

# Michael McDowell

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Autumn update



## PROPERTY TAX INJUSTICE

Leitrim €260,000	2,200 Sq. Feet
Current Property Tax Bill:	€495
Next Property Tax Bill – No Change	€0
LPT that Remained in Local Area:	100%



Ringsend €379,950	678 Sq. Feet
Current Property Tax Bill:	€573
Next Property Tax Bill – Up 66%	- up €229
LPT that remained in Local Area:	80%



### Injustice

A family earning €40,000 that live in a very modest, red-bricked, two-bedroomed terraced house in the city of Dublin should not pay far more in property tax than a family earning €250,000 living in a substantial detached four bedroomed house 2 hrs from Dublin.

### Future Increases

The European Commission have recommended that the government bring forward the valuation date for calculating how much tax you pay on your property from 2019 to next year. The huge rise in Dublin house prices since 2013 means families will be paying substantially more in Property Tax than their current bill.

### Local Taxes for Local People

20% of the total property tax raised in your area will be taken from Dublin and spread across those parts of the country where less property tax has been raised. If we are to have any property tax at all, there must be some fairer system in place.

### Local Government Charge Solution

I believe the solution belongs in scrapping LPT and introducing a banded local government charge instead.

#### How would it work?

Every home in each city or county would be assigned a band, from "A" to "J", based on objective criteria such as size, condition, configuration and relative local value. Homes in Leitrim would be assigned a band depending on their relative values to other homes in Leitrim, and homes in Dublin likewise assigned a band by reference to their relative local value in Dublin.

#### Where would the money collected go?

The charge would be payable to the local authority, not to the national exchequer. Each local authority would then know that whatever sum it raised by the local authority charge will be borne by all homes in the county by reference to the banding fixed by national legislation.

*In April 2016 I was honoured to be elected to the the National University of Ireland panel of the 25th Seanad. My initial motivation to seek election to the Upper House was because of a sincerely held belief in Seanad reform. In October 2013, the Irish people rejected the proposed abolition of the Seanad. I, along with then Senators Feargal Quinn and Katherine Zappone and others, campaigned for its retention on the promise that Seanad Éireann could be reformed into a vibrant and dynamic chamber with an important role to play in Irish democracy. That reform is yet to take place, and I have during my first term initiated the Seanad Bill 2016 which I hope will progress successfully through both houses of the Oireachtas.*

*During my time as Attorney General, Minister for Justice, and Tánaiste, I witnessed first-hand the thoughtful and insightful contributions of senators from across the political spectrum. This experience underscored to me the ability of Seanad Éireann to make a valuable contribution to the legislative process. If you wish to share your thoughts on Seanad Reform or any other topic, please do not hesitate to contact me by email.*

Senator Michael McDowell

# Seanad Éireann and its current role

Seanad Éireann has the following important constitutional functions:

- Seanad Éireann provides a non-confrontational consideration of all legislation
- Important legislation is frequently initiated in the Seanad rather than the Dáil
- Private members' bills have been tabled by senators dealing with many issues of social policy and law reform
- Seanad Éireann must give prior approval to EU proposals for enhanced co-operation, the Shengen Acquis, and Ireland's 'opt-out' of EU measures on freedom, justice and security
- Seanad Éireann can petition the President to put bills to the people by referendum
- Seanad Éireann has a veto over any proposal to impeach the President, to remove judges from office, or to remove the Comptroller and Auditor General

## How Seanad Éireann can be reformed and my initiation of the Seanad Bill 2016

Over the last three years, two important reform proposals have been tabled: the Quinn/Zappone Bill in 2013, and the recommendations of the Working Group on Seanad Reform in 2015. Both sets of proposals remain as yet unimplemented.

Without the need for constitutional change, the following radical Seanad reforms could be passed by the Oireachtas:

- Universal franchise in Seanad Elections, with a vote for every Irish citizen
- A diaspora vote for emigrants and Irish citizens living in Northern Ireland
- Online voter registration and voting
- A reconstitution of the vocational panels and a more limited electoral role for Oireachtas members and councillors
- A redefined role for the Seanad in North-South relations, the consideration of secondary EU legislation, and the consideration of reports from statutory bodies and regulators.
- In 2016 I was pleased to initiate the Seanad Bill 2016 with the support of a number of my colleagues in Seanad Éireann. The Bill will go to Committee stage debate this Autumn and I hope that the Bill will enjoy broad support from my colleagues in the Oireachtas



Seanad  
Éireann



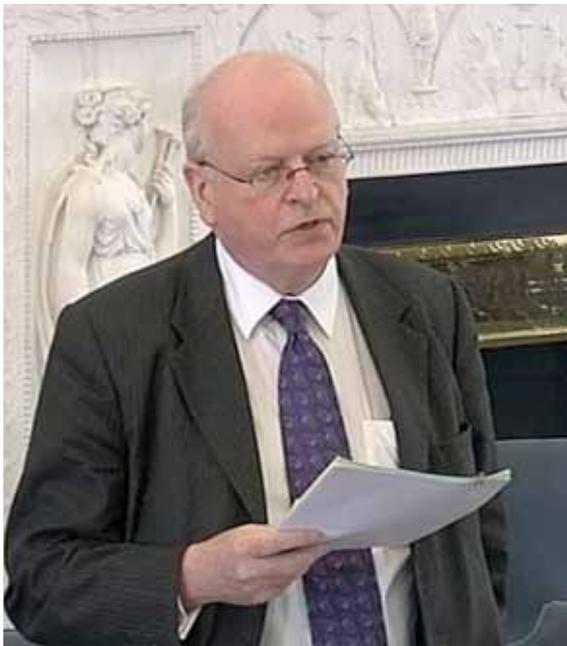
*I was honoured to launch Senator Feargal Quinn's autobiography Quintessentially Feargal recently in Leinster House.*



*At the recent unveiling of an Ulster History Circle Blue Plaque in honour of Michael McDowell's grandfather Eoin MacNeill at St Malachy's College Belfast*



*For Michael's weekly opinion pieces, archive materials, video clips and current Seanad Business visit [www.michaelmcdowell.ie](http://www.michaelmcdowell.ie)*



## Seanad News

I have been pleased to contribute to many and varied debates since my election to the Seanad in 2016. Please visit the Seanad Debates section on [www.oireachtas.ie](http://www.oireachtas.ie) for a full listing and transcripts

- Seanad Bill 2016 – Committee Stage to resume this Autumn
- Judicial Appointments Commission Bill 2017
- Heritage Bill 2016
- Irish Human Rights and Equality Commission (Gender Pay Gap) Bill 2017
- Statements on Public Service Broadcasting
- Intoxicating Liquor (Amendment) Bill 2016
- Order of Business – high cost of insurance to motorists and employers
- Adult Safeguarding Bill 2017
- Member of Seanad Select Committee on Brexit
- Member of Joint Oireachtas Committee on Communications, Climate Change and Environment



*I delivered the keynote address at a Waterford conference which marked the 80th anniversary of the Constitution of Ireland*

## Tours

I am happy to assist in organising tours of the Houses of the Oireachtas for individuals or groups including primary, secondary and third level students, local active age groups, historical societies and citizens who would like to visit our national parliament.

Tours are carried out by an outstanding team of Parliamentary Ushers who have a unique historical and contemporary knowledge of Dáil and Seanad Éireann. Renovations of Leinster House will soon commence however much of the building will still be accessible to visitors.

Please contact my office to arrange a date and time, you will be made most welcome.



## Are you an NUI graduate? Are you disenfranchised? CHECK THE REGISTER

### What is the Seanad Register?

The Seanad Éireann Register published on 1st June each year is a list of the names, addresses and qualifications of NUI graduates who may vote in Seanad Éireann elections (NUI constituency).

### Who is on the Register?

NUI graduates, other than honorary graduates, who are citizens of Ireland and who have claimed to be registered as voters. The right to vote is not automatic; it must be claimed. Claims must be received at the NUI Office by 26th February in any given year. A full list of institutions in the Seanad Éireann constituency is available on my website [www.michaelmcdowell.ie](http://www.michaelmcdowell.ie)

### Check the register

If you would like to check the register or receive registration forms by post please contact my office using the details on the back page of this newsletter. Graduates must complete, sign and return to National University of Ireland a Registration Claim Form.

**Note:** There is currently no provision in the Seanad Electoral (University Members) Acts, 1937-2015, for online registration or for the use of electronic signatures. For this reason there is no facility for online registration.



# Local Property Tax is a ticking political time bomb – but there is an alternative

The so-called Local Property Tax is a ticking political time bomb, particularly in the greater Dublin area. I have raised the issue repeatedly in the Seanad.

The very idea that a family earning €40,000 which lives in a very modest, red-bricked, two-bedroomed terraced house in the city of Dublin should pay far more in property tax than a family earning €250,000 living in a substantial detached four bedroomed house standing on an acre, located 70 miles from Dublin seems grossly unfair. That injustice is compounded if the Dublin family has a mortgage of 90% of their home's value while their country cousins own their substantial residence free of debt.

At present, LPT is charged at 0.18% of market value up to €1 m. and at 0.25% on any greater value. That means that a home valued at €500,000 will pay €900 annually, while a home valued at €1.2m will pay €2,160. Local authority elected members are permitted to reduce the tax payable in respect of their areas by up to 15%.

If you look at any of the property websites, you will quickly see that €500,000 will buy you radically different properties depending on the county they are located.

It could buy you a six bedroomed, 3000 sq. ft. luxurious restored Victorian mansion on 5 acres in Co. Laois. It will get you a small two bed apartment, or a modest two bed terraced house or cottage, or a duplex two bed home, in Dublin 6. The location element in value is simply colossal.

Since LPT is levied on nominal legal ownership, it does not acknowledge mortgage indebtedness. A family in Dublin city may buy and mortgage and "own" a home that is much more valuable in nominal terms than an identical home in Laois. But they are not wealthier on that account. In many respects, their home "ownership" outings make them much poorer.

Faced with a bounce-back mini-boom in Dublin house prices and a lesser recovery in home values across the country, the last FG-Labour coalition effectively froze the valuation aspect of self-assessed LPT until 2019 – another exercise in kicking the political can down the road.

But more and more people are facing a financial cliff in 2019 unless there is radical reform in the meantime. That has knock-on effects in terms of consumer sentiment and family financial planning.

There is a real issue here. If we are to have any property tax at all, there must be some fairer system in place. Unless we put all tax on earnings and none on property, there must be a property aspect to our tax base.

The solution belongs in scrapping LPT and in introducing a banded local government charge instead.

How would it work?

Every home in each city or county would be assigned a band, say from "A" to "J", based on objective criteria such as size, condition, configuration and relative local value. So homes in Laois would be assigned a band depending on their relative values to other homes in Laois, and homes in Dublin likewise assigned a band by reference to their relative local value in Dublin.

As now, the question of ownership or mortgage equity would not be taken into account as the charge would be in respect of the "basket of local government services" attributable to the home rather than depending on whether a house-holder had mortgaged or re-mortgaged the home

If you bought, say, a house in the "D" band, you will pay a local government charge which has a fixed national statutory proportionality to the "C" and "E" bands and to all the other bands, so that the modest homes in the "A" band might bear, say, one tenth of the charge that the most luxurious homes which would be in the "J" band, in each city or county.

If you bought a Band "D", home you would know exactly how much you will have to pay by way of charge relative to other home-owners in your local authority area.

The charge would be payable to the local authority, not to the national exchequer. Each local authority would then know that whatever sum it raised by the local authority charge will be borne by all homes in the county by reference to the banding fixed by national legislation.

Local authorities could be given discretion on the level of the overall charge but not on where the burden would lie as between homes. In this respect local democracy and accountability would be enhanced but fairness as between home owners ensured.

Annual self-assessment would end. Once banded, each owner would receive a bill. There would be certainty and equity as between different homes in the same city or county. The present injustice of levying more LPT on what, say, would be a Band "A" home in Dublin than on what would be a Band "F" home in Laois would end.

Waiver schemes and deferment provisions for those in need, and statutory rebates would continue. So also would payment by the month facilities. Local authorities could retain the power to use the Revenue Commissioners as their collecting agents.

This is the scheme of something much fairer than the present LPT which is not in any sense "local". Having a % of market value national wealth tax on domestic property is not fair.



**CAMPAIGN FOR REFORM**

- get in touch by logging on to [michaelmcdowell.ie](http://michaelmcdowell.ie)