




INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 21, 2023
SUBJECT/REPORT NO:	2004 Budget Adjustment - Accounting and Allocation of the Goods and Services Tax Rebate (FCS23028) (City Wide) (Outstanding Business List)
WARD(S) AFFECTED:	City Wide
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COUNCIL DIRECTION

At the November 30, 2022 General Issues Committee meeting, during a discussion about Stormwater Funding Review, Report FCS22034(a), staff was directed to report back during the 2023 budget process on the accounting and allocation of the Goods and Services Tax (GST) rebate related to the 2004 budget restatement.

INFORMATION

Over the years, the federal and provincial government tax rates and the municipal rebate rates have changed. Table 1 provides the history of the GST / Harmonized Sales Tax (HST) rates.

Table 1
GST / HST Rate

	July 2010 and Subsequent	January 2008 to June 2010	July 2006 to December 2007	January 1991 to June 2006
Ontario GST / HST Rate	13.00%	5.00%	6.00%	7.00%

Municipal Rebate Rate

	July 2020 and Subsequent	February 2004 to June 2010	January 1991 to January 2004
Ontario GST / HST Rebate	86.46%	100.00%	57.14%

In a February 2, 2004 Speech from the Throne, the Federal Government announced it would be making a down payment on a New Deal through 100% rebate of the GST payments made by municipalities.

The change in the GST Rebate from 57.14% to 100% rebate resulted in \$9.0 M in estimated cost savings for the City of Hamilton's 2004 budget. Approximately \$6.7 M was to be realized in the Tax Supported Operating Budget, with the balance of \$2.3 M to be realized in the Water and Wastewater Rate Supported Budget.

The 2004 Water and Wastewater Rate Budget included stormwater management costs of \$10.2 M with \$2.3 M in GST costs. With the Federal Government announcement, savings from the change in GST Rebates were identified and stormwater operating costs were transferred from the Tax Operating Budget to the Water and Wastewater rate supported budget.

Since 2004, the Stormwater management costs within the Water Wastewater Rate Budget have more than doubled to a budgeted amount over \$28 M in 2023. However, the HST related rebates have since decreased from 100% to 86.46% as seen in Table 1 of Report FCS23028.

For example, the 2021 Rate Budget related Stormwater Program was \$29.2 M. Actual costs totalled \$30.4 M. However, 2021 HST rebates in this program totalled only \$2.4 M (\$2.2 M relating to capital and \$242 K for operating).

Other 2021 HST rebates realized by the 2021 Rate budget were:

- Water related rate capital: \$4.1 M
- Wastewater related rate capital: \$15.0 M

KB/dt