

Councillors? salaries rise to offset tax-free changes

By Mark Pavilons

Following on the mandate implemented by the federal government, King's municipal politicians will no longer receive one-third of their salaries tax-free.

Councillors adopted a staff report to retroactively adjust the salaries accordingly to offset the income loss.

Bill C44 included changes to the Municipal Act, specifically Section 255, which provided that one-third of the salary paid to an elected member of council was deemed to be for expenses incurred. Accordingly, municipal councillors across Canada enjoyed the one-third exemption in lieu of claiming expenses related to their duties.

While intended as a cost savings by the feds, this move will end up increasing costs to the Township. Finance director Allan Evelyn noted costs to the Township will rise because of the loss of the HST rebate on the non-taxable portion of salaries; through the increase in gross pay, as well as contributions to benefits such as OMERS and CPP.

Councillors opted to increase their gross pay to offset the loss. The gross pay for mayor goes up by \$16,838, and rises \$4,539 for councillors, due to higher income taxes and increased amounts payable, as OMERS and CPP contributions are based on higher pensionable earnings.

From here on in, councillors will earn \$31,487 annually, while the mayor takes in \$123,041 (including the regional salary). For 2019, the cost of King's council representation increases by a total of \$62,495.

The incremental cost is incorporated into the 2019 operating budget.