



Paschal Donohue T.D.
Minister for Finance
Department of Finance
Government Buildings
Upper Merrion Street
Dublin 2, D02 R583

24th May 2021

Re: Reform of Local Property Tax

Dear Minister,

I refer to the recent exchange of correspondence between us on the matter of Local Government Funding and in particular reform of the Local Property Tax (LPT) and thank you for your letter of 9th March 2021.

This issue and your most recent correspondence was discussed by the members of Dublin City Council's Finance Strategic Policy Committee (SPC) at its meeting held on 20th May. You reiterated LPT related commitments given by Government which were considered by the SPC members.

To bring legislation for the LPT on the basis of fairness and that most homeowners will face no increase - The SPC considers that it is a priority that householders, particularly in Dublin, do not face an increase in LPT liability. The construct of the LPT is such that the rate of property tax is levied at a flat rate throughout the State. As a result householders living in Dublin or other cities, effectively subsidise householders living in a rural area, who already have lower housing costs and in many instances the same salary (such as nurses, teachers, Gardai etc).

To bring new homes, which are currently exempt from the LPT, into the taxation system – The SPC considers this issue to be of importance not only to the impact on funding but also on the matters of transparency and equity. It is patently unequal for a householder living in a home constructed post 2013 to have no LPT liability while another householder living in a home constructed pre 2013 must meet its LPT liability. The quantum of funding that will accrue to Dublin City Council and Local Government more widely can be of immense benefit, more so in the current context where developments to our public realm and urban spaces are essential to our social and economic recovery.

All money collected locally will be retained within the county. This is to be done on the basis that those counties with a lower LPT base are adjusted via an annual national equalisation fund paid from the Exchequer – The SPC welcomes and urges the dismantling of the LPT equalisation measures. There are extensive service developments that could be funded, across Dublin City Council, strengthening communities and improving quality of life and indeed leading to improved life outcomes.

The SPC believe attention should be given to a key aspect of the administration of LPT, not referenced in your correspondence. This is the concept of self-funding, which is the

determination by Government that certain local authorities (all urban) have no service needs that could be funded through the application of LPT receipts from local householders. This is manifestly untrue and must be corrected. This approach by Government is discriminatory to urban dwellers as it penalises urban local authorities. Urban dwellers must have as much expectation as rural dwellers that their local taxes will support *their* local services.

All of these matters form part of the broader framework of local government funding, which is not fit for purpose. Dublin City Council's Finance SPC members seek to open a dialogue with you on the underfunding of local government and how a sustainable funding model can be achieved. To that end, a small delegation of SPC members offers to meet with you to constructively discuss this further. The SPC delegation can attend based on arrangements to suit your availability.

I look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Séamas McGrattan'. The signature is written in a cursive style with a large initial 'S'.

Cllr Séamas McGrattan
Chairperson
Finance Strategic Policy Committee