes valued above a threshold amount. For 2014, the HOG phase-out threshold was \$1,100,000. A policy change in *Budget 2014* means that about 93.8 per cent of homes fell below the threshold in 2014, and that percentage is now used in the status quo revenue forecast. Previously, the target was 95.5 per cent of homes. The policy change saved about \$11 million annually. Without the policy change, the threshold would have fallen slightly to \$1,275,000 in 2014.

The following table summarizes the HOG structure:

| | IN CRD, GVRD, FVRD | | OUTSIDE CRD, GVRD, FVRD | |
|---------------------|--|---------------------|-------------------------|---------------------|
| 2014 | BASIC GRANT | HIGHER GRANT | BASIC GRANT | HIGHER GRANT |
| Minimum Tax | \$ 350 | \$ 100 | \$ 350 | \$ 100 |
| Maximum Grant | \$ 570 | \$ 845 | \$ 770 | \$ 1,045 |
| Phase-out threshold | \$ 1,100,000 | \$ 1,100,000 | \$ 1,100,000 | \$ 1,100,000 |
| Phase-out range | \$ 114,000 | \$ 169,000 | \$ 154,000 | \$ 209,000 |
| Phase-out complete | \$ 1,214,000 | \$ 1,269,000 | \$ 1,254,000 | \$ 1,309,000 |
| Phase-out formula | Minus \$5 for every \$1000 above the threshold | | | |

CRD = Capital Regional District; GVRD = Greater Vancouver Regional District; FVRD = Fraser Valley Regional District

The Ministry of Finance reviews property value information from BC Assessment in December each year.

To avoid unnecessary concerns and questions from homeowners about their eligibility, a news release indicating the HOG threshold for the taxation year is generally sent out in early January just before the Assessment Notices are sent. In 2014 the announcement was instead made through the budget in February, and there has been some limited criticism for doing it that way.

III. DISCUSSION

s.12

IV. OPTIONS

Option 1:

s.12,s.13

Revenue impact: s.12,s.13

Option 2:

s.12,s.13

Revenue impact: s.12,s.13

V. RECOMMENDATION

Option 1:

s.12,s.13

VI. DECISION

Option 1 / Option 2

HOME OWNER GRANT ACT

UPDATE ON THRESHOLD

I. ISSUE

Potential cost savings from Home Owner Grant threshold.

II. BACKGROUND

Data from the 2015 roll show the following.

To keep the same 93.8 per cent of homes below the threshold, the threshold would need to rise from \$1,100,000 in 2014 to \$1,175,000 in 2015.

s.12,s.13

Home Owner Grant Act

Home Owner Grant Phase-out Threshold Decreased

The threshold for the phase-out of the Home Owner Grant is decreased from \$1,295,000 to \$1,100,000 for the 2014 tax year. For properties valued above the threshold, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.

This threshold ensures that at least 93.8 per cent of homeowners are eligible for their full grant. Previously, the threshold was set so that at least 95 per cent of homeowners were eligible for their full grant.

Minister's letters to representatives of District of North Vancouver and White Rock following UBCM said:

"I am not currently contemplating a further reduction in the threshold. However, the government's intent is to have approximately 94 per cent of British Columbia households fall within the range."

III. OPTIONS

Option 1. s.12,s.13

Revenue Impact: s.12,s.13

Option 2. s.12,s.13

Revenue impact: s.12,s.13

Option 3. s.12,s.13

Revenue Impact: s.12,s.13

Option 4. s.12,s.13

Revenue Impact: s.12,s.13

IV. EVALUATION

s.12,s.13

V. RECOMMENDATION

s.12,s.13

VI. DECISION

Option 1 / Option 2 / Option 3 / Option 4

| | IN CRD, GVRD, FVRD (No | | OUTSIDE CRD, GVRD, FVRD | |
|---------------------|--|--------------|-------------------------|--------------|
| 2015 | BASIC GRANT | HIGHER GRANT | BASIC GRANT | HIGHER GRANT |
| Minimum Tax | \$ 350 | \$ 100 | \$ 350 | \$ 100 |
| Maximum Grant | \$ 570 | \$ 845 | \$ 770 | \$ 1,045 |
| Phase-out threshold | \$ 1,100,000 | \$ 1,100,000 | \$ 1,100,000 | \$ 1,100,000 |
| Phase-out range | \$ 114,000 | \$ 169,000 | \$ 154,000 | \$ 209,000 |
| Phase-out complete | \$ 1,214,000 | \$ 1,269,000 | \$ 1,254,000 | \$ 1,309,000 |
| Phase-out formula | Minus \$5 for every \$1000 above the threshold | | | |



Ministry of
Finance

Office of the
Deputy Minister

MEMORANDUM

To: Honourable Mike de Jong, Q.C.
Minister of Finance

January 9, 2014
333658

Re: **2014 Home Owner Grant Threshold Regulation**

Please find attached an Order in Council (OIC) that sets the Home Owner Grant (HOG) threshold.

The HOG threshold is the property value at which the grant begins to be phased out. In recent years, the policy had been to set the threshold to ensure that 95.5 per cent of homes are eligible for their full grant. In 2013, the threshold was \$1,295,000.

For 2014, this OIC sets the threshold at \$1,100,000, and 93.8 per cent of homes are below the threshold.

The change in policy will save about \$10 million in annual program costs. A further 13,000 homes are likely to be affected.

Low-income seniors, veterans and some people with disabilities remain eligible for the full grant amount through the income-tested low income grant supplements. Also, homeowners over age 55 and homeowners with children in the home are able to defer all or part of their property tax bill.

In past years, the threshold was announced in early January when assessment notices were sent out. There has not yet been an announcement for the 2014 threshold.

The OIC must be signed and deposited by December 31, 2014, to be effective for the 2014 year. However, provincial and municipal tax collectors prefer the order to be passed before tax notices are prepared in May.

If you approve the OIC, please sign it along with the Regulatory Criteria Exemption Forms and return the signed OIC package to the Office of the Deputy Minister for the appropriate distribution and processing.

Peter Milburn
Deputy Minister

Attachments