



**CITY OF KINGSTON**  
**REPORT TO COUNCIL**

**Report No.: 12-249**

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**TO:** Mayor and Members of Council  
**FROM:** Desiree Kennedy, City Treasurer  
**RESOURCE STAFF:** Patricia Burns, Director of Human Resources and  
Organization Development  
John Bolognone, City Clerk  
**DATE OF MEETING:** July 17, 2012  
**SUBJECT:** Councillor's Expense Allowance – Municipal Act, 2001

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**EXECUTIVE SUMMARY:**

The *Municipal Act* provides that Council can pass a resolution that one-third of the remuneration paid to members of Council and local boards can continue to be deemed to be the reimbursement of expenses for the purpose of the Income Tax Act and therefore not taxable.

The previous Council passed a comparable resolution, and unless repealed it remains in effect until the end of the term of this Council. If Council wishes to continue to have one-third of its remuneration treated as the reimbursement of expenses beyond the term of this Council, then it must pass a resolution of the nature set out below during this term of Council. In the event that such a resolution is not passed during this term of Council, the ability to pass it in the future is lost and there is no authority to reinstate it.

**RECOMMENDATION:**

**THAT** the City of Kingston continue to remunerate members of Council and local boards, as defined in the Municipal Affairs Act, and in accordance with Section 283 of the *Municipal Act*, based on one-third of such remuneration deemed to be for expenses incident to the discharge of a members' duties and therefore exempt from income tax, which is consistent with provisions of By-Law No. 99-169 "A By-Law To Provide For The Annual Paying Of An Annual Allowance To The Members Of Council For The Corporation Of The City Of Kingston", as amended by By-Law No. 2010-223.

**AUTHORIZING SIGNATURES:**

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| ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES<br>Desirée Kennedy, City Treasurer         |
| ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER<br>Gerard Hunt, Chief Administrative Officer |

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

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| Cynthia Beach, <i>Sustainability &amp; Growth</i>                       | N/R |
| Lanie Hurdle, <i>Community Services</i>                                 | N/R |
| Denis Leger, <i>Transportation, Properties &amp; Emergency Services</i> | N/R |
| Jim Keech, <i>President and CEO, Utilities Kingston</i>                 | N/R |

***(N/R indicates consultation not required)***

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**OPTIONS/DISCUSSION:**

In accordance with the *Municipal Act*, Council must pass a resolution during its term of office in order to continue the ability for Council members to receive one-third of their remuneration as reimbursement of expenses, and therefore exempt from income tax. In both 2004 and 2007, Council passed a similar resolution. This matter was also addressed by Council in 2009 as part of a Citizen's Committee to review Council remuneration, whereby the following motion was passed:

THAT one-third of the amount payable to Members of Council shall continue to be deemed to be for expenses incident to the discharge of a members duties and therefore exempt from Income Tax.

If Council wishes to continue to recognize one-third of their remuneration as reimbursement of expenses, and therefore tax exempt, beyond this term of Council, then Council is required to pass a resolution to that affect during this current term. Alternatively, Council can decide to:

1. Not pass this resolution during this term of Council, in which case as of December 1, 2014, the deeming of one-third of remuneration as reimbursement of expenses would end and all remuneration would be considered taxable (this decision is irrevocable by future Councils); or
2. Repeal the existing resolution, in which case the decision to repeal takes effect January 1 of the following year at which time the one-third exemption would end (this decision is irrevocable by the present and future Councils).

This report and Council's approval of its recommendation will satisfy the requirement in Section 283 (7) of the *Municipal Act*, that Council review the by-law pertaining to this matter at a public meeting, at least once in each term of Council.

**EXISTING POLICY/BY LAW:**

*Municipal Act, 2001*

By-Law No. 99-169 "A By-Law To Provide For The Annual Paying Of An Annual Allowance To The Members Of Council For The Corporation Of The City Of Kingston (A By-Law To REPEAL By-Law No. 1556 and to Re-enact it as By-Law No. 99-169 of The New City Of Kingston)". This by-law was last amended by By-Law 2010-223 on November 16, 2010.

**NOTICE PROVISIONS:**

Council shall review the current by-law at a public meeting at least once during the four-year Council term. Notice would take place by virtue of this report being listed on the agenda of the Council meeting.

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**ACCESSIBILITY CONSIDERATIONS:**

Not applicable.

**FINANCIAL CONSIDERATIONS:**

Passage of the resolution will continue the one-third tax exemption into the term of the next Council and until December 1, 2018. Repeal of the existing resolution would result in remuneration being fully taxable as of January 1 in the following year. Taking no action would mean the one-third tax exemption would end on December 1, 2014 and could not be reinstated by future councils.

**CONTACTS:**

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| Desiree Kennedy, City Treasurer  | Ext. 2220 |
| Patricia Burns, Director, Human Resources and Organization Development | Ext. 1280 |
| John Bolognone, City Clerk   | Ext. 1247 |

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Hal Linscott, Director, Legal Services and City Solicitor

**EXHIBITS ATTACHED:**

N/A