

With 80% of property taxes to be spent locally people need greater transparency and control over how this money will be spent

People who read the website will already know my position on the design of the new property tax and that I have been working to make changes to the implementation of this tax where possible.

There was a positive development in relation to the property tax yesterday, with the government agreeing that local authorities will retain 80% of the taxes raised in their functional area. This is something that I and others had called for when the proposal to retain only 65% was first mentioned.

It is good news because it means that people will now know that the majority of their property taxes will be spent locally on the services they use every day, so they will benefit directly from the tax.

But I think we should take it a step further.

I think we should give proper transparency as to how that money will be used in the local area so that people can follow their taxes to the area of spend and get involved in the debate with their locally elected Councillors about how their taxes are being spent and the areas that should receive priority.

Last year I introduced the Tax Transparency Bill 2012 to provide greater transparency around how our national taxes are spent. This proposal received all-party support and is awaiting committee stage. I think it's important that we bring Tax Transparency to our local taxes too.

How?

Well without burdening ourselves with too much admin or expenses, we could instruct the local authorities to put tax calculators on their websites. The calculator would essentially allow a homeowner to enter the amount of local property tax they paid in a given year, and with this information then provide an indicative breakdown of how their property tax would be spent in the coming year, according to each area of spending, and in simple euros and cents. This is the proposal that was already agreed in principle for our national taxes.

Someone paying €300 in property tax for example would be able to see how many of their tax euros went on repairing footpaths, public lighting, local playgrounds, cleaning up graffiti, emptying bins etc. Ideally we would get these calculators on-line in time for the beginning of the first full year of payment (2014). Not all of an individual's property tax would be spent in their area and so this amount (the transfer amount) would need to be reflected in the calculation too.

That individual could then debate with their local representatives on the detail of what is happening in their community. Say for example that a person felt that more public lighting was needed. They could see how much was currently being spent, propose an increase, and also propose what area of spend should receive a reduced allocation in the next budget if they wanted to, or leave it for the Councillors to figure it out. By seeing where the money was spent they could better hold their representatives to account for their spending decisions (e.g. why aren't you spending more on public lighting; why did you spend €20 of my taxes on that piece of art for the park?).

It would be a very positive development at the local level and a real boost for local democracy.

The obligation to be provided for through legislation is simple enough: that each local authority be mandated to set-up a local property tax calculator on their websites to carry out this task. The setting of the regulation would be tasked to the Minister for Environment, Community and Local Government. This could be done either by amending the Tax Transparency Bill 2012 at committee stage or the Finance (Local Property Tax) Bill 2013 at the time of the next budget.

I am working to see that this will happen.

I also think that we need to give greater control to our Councillors as to the rate that homeowners are charged in a given area. This is already mandated to happen for the property tax, with Councillors gaining control of the rate in 2015. I think this should happen sooner.

Councillors will be allowed increase or reduce the rate by up to 15% and in the case of an area such as Dublin City, with 80% of locally raised property taxes being spent locally, this should allow for a reduction in the property tax rate once the power is granted. The property tax being paid in Dublin will be significant, so this should be affordable. It will also reduce the disparity in payments from homeowners between urban and rural areas.