

## Local Property Tax : Variation by Local Authorities

Government has indicated that the power of local authorities to vary the rate of local property tax<sup>1</sup>(LPT) in their areas will operate from 2015 (after the 2014 local elections). This power provides an opportunity for candidates in the local elections to put their view on how this power should be used to the voters in the upcoming election campaign. Some may propose increasing the tax to fund additional services, vary the rate of charges or commercial rates while others may propose to reduce the tax.

It is not clear at this stage what proportion of the yield (if any) from LPT will be retained by individual local authorities but it may be up to 80 percent<sup>2</sup>.

This note sets out the potential scope of this power by individual local authority area.

In summary, 15 per cent of the yield from LPT varies from 3.5 per cent in Dun Laoghaire Rathdown to 0.6 per cent in Leitrim and Longford. The absolute amounts range from €9.6 million in Dublin City to about €0.2 million in Longford and Leitrim.

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<sup>1</sup> Section 20 of the Finance (Local Property Tax) Act, 2012 gives power to local authorities to vary the rate of local property tax in their areas by up to 15 per cent. (This power is subject to Regulations to be made by the Minister for Environment, Community and Local Government.)

<sup>2</sup> On March 12, 2013, the Environment Minister, Mr Phil Hogan T.D., confirmed that Government accepted, in principle, a policy position that from 2014, 80pc of all Local Property Tax (LPT) receipts should be retained within the local authority areas where the properties are based and that these receipts should be used by those authorities in their local budgets. The remaining 20 per cent of the LPT collected nationally was to go to the Local Government Fund, which provides funding to local authorities on a needs and resources basis.

However, this position changed on 24 October 2013 when the Minister said in reply to a Parliamentary Question that

“The establishment of Irish Water presents local government with significant organisational and financial challenges in 2014 and, in this context, it has been necessary to defer defining a certain proportion of the proceeds of the Local Property Tax to be retained in each local authority until 2015. This approach allows maximum flexibility in allocating Local Property Tax in 2014 with the priority to support those local authorities with weaker funding bases.”.

The detailed numbers are in Table 1.<sup>3</sup>

### Conclusion

The scope for varying the rate of property tax varies significantly between local authority areas. The impact of the budget of Dun Laoghaire Rathdown would be over 5 times that of some local authorities. This suggests that the issue may be more relevant in the upcoming local elections for the local authorities in parts of Dublin and surrounding counties.

**Table 1 Impact of Potential Variation of LPT by Local Authority Area**

Local Authority	Expenditure €m	Potential	Variation
	Budget 2013	Variation	as % of Budget
	€m	€m	
Carlow	42.9	0.456	1.06
Cavan	56.9	0.528	0.93
Clare	101.9	1.200	1.18
Cork City	162.1	1.320	0.81
Cork Co	286.2	4.824	1.69
Donegal	133.1	1.248	0.94
Dublin City	811.6	9.576	1.18
DLR	179.1	6.264	3.50
Fingal	218.6	4.536	2.08
Galway City	79.8	0.960	1.20
Galway Co	126.6	1.704	1.35
Kerry	117.2	1.680	1.43
Kildare	123.3	2.568	2.08
Kilkenny	61.2	0.888	1.45
Laois	59.9	0.600	1.00
Leitrim	37.3	0.240	0.64
Limerick City	79.9	0.528	0.66
Limerick Co	110.4	1.368	1.24
Longford	37.8	0.240	0.63
Louth	66.2	1.128	1.70
Mayo	120.1	1.224	1.02
Meath	99.5	2.064	2.07
Monaghan	56.6	0.456	0.81
North Tipperary	60.8	0.648	1.07
Offaly	55.5	0.576	1.04

<sup>3</sup> Source: Local Authority Budgets 2013, Department of Environment, Community and Local Government.

<http://www.environ.ie/en/Publications/LocalGovernment/Administration/FileDownload,32678,en.pdf>

Roscommon	60.8	0.480	0.79
Sligo	56.2	0.624	1.11
South Dublin	230.6	3.792	1.64
South Tipperary	67.5	0.768	1.14
Waterford City	54.1	0.384	0.71
Waterford Co	64.1	0.720	1.12
Westmeath	61.2	0.768	1.25
Wexford	92.4	1.440	1.56
Wicklow	90.1	2.016	2.24
Total	4,061.5	57.816	1.42