GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement
To the House of Assembly

By

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Premier and Minister of Finance

Land Tax Relief and the 2026 Revaluation

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Mr Speaker, I rise to advise this Honourable House on Bermuda's island-wide revaluation and the steps the Government proposes to take to protect homeowners and businesses from a sharp rise in land tax on January 1, 2027. The Department of Land Valuation has completed the draft list. For most people, that raises a simple question. What will it mean for my land tax bill?

The Department normally carries out an island-wide revaluation every five years and updates individual assessments as properties change between revaluations. At the end of last year, there were about 36,700 units on the list across Bermuda, including some 32,900 homes. The list in use today is the 2015 Valuation List. It took effect in January 2016 and reflects what properties could reasonably have rented for on 1 July 2014. The revaluation due in 2020 was postponed during the pandemic. Last year, this Honourable House extended the current list to the end of 2026, giving the Department time to carry out the revaluation and collect most of the information it needed online.

Mr Speaker, an Annual Rental Value, or ARV, is the Department's estimate of what a property could reasonably rent for on the open market at a given date. A home has an ARV whether the owner lives in it or rents it out. The Department looks at what comparable homes rent for and takes into account their size, location and features. The new list is based on rents as at 1 July 2025, eleven years after the rental date used for the current list.

Over those eleven years across more than 32,000 residential assessments, ARVs increased by an average of 35 per cent. The commercial picture was more mixed. Office and warehouse valuations generally rose modestly, most retail valuations held steady, and valuations for tourist accommodation declined slightly.

Mr Speaker, the rates and bands set by this Legislature determine how those valuations translate into a bill. If the new list came into effect on January 1st, at existing land tax rates, annual land tax billings would rise from about $93 million to $151 million. That is an increase of $58 million or 62%.

Think about a family paying its mortgage and finding the money for insurance and repairs. That increased land tax bill still must come out of the same family budget. In past revaluations, some homeowners saw their bills go up even when the aim was to keep the overall amount of tax collected broadly steady.

This time, we believe it is right to take the extra time required to provide as much relief as possible. Because the Bermuda Government is in a stronger fiscal position, we can bring in the new valuations in a way that eases the burden on families and businesses. Therefore, Mr Speaker, the government proposes to lower the rates and widen the bands so that more of a property's ARV is taxed at a lower rate.

Mr Speaker, here is what that means in dollars. In January we cut the annual base charge in half, from $300 to $150. That cut made a particular difference to people with smaller homes or apartments. We now propose raising the ARV ceiling for homes that pay only the base charge from $22,000 to $30,800. So, if a home's ARV goes from $20,400 to $27,600, the owner would continue to pay $150 a year. For a home whose ARV goes from $30,000 to $39,600, the annual bill would fall from $716 to $611.

Take a home with a current ARV of $50,400. The family pays $2,624 a year in land tax. If their ARV rises by about 35 per cent to $68,000, Mr Speaker, their bill would more than double to $5,616 a year if we did nothing. Under the rates and bands, we are proposing, they would pay about $1,967 a year. That is about $657 less than they pay today.

Mr Speaker, we will also raise the threshold for the seniors' concession from $45,500 to $63,700. Qualifying Bermudians aged 65 or over who own and occupy their homes would pay no land tax if the new ARV is at or below that threshold. This means more qualifying seniors could come out of land tax altogether. A qualifying senior whose home's ARV increases from $48,000 to $62,400 would see their annual bill drop from $425 to $0.

For businesses, we propose to reduce the standard commercial rate from 9.5 per cent to 8.6 per cent. A commercial property with a $42,000 ARV on both lists would see its annual bill fall from $3,990 to $3,612 at the standard rate. The rate for tourist properties would remain at 8 per cent, and the rate for non-residential properties in economic empowerment zones would remain at 7 per cent.

Mr Speaker, what does that mean across Bermuda? Of the 35,494 residential, commercial and tourist properties we compared, 52.1% would pay less under the proposed rates and bands, 44.4% would pay the same, and 3.5% would pay more. Among the 32,280 homes, just 853, or 2.6%, would see an increase. Across all three property types, annual land tax billings would fall from about $93 million to about $86 million, delivering $7 million in annual land tax relief.

The largest share of that relief goes to homes in the middle of the land tax bands. Take the 4,173 homes with current ARVs above $44,000 and up to $90,000. In that group, 4,050 would get a lower bill. That group of 4,173 homes accounts for almost $4 million of the $5.9 million in annual residential relief. That is more than two-thirds of the savings on residential land tax.

Mr Speaker, later in today's sitting I will seek the indulgence of this Honourable House to introduce two Bills so that we can debate them when the House returns on Friday, 4 December. These bills are essential to advance so that we protect Bermudians from an increase in their land tax bills on 1 January.

The first Bill would keep the current valuation list in effect through 30 June 2027. The second would bring in the revised land tax rates and bands on 1 July 2027, when the new valuations are due to take effect. Subject to the Legislature's approval, the existing valuations and rates would apply for the first half of 2027. Honourable members should be aware that the last time that all bands were changed was 21 years ago. Systems have changed since that time, and this delay will give the Office of the Tax Commissioner ample time to update its systems, test the new schedule and prepare for the changeover.

Mr Speaker, earlier this month I told this Honourable House how we would use Bermuda's stronger public finances to reduce payroll tax for employers and employees. Those stronger finances also give the Government room to lower land tax.

Think of a public officer who has spent years paying the mortgage on the family home. That home may be worth more on the rental market today, but that increase in ARV doesn't put more money in that family's pocket; however, the mortgage payments continue. There are middle-class families across Bermuda in that position. They work hard, they pay their taxes, and they need relief, not an increased land tax bill. By combining the new valuations with the revised rates and bands, we can update assessments and reduce the land tax bill for thousands of property owners.

Mr Speaker, we still have more work to ease the burden of Bermuda's high cost of living. However, for many families, this is one bill we can reduce, leaving them with more of their own money in their bank accounts - and it is just another example of how this Government will do everything it can to ease the pressure on Bermuda's workers.

Thank you, Mr Speaker.