

## **One-Third Tax Free Exemption for Municipal Officials**

In March 2017, the federal budget announced the government's intention to eliminate the one-third tax free exemption for municipal elected officials beginning in 2019. The 2018 federal budget delivered last month did not signal any change from that plan.

AMO's Board of Directors passed a resolution last June seeking the involvement of the Federation of Canadian Municipalities (FCM) on this matter. FCM has advised they have been raising this issue with federal officials over the past months but again, there have been no signs to suggest a change of plan for 2019.

While 2019 is nine months away, a municipal government may want to begin considering what course of action to take or at least to note it as a matter for the incoming council after the fall's municipal election.

AMO would also like to thank the 144 municipal treasurers who took part in our salary survey. Over 90% of survey respondents indicated their municipality uses the exemption. This information was provided to FCM in support of their advocacy efforts.

Here are some examples from the survey which illustrate the impact of this change in 2019:

- The cost increase for a central Ontario municipality with a council of nine and a population of 30,000 will be at least \$28,000.
- The cost increase for an eastern Ontario county council of seventeen and a population of 77,000 will be at least \$74,000.
- The cost increase for a southwestern Ontario municipality with a council of seven and a population of 24,000 will be at least \$14,000.

For almost half of Ontario's municipal governments, a one per cent property tax increase raises only \$50,000.