

## NEWS RELEASE

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### **WANTED: Property Tax Fairness in South East Saskatchewan** Moosomin has most unfair municipal tax system; White City the fairest

**Regina, November 16, 2011** - Today, the Canadian Federation of Independent Business (CFIB) released a new study which shows there has been very little progress in narrowing the property tax gaps in Saskatchewan from 2009 levels. On average, small business owners paid 2.25 times the municipal property taxes of residential property owners in 2010.

CFIB's research report, *WANTED: Property Tax Fairness*, is the fourth in a series of CFIB reports which examine the municipal and total property tax gaps for 63 municipalities across the province. The gap measures the difference in municipal and total tax rates applied to commercial and residential properties (see backgrounder for more detail).

"Unfortunately for small business owners, the vast majority of the province's municipalities saw their municipal tax gaps either worsen or stay the same in 2010," said Virginia Labbie, CFIB's senior policy analyst for Saskatchewan and Agri-business. "It is troubling that only 17 out of the 63 municipalities improved their municipal tax gap in 2010."

In fact, Saskatchewan commercial property owners paid between \$1.21 to \$5.00 for every dollar in municipal property taxes paid by homeowners. More specifically, commercial property owners in Saskatchewan's South East region paid between \$1.25 and \$2.61 for every dollar in municipal property taxes paid by residential property owners.

#### ***Moosomin has highest municipal tax gap and the highest municipal property tax bill***

Moosomin has the most unbalanced municipal property tax system among South East Saskatchewan's 14 municipalities with commercial property owners paying \$2.61 for every dollar paid by residential property owners. White City had the lowest tax gap of 1.25. Moosomin also had the distinction of having the highest commercial municipal property tax bill, costing business owners \$6,520 per \$200,000 of assessed property value while residential property owners paid \$2,499. White City had the lowest commercial municipal property tax bill of \$1,890.

"Factor in the provincial education property taxes and commercial property owners in South East Saskatchewan are still paying on average 1.76 times the property taxes of a residential property owner," noted Labbie. "It is clear small businesses continue to pay much more than their fair share."

In 2011-12, the Government of Saskatchewan will distribute \$216.8 million, the equivalent of one full point of the Provincial Sales Tax, to municipalities through the Municipal Operating Grant - an increase of 70 per cent since 2007-08. "Given record revenue sharing from the Province, small business owners expect their municipalities to use this revenue prudently and avoid property tax hikes in 2012," added Labbie.

"Many municipalities hiked property taxes in 2011," explained Labbie. "While the province has taken important steps forward toward reforming education financing, we worry those education property tax savings delivered in recent years are quickly being eroded by Saskatchewan municipalities. We hope municipal leaders resist the urge to pick the pockets of Saskatchewan business owners in 2012."

CFIB believes this report sends a clear message that profit-insensitive property-based taxes have a significant impact on a small business owners' ability to grow and create jobs. "It's time for municipal leaders to do their part and address the inequities in the municipal property tax system," concluded Labbie.

**To arrange an interview with Virginia Labbie, please call 306 757-0000 or 1 888 234-2232, or email [mssask@cfib.ca](mailto:mssask@cfib.ca)**

*As Canada's largest association of small- and medium-sized businesses, CFIB is Powered by Entrepreneurs™. Established in 1971, CFIB takes direction from more than 108,000 members (5,250 in Saskatchewan) in every sector nationwide, giving independent business a strong and influential voice at all levels of government and helping to grow the economy.*

## CFIB BACKGROUNDER

- ▶ Moosomin had the most unfair municipal tax system among South East Saskatchewan municipalities with a total municipal property tax gap of 2.61
- ▶ Moosomin also had the highest commercial municipal property tax bill of \$6,520 per \$200,000 of assessed value, White City had the lowest at \$1,890
- ▶ White City and Regina Beach have the fairest municipal tax system with total municipal property tax gaps of 1.25 and 1.31, respectively

CFIB made a number of recommendations to reduce the gap in property taxes:

### Provincial Government:

- ▶ Continue to finance a greater portion of education through general revenues by raising the commercial thresholds and lowering the commercial mill rates.
- ▶ “Cap the Gap” – Cap the difference in the mill rate factor between residential and commercial properties and introduce a long-term strategy to phase out the mill rate factors all together.
- ▶ Reject any proposal that would provide increased taxation powers to municipalities.
- ▶ Reject calls for provincial tax increases to finance municipal infrastructure (e.g. vehicle tax).

### Local Government:

- ▶ Develop and implement a plan over time to reduce the commercial-to-residential property tax gap.
- ▶ Limit year-over-year spending growth to a maximum of inflation plus population growth and review current programs and services with a view to identifying programs/service areas that can be eliminated, streamlined, contracted out to the private sector, or sold.
- ▶ Introduce a plan to reduce the size and cost of the municipal civil service.
- ▶ Work towards additional revenue sharing, rather than new taxing authority.
- ▶ Consider the introduction of a base tax for all homeowners.

### South East: Municipal property tax gap ratios and municipal taxes per \$200,000 of assessed value

Municipality	Total municipal commercial taxes per \$200,000	Total municipal residential taxes per \$200,000	2010 Municipal Tax Gap	2009 Municipal Tax Gap	2009 to 2010
Moosomin	\$6,520	\$2,499	2.61	2.61	=
Pilot Butte	\$3,325	\$1,279	2.60	2.60	=
Carlyle	\$3,770	\$1,637	2.30	2.20	×
Davidson	\$6,163	\$2,953	2.09	2.09	=
Oxbow	\$4,340	\$2,105	2.06	1.81	×
Carnduff	\$4,496	\$2,334	1.93	1.92	×
Kipling	\$2,100	\$1,380	1.52	1.37	×
Fort Qu'Appelle	\$3,855	\$2,562	1.50	1.53	✓
Balgonie	\$2,772	\$1,924	1.44	1.45	✓
Indian Head	\$3,700	\$2,590	1.43	1.43	=
Lumsden	\$1,969	\$1,378	1.43	1.43	=
Grenfell	\$3,250	\$2,470	1.32	1.32	=
Regina Beach	\$2,303	\$1,764	1.31	1.57	✓
White City	\$1,890	\$1,518	1.25	1.25	=
Average	\$3,604	\$2,028	1.77	1.75	×
× gap worsened    ✓ gap improved    = gap same					

Source: CFIB calculations based on 2010 property tax data from Government of Saskatchewan, Ministry of Municipal Affairs.