

# WANTED: Property Tax Fairness

## *A small business perspective on commercial-to-residential property tax inequities in Saskatchewan*

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On average, commercial property owners in Saskatchewan pay two times the property taxes of their residential counterparts. In some instances, commercial property owners pay upwards of three times as much property tax as residential property owners. While the province has taken important steps forward toward reforming education financing, there is much more work to be done by municipal governments. If Saskatchewan plans on maintaining its recent economic momentum, it is important that municipal governments find a far more fair and equitable balance between the commercial and residential share of property taxes so business owners can continue to succeed and grow in communities across Saskatchewan.

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## Introduction

Saskatchewan's small business community is disproportionately taxed in comparison to residential property owners in the province. On average, businesses in Saskatchewan municipalities of over 1,000 people pay two times the amount of property taxes paid by residents on an equivalently valued property. This difference in taxes paid among businesses and residents is referred to as the "property tax gap", which measures the magnitude of property tax levied on a commercial property relative to a residential property in a municipality. Despite there being a property tax gap in every Saskatchewan municipality, there still remains no relationship between taxes paid and services received.

This is the fourth in a series of CFIB reports that takes a closer look at property taxes in Saskatchewan. In this report, both the municipal and total (municipal property taxes plus education property taxes) property tax gaps are examined for 63 municipalities across the province. Unfortunately for small business owners, the findings indicate that there has been very little progress in narrowing property tax gaps in Saskatchewan from 2009 levels - the vast majority of the province's municipalities (46) saw their municipal and total property tax gaps either worsen or stay the same in 2010.

This report will analyze the municipal and total property tax gaps across Saskatchewan municipalities, explain some common misconceptions about commercial property taxation, and provide recommendations for creating a more equitable property tax system in Saskatchewan.

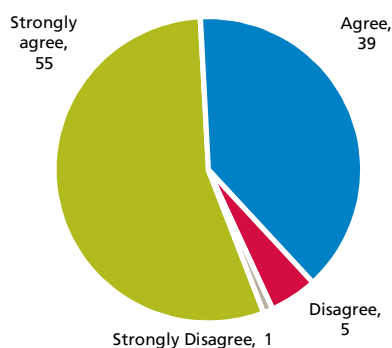
## The Importance of Small Business

In early 2011, the CFIB, in partnership with Hewlett-Packard (Canada) Co. and Intel of Canada, Ltd. commissioned a set of two opinion polls through the Angus Reid Forum to better understand the public's opinions about small business, entrepreneurship and what it will take to ensure that Canada maintains a vibrant small business sector going forward. The two polls surveyed the general public as well as small business owners.

The public opinion poll found 94 per cent of Canadians admire entrepreneurs (see Figure 1) and also have a high amount of respect for small business owners. When asked to rank various institutions or groups, Canadians gave top marks to farmers and small business owners (see Figure 2). Small business scored 8.2 out of 10, and farmers, most of which are small businesses, scored 8.7 out of 10. Government and labour unions in comparison scored 5.3 and 5.1 out of 10 respectively.

Figure 1:

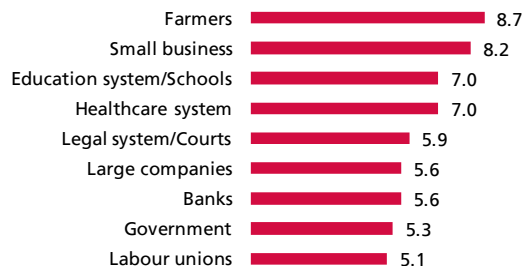
### I admire entrepreneurs (% response)



Source: Angus Reid Forum poll (2,028 responses).

Figure 2:

### How much respect do you have for each of the following in Canada? (mean, scale of 0 to 10 where 10 is the highest level of respect)

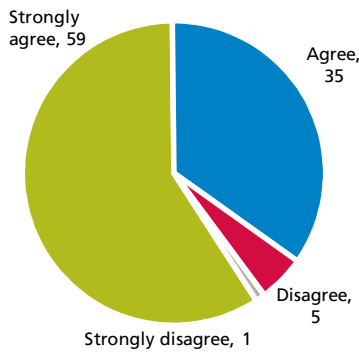


Source: Angus Reid Forum poll (2,028 responses).

A large proportion of Canadians felt a strong relationship between small business and their community with 94 per cent of respondents agreeing that small business is vital to their community (see Figure 3). This illustrates that Canadians recognize small businesses for more than just their contribution to the economy. In particular, businesses contribute to their communities through employing people locally (84 per cent), meeting the community's unique needs through the tailoring of products and services (63 per cent), donating goods and services (50 per cent) and acting as strong role models in the community (46 per cent) (see Figure 4). These poll results are also consistent with CFIB members' views which indicate that 85 per cent of members give back to their communities by donating time and money to local charities, events, sports teams, etc<sup>1</sup>.

<sup>1</sup> See CFIB, *Secrets of entrepreneurial success*, April 2011.

Figure 3:  
**Small business is vital to my community (% response)**

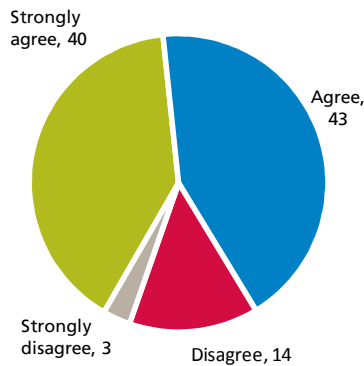


Source: Angus Reid Forum poll (2,028 responses).

Even though small business is such a vital part of

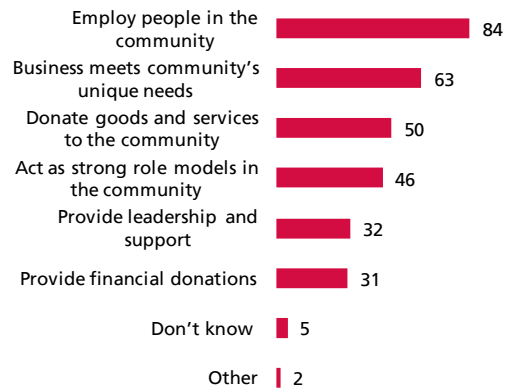
the community, 83 per cent of Canadians agree that governments of all levels undervalue the contributions of entrepreneurs and small business in Canada (see Figure 5). It is clear governments need to do a much better job of encouraging entrepreneurship. In a recent CFIB survey, small business owners gave poor marks to their local governments in their ‘overall awareness of the small business sector’.

Figure 5:  
**Governments undervalue the contribution of entrepreneurs and small business in Canada (% response)**



Source: Angus Reid Forum poll (2,028 responses).

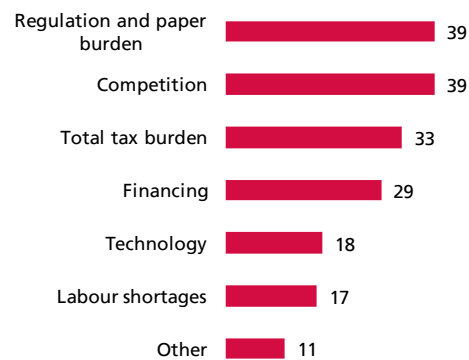
Figure 4:  
**How do small businesses contribute to your community? (% response)**



Source: Angus Reid Forum poll (2,028 responses).

The Angus Reid poll also surveyed small business owners on various aspects of being in business. When asked about the main challenges of running a business, regulation/paper burden and competition tied for first place as the greatest operating challenges (see Figure 6). However, total tax burden, which includes municipal and education property taxes, followed closely at 33 per cent. These are the areas that governments need to focus on to reduce barriers so businesses can continue to flourish, create jobs, support families and give back to their communities.

Figure 6:  
**What are the main challenges you face in running your business? (% response)**



Source: Angus Reid Forum poll (1,160 responses).

## Current Economic Climate in Saskatchewan

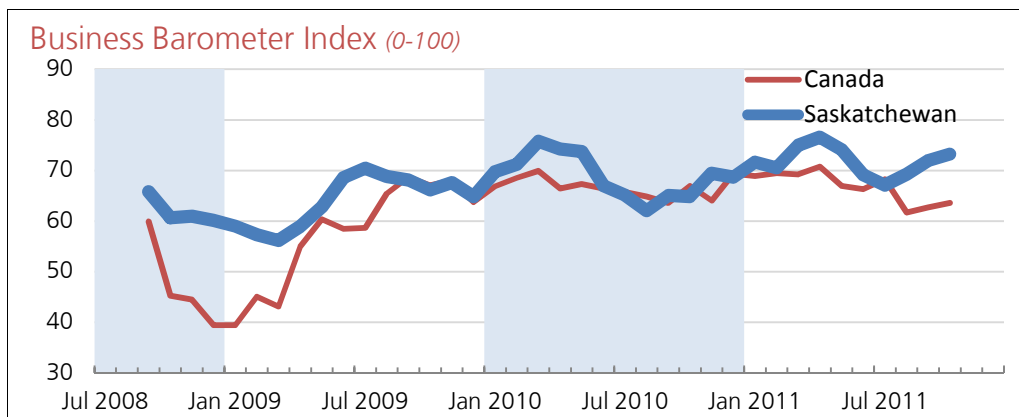
### CFIB Monthly Business Barometer®

CFIB's Monthly Business Barometer® has shown to be an extremely accurate indicator of economic growth and is utilized by a number of financial institutions in Canada including Bloomberg, the Bank of Canada and Scotiabank. The Barometer shows optimism levels among business owners in Saskatchewan has remained relatively stable despite a number of global economic challenges. Tracked against GDP, the Barometer index closely reflects what is currently happening in the economy. Measured on a scale between 0 and 100, an index level above 50 means owners expecting their businesses' performance to be stronger in the next year outnumber those expecting weaker performance.

The Saskatchewan October 2011 CFIB Monthly Business Barometer® reveals optimism for the year ahead among small business owners in Saskatchewan increased to 73.2 from 71.9 in September, and 9.6 points above the national index of 63.6 (see Figure 7).

Figure 7:

### CFIB Monthly Business Barometer Index (Saskatchewan vs. Canada)



Source: CFIB Business Barometer, October 2011.

### Provincial highlights include:

- ▶ **Overall state of business:** Business performance: 61 per cent of businesses in Saskatchewan say the overall state of business is good (40 per cent nationally); 33 per cent say it is satisfactory (47 per cent nationally).
- ▶ **Employment plans:** 18 per cent of Saskatchewan businesses plan to increase full-time employment in the next 3-4 months (15 per cent nationally) and only six per cent plan to decrease (15 per cent nationally).
- ▶ **Major cost concerns** causing difficulties for small business include: fuel/energy costs (56 per cent), wage costs (49 per cent), tax/regulatory costs (48 per cent), and insurance costs (46 per cent).

With Saskatchewan small business owners among the most optimistic in Canada, it's critical all levels of government (federal, provincial and municipal) ensure their policies help fuel optimism, not dampen it.

## Saskatchewan's Property Tax System

Property taxation is one of the oldest forms of taxation in Canada. Before the advent of income and sales taxes, municipal and provincial governments relied almost exclusively on the revenues provided by property-based taxation to fund things like municipal services and education systems. Even today, Canada is more dependent on property taxes than the majority of the industrialized world.<sup>2</sup> As the primary source of revenue for municipal governments, property taxes account for approximately ten per cent of total taxation in Canada.<sup>3</sup>

Income taxes, payroll taxes and sales taxes all rise and fall with fluctuations in income and consumption. Property taxes do not hold such a distinction. Every year, local governments vary tax rates in relation to the total assessed values of the properties in their jurisdiction in order to ensure they generate sufficient revenues. Property values, therefore, do not necessarily determine the amount of taxes paid by a property; rather they indicate how much one property will pay in relation to another.

Property taxes paid are affected by the decisions of three major participants – the provincial government, the Saskatchewan Assessment Management Agency (SAMA), and local governments (municipalities and separate school divisions).<sup>4</sup>

### Provincial Government

In broad terms, the provincial government oversees the tax system. It determines broad-based classes of property according to type (e.g. range land, agricultural, residential, commercial and industrial) for provincial property tax purposes and determines the *percentages of value* to apply to those property taxes. The percentages of value are applied to the assessed value of properties, resulting in the taxable assessments for each property class. Table #1 shows the percentage of value applied to each property class.

Table 1:

#### Provincial percentage of value by property class

<i>Provincial Property Tax Classes</i>	<i>Percentage of Value</i>
Non arable (range) land and improvements	40%
Other agricultural land and improvements	55%
Residential land and improvements	70%
Commercial/industrial land and improvements	100%
Other industrial land and improvements (e.g. elevators, pipelines, railways)	75%

Source: SAMA, *How Property Assessment Works in Saskatchewan*, 2011.

<sup>2</sup> Organisation for Economic Co-operation and Development, *Revenue Statistics: 1965-2006*.

<sup>3</sup> Ibid. As a point of comparison, the average across all OECD countries is 5.6 per cent.

<sup>4</sup> In Saskatoon, Regina and Regina Beach, library boards also generate revenue through property taxes.

In 2009 the provincial government assumed more control over Saskatchewan's education property tax system. As of April 1, 2009, it became the Province's responsibility to set education property tax mill rates, which were previously set by local school boards. The provincially-set mill rates apply to all public school divisions and may also be used by separate school divisions. However, separate school divisions have the constitutional authority to levy property taxes to fund their educational system. It is important to note that, under the new system, commercial property has a higher mill rate than residential property. Thus, in all instances, commercial property owners pay more education property tax than residential property owners.

Furthermore, the provincial government provides authority for local governments to use "tax tools" at their discretion to set local property tax policy.

## Saskatchewan Assessment Management Agency (SAMA)

SAMA establishes the rules and principles used in determining assessment values. Except for municipalities that have opted to conduct their own valuations<sup>5</sup>, SAMA also carries out assessment valuations for municipalities. There are three generally accepted techniques used to value property in a market value assessment system: the cost approach, the sales comparison approach and the property income approach which was introduced in 2009.<sup>6</sup> The property income approach relies on property lease or rental information to determine the value of properties. This approach provides the assessment appraiser with an additional property valuation tool. Where applicable and practical, this approach to value is expected to increase the accuracy of commercial property assessment.<sup>7</sup>

It states in the SAMA 2010 Annual Report that SAMA co-ordinates a full revaluation of all properties in the province every four years to coincide with the new base date. The last revaluation of 2009 used June 30, 2006 as the base date. The upcoming revaluation in 2013 will update assessed values to reflect a new base date of January 1, 2011. Based on the strength of the real estate market between the 2006 and 2011 base dates, SAMA anticipates that assessment shifts will be higher than any revaluation since 1997<sup>8</sup>.

## Local Governments

Municipalities use assessed values, along with the property classes and percentages of value set by the province, to establish mill rates based on their budget requirements. As noted above, municipal governments have a number of tax tools at their disposal.

One of those tools is *mill rate factors*, which allow municipalities to vary the mill rates between property classes. By applying these factors in the calculation of property taxes, municipalities are able to shift a greater share of local revenue requirements onto businesses. Municipalities that choose to vary mill rate factors by property class unanimously choose to place a greater burden on business compared to residential property.

In 2010, all 14 of Saskatchewan's cities<sup>9</sup> had higher municipal mill rate factors on commercial properties compared to residential properties. In addition, of the 49 municipalities with a population greater than

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<sup>5</sup> These include Saskatoon, Regina, Prince Albert, Swift Current, and 14 other urban municipalities across Saskatchewan. (Source: SAMA, *2010 Annual Report*, 15.)

<sup>6</sup> SAMA, *Revaluation 2009: Overview*.

<sup>7</sup> SAMA, *The Income Approach to Value*.

<sup>8</sup> SAMA, *2010 Annual Report*, 10.

<sup>9</sup> The city of Lloydminster moved to Alberta assessment procedures starting on January 1, 2005. As a result it has been excluded from the current survey.

1,000, 34 had higher municipal mill rate factors on commercial properties. The remaining 15 treated both classes of property equally with regard to municipal mill rate factors.

As for education property taxes, the Government of Saskatchewan now sets education mill rates for public school divisions. Only separate school divisions have the authority to levy property taxes to fund their education system. However, in 2009 all of the minority faith boards of education opted not to levy their own mill rates. The next opportunity for these minority faith boards of education to revisit this decision is after their general election in October 2012<sup>10</sup>.

Additional tax tools available to municipalities include:

- ▶ **Base tax**<sup>11</sup> – A set amount of property tax is levied, regardless of the assessment value of the property
- ▶ **Minimum tax**<sup>12</sup> – If the calculated municipal property tax is less than the minimum tax set by the municipality, the minimum tax is applied instead
- ▶ **Property tax phase-in provisions**<sup>13</sup> – Allows a municipality (cities only) to phase-in a tax increase or decrease for taxable property over a set period
- ▶ **Local property subclasses** – Municipalities can only apply tax tools to three property classes: agricultural, residential and commercial. However, cities can break these local property tax classes further if so desired. For example, Moose Jaw has a golf course property subclass.

The end result is a situation where commercial taxpayers are subsidizing residential property owners across Saskatchewan. The major contributing factors to the gap between residential and commercial taxes are:

- ▶ Provincially determined percentages of value used in arriving at taxable assessments
- ▶ Mill rate factors set by each municipality

In general, municipalities with more unbalanced property taxes have local governments that use mill rate factors more aggressively.

It is important to note that CFIB's fourth property tax report includes the base tax in its calculation of the 2010 municipal taxes which better reflects the total municipal tax load in the eight cities and 33 towns (with a population over 1,000) who applied a base tax to residential and/or commercial properties.

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<sup>10</sup> Government of Saskatchewan, *2011 Confirmed Education Property Tax Mill Rates*.

<sup>11</sup> In 2010, eight cities and 33 towns with a population over 1,000 applied a base tax to residential and/or commercial properties.

<sup>12</sup> In 2010, three cities and 21 towns with a population over 1,000 applied a minimum tax to residential and/or commercial properties.

<sup>13</sup> In 2004, the provincial government removed the authority of towns, villages, resort villages, rural municipalities and Northern municipalities to phase in property taxes.

## The Property Tax Gap

### Municipal Property Tax Gap

The municipal property tax gap for each municipality is calculated as the total municipal property tax bill for a commercial property divided by the bill for a residential property. The basic calculation of municipal property taxes including the base tax is as follows:

$$\text{Municipal Property Taxes} = \text{Assessed Value} \times \text{Provincial Percentage} \times \text{Mill Rate} \times \text{Mill Rate Factor} + \text{Base Tax}$$

Source: Government of Saskatchewan, Ministry of Municipal Affairs

Consider two properties valued equally at \$200,000 in the City of Moose Jaw, one being residential and the other being commercial. The uniform municipal mill rate in Moose Jaw in 2010 was 15.274 per \$1,000 of taxable property and the mill rate factors on residential and commercial property were 0.7948 and 1.1734, respectively. Moose Jaw does not have a base tax so it was not applied in this case (see Table 2).

The resulting municipal tax gap for the city of Moose Jaw is 2.11. Thus, commercial property owners paid \$1,885 more in municipal property taxes than residential property owners in Moose Jaw for the 2010 tax year.

Table 2:

### Calculating the municipal property tax gap in Moose Jaw

	<i>Residential</i>	<i>Commercial</i>
Assessed Value	\$200,000	\$200,000
Provincial percentages	0.7	1.0
Taxable property	\$140,000	\$200,000
Mill rate (per \$1,000)	15.274	15.274
=	\$2,138.36	\$3,054.80
Mill rate factor	0.7948	1.1734
=	\$1,699.57	\$3,584.50
Base tax	\$0	\$0
Total tax bill	\$1,700	\$3,585
<b>Municipal tax gap</b>		<b>2.11</b>

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

### Education Property Tax Gap

The education property tax gap for each municipality is calculated as the total education property tax bill for a commercial property divided by the bill for a residential property. The basic calculation of education property taxes is as follows:

$$\text{Education Property Taxes} = \text{Assessed Value} \times \text{Provincial Percentage} \times \text{Education Mill Rate}$$

Consider the same two properties valued equally at \$200,000 in the city of Moose Jaw, one being residential and the other being commercial. In 2010, the provincially-set education mill rate for residential property was 10.08 per \$1,000 of taxable property. The commercial education mill rate for properties with a taxable assessment of less than \$500,000 was 12.25. Commercial properties with a taxable assessment of more than \$500,000 had a mill rate of 12.25 on the first \$499,999 of assessment and a mill rate of 15.75 on assessment between \$500,000 and \$5,999,999. Commercial properties with a taxable assessment above \$6,000,000 had an education mill rate of 18.55.

The resulting education tax gap for the city of Moose Jaw is 1.74 (see Table 3). Thus, commercial property owners paid \$1,039 more in education property taxes than residential property owners in Moose Jaw for the 2010 tax year.

This education property tax calculation is applicable to all municipalities across the province because the uniform mill rates do not change based on location.

## Total Property Tax Gap

The total property tax gap for each municipality is calculated as the total property tax bill for a commercial property divided by the bill for a residential property. The basic calculation of total property taxes is as follows:

<b>Total Property Taxes =</b>	<b>Municipal Property Taxes</b>	<b>+</b>	<b>Education Property Taxes</b>
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When combining municipal and education property taxes, residential property owners in Moose Jaw paid a total tax bill of \$3,111 while commercial property owners paid \$6,035 in taxes for a property of the same value (see Table 4). The resulting total property tax gap for the city of Moose Jaw is 1.94, therefore, commercial property owners pay \$1.94 for every \$1.00 paid by residential property owners or \$2,924 more.

The following sections will be broken down into 2 separate sections:

- ▶ Municipal Property Taxes Across the Province
- ▶ Total Property Taxes (Municipal + Education) Across the Province

This allows us to compare property tax treatments at the municipal level and demonstrate how municipalities are performing in relation to each other. The total property tax section includes municipal and education property taxes and shows the total property tax bill for commercial property owners.

Table 3:

### Calculating the education property tax gap in Moose Jaw

	<i>Residential</i>	<i>Commercial</i>
Assessed Value	\$200,000	\$200,000
Provincial percentages	0.7	1.0
Taxable property	\$140,000	\$200,000
Mill rate (per \$1,000)	10.08	12.25
=	\$1,411.20	\$2,450
Total tax bill	\$1,411	\$2,450
<b>Education tax gap</b>		<b>1.74</b>

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

Table 4:

### Calculating the total property tax gap in Moose Jaw

	<i>Residential</i>	<i>Commercial</i>
Municipal Property Tax Bill	\$1,700	\$3,585
Education Property Tax Bill	\$1,411	\$2,450
=	\$3,111	\$6,035
Total Property Tax Bill	\$3,111	\$6,035
<b>Total tax gap</b>		<b>1.94</b>

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

## Municipal Property Taxes Across the Province

In 2010, Saskatchewan commercial property owners paid anywhere from \$1.21 to \$5.00 for every dollar in municipal property taxes paid by homeowners. On average, business owners in Saskatchewan paid 2.25 times the amount of municipal property taxes paid by residents (see Appendix A).

A comparison of commercial municipal property tax bills across municipalities provides even more evidence of the inequalities businesses face around the province. Across Saskatchewan, municipal property taxes on a commercial property with an assessed value of \$200,000 ranged from \$1,890 in White City to \$12,630 in Kamsack in 2010 (see Appendix B). The following section compares the municipal property tax gaps of cities and towns over 1,000 by economic region. Out of the 63 municipalities examined in this study, only 17 improved their municipal tax gap in 2010. For an overall province-wide ranking of the municipalities, refer to Appendix A.

### Cities<sup>14</sup>

Commercial property owners in every Saskatchewan city subsidize residential property owners by paying almost double and as much as four times the amount of municipal taxes on properties of the same value. On average, commercial property owners paid \$2.66 in municipal property taxes for every dollar paid by residential property owners in 2010 (see Table 5). This was slightly higher than the 2009 average municipal tax gap of 2.59 because the majority of the four municipalities who reduced their tax gap only did so marginally.

Compared to the 2009 tax year, the municipal property tax gap in 2010 worsened or stayed the same in 10 of the 14 cities. The biggest increase was in Melville, where the gap grew from 2.70 in 2009 to 3.37 in 2010. This is a result of the city decreasing its residential mill rate factor from 0.6417 to 0.4566 while its commercial mill rate factor remained nearly stagnant. Humboldt also increased its property tax gap from 2.56 to 3.22 in 2010.

In 2010 Yorkton was the only Saskatchewan city to significantly improve its municipal property tax gap from 2009 levels. Yorkton was able to reduce its municipal property tax gap to 3.57 from 3.85 in 2009. While Yorkton made this improvement, its municipal property tax gap is still the fourth highest in the province, and further work is needed.

Table 5:

### Cities: 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
Swift Current	\$3,201	\$792	4.04	4.04	=
Yorkton	\$5,800	\$1,623	3.57	3.85	✓
Weyburn	\$5,482	\$1,581	3.47	3.42	×
Melville	\$8,238	\$2,443	3.37	2.70	×
Humboldt	\$5,991	\$1,862	3.22	2.56	×
North Battleford	\$6,389	\$2,140	2.99	2.99	=
Prince Albert	\$5,636	\$2,379	2.37	2.35	×
Meadow Lake	\$5,075	\$2,205	2.30	2.44	✓
Estevan	\$3,277	\$1,444	2.27	2.27	=
Melfort	\$5,675	\$2,607	2.18	2.17	×
Moose Jaw	\$3,585	\$1,700	2.11	2.11	=
Regina	\$3,437	\$1,763	1.95	1.96	✓
Saskatoon	\$2,574	\$1,467	1.75	1.80	✓
Martensville	\$2,454	\$1,548	1.59	1.59	=
Average	\$4,773	\$1,825	2.66	2.59	×
× gap worsened    ✓ gap improved    = gap same					

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

<sup>14</sup> The city of Lloydminster moved to Alberta assessment procedures starting on January 1, 2005. As a result it has been excluded from the current survey.

### Swift Current has distinction of highest municipal tax gap

Of Saskatchewan’s 14 cities, Swift Current had the most unbalanced municipal property tax system with commercial property owners paying \$4.04 for every dollar paid by residential property owners. Swift Current’s sizeable gap can be attributed to it having the highest commercial mill rate factor of 1.7470. Yorkton’s municipal tax gap of 3.57 is also worth noting. Yorkton’s gap can be attributed to it having the second highest commercial municipal mill rate at 23.75. Weyburn and Melville had the next-highest municipal property tax gaps of 3.47 and 3.37 respectively, but municipalities like Humboldt (3.22), and North Battleford (2.99) all had businesses paying more than two and a half times the amount of municipal property taxes paid by residents.

### Melville has highest municipal property tax bill

Melville had the highest commercial municipal property tax bill of the Cities region, costing business owners \$8,238 per \$200,000 of assessed property value. This is because Melville utilized the highest municipal mill rate of all cities, 30.4, while employing a sizeable mill rate factor of 1.2727. Other Saskatchewan cities with expensive commercial municipal property tax bills include North Battleford, Humboldt, Yorkton, Melfort, Prince Albert, Weyburn, and Meadow Lake, all of which had commercial property owners paying above \$5,000 in municipal property taxes (see Table 5).

### Martensville boasts lowest municipal tax gap

Martensville boasts the lowest municipal tax gap of all Saskatchewan cities at 1.59. Saskatoon also continued to have among the lowest municipal tax gap at 1.75. It is important to note Saskatoon took decisive action towards reducing the commercial-to-residential tax gap, including implementing a 10 year plan to reduce their tax gap to 1.75 by 2010, which has been achieved. The province’s other major centre, Regina, had the third lowest municipal tax gap of Saskatchewan cities at 1.95. Moose Jaw and Melfort trailed close behind with the next lowest municipal tax gaps of 2.11 and 2.18, respectively.

### Martensville has lowest municipal property tax bill

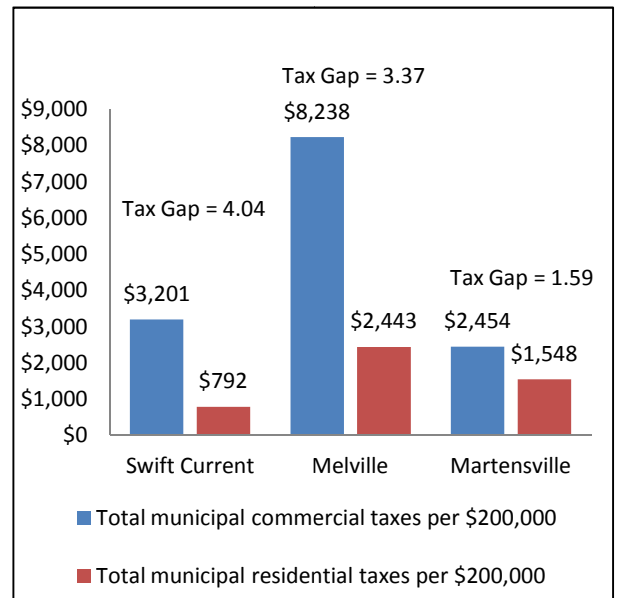
Martensville also had 2010’s lowest municipal property tax bill in the region of \$2,454. This is due to the municipality using the lowest municipal mill rate in the region of 6.27 and also using relatively equitable residential and commercial mill rate factors. Saskatoon had the second lowest municipal property tax bill (\$2,574).

As can be seen in Figure 8, the Cities region is home to municipal property tax gaps and bills of wide variation.

Martensville out-performed other Saskatchewan cities with its modest municipal tax gap of 1.59 and by having the lowest municipal tax bill in the region. Saskatoon followed closely behind with a property tax gap of 1.75 and a commercial municipal tax bill of \$2,574.

Figure 8:

**Cities: Commercial vs. residential municipal property taxes per \$200,000 of assessed value**



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

## Urban Municipalities by Region

The following is a comparison of commercial to residential municipal property tax ratios between urban municipalities in the five economic regions of the province: South West, South East, Central West, Central East and North. The communities listed include those towns with populations of over 1,000.<sup>15</sup>

### South West

Although this region’s average municipal tax gap of 2.30 is in line with the provincial average of 2.25 (see Appendix A), municipal taxation varies among these five towns. This is evident from municipal property tax gaps ranging from a high of 3.06 in Shaunavon to a comparatively low ratio of 1.31 in Gravelbourg (see Table 6 and Figure 9).

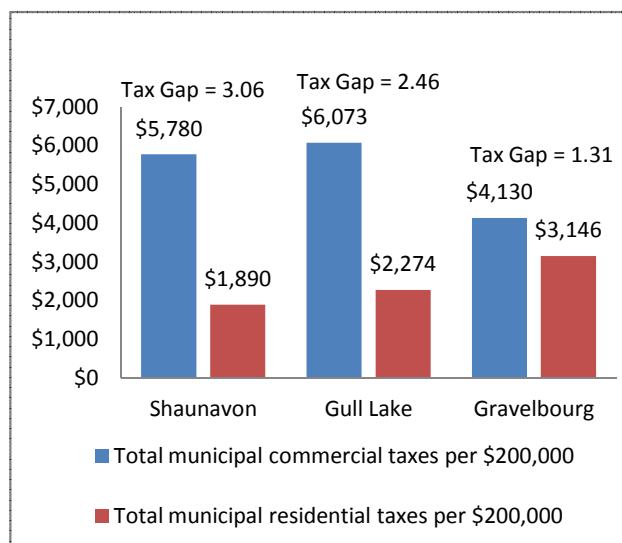
Table 6:  
**South West: Municipal property tax gap ratios and municipal taxes per \$200,000 of assessed value**

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
Shaunavon	\$5,780	\$1,890	3.06	2.52	*
Maple Creek	\$6,090	\$2,152	2.83	2.74	*
Gull Lake	\$6,073	\$2,474	2.46	2.67	✓
Assiniboia	\$5,042	\$2,762	1.83	1.83	=
Gravelbourg	\$4,130	\$3,146	1.31	1.33	✓
Average	\$5,423	\$2,485	2.30	2.22	*

\* gap worsened    ✓ gap improved    = gap same

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

Figure 9  
**South West: Commercial vs. residential municipal property taxes per \$200,000 of assessed value**



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

There were only two municipalities (Gull Lake and Gravelbourg) that improved their municipal tax gaps in the South West from 2009 to 2010. In fact, no improvement took place in three out of five towns, and Shaunavon’s tax gap actually increased by 0.54. Shaunavon’s wider gap is a result of the commercial mill rate factor being raised while the residential mill rate factor remained unchanged. It is interesting that between 2009 and 2010 municipal tax bills actually decreased overall for property owners in Shaunavon because the residential and commercial mill rate simultaneously decreased from 26.15 to 17. However, only the commercial mill rate factor, and not the residential mill rate factor, was increased which made Shaunavon’s municipal tax gap larger.

<sup>15</sup> Based on 2006 Statistics Canada Census

### Shaunavon has highest municipal property tax gap

In 2010 Shaunavon emerged with the highest municipal property tax gap of the region at 3.06, and commercial property owners were also paying a municipal property tax bill of \$5,780. Maple Creek had the second highest tax gap at 2.83, and despite lowering its overall taxes in 2010, still managed to charge commercial property owners \$6,090 per \$200,000 of assessed value, the highest municipal tax bill in the region.

### Maple Creek has highest municipal property tax bill

Maple Creek was the municipality with the highest municipal property tax bill in 2010 at \$6,090. This is a result of the municipality imposing a fairly high mill rate of 23 along with a fairly high commercial mill rate factor of 1.1500.

### Gravelbourg has lowest municipal tax gap and property tax bill

A positive highlight of the region is Gravelbourg which displays both the lowest municipal tax gap and tax bill in the South West. Correspondingly, the town utilizes the lowest mill rate in the region and also does not apply mill rate factors. The limited use of municipal tax tools plus equal tax treatment among business and residents are responsible for keeping the tax gap low, and also for making Gravelbourg the only municipality in the region whose commercial municipal property tax bill of \$4,130 is below the provincial average municipal property tax bill of \$4,940.

### South East

Saskatchewan's South East corner has fourteen municipalities with more than one thousand people. The average municipal tax gap for the South East is 1.77 the lowest among all regions and below the provincial average of 2.25 (see Appendix A), commercial property owners are still paying more than their fair share in municipal taxes. Figure 10 displays the variation in municipal property tax gaps and bills that exists in the South East corner of the province. In addition to this, almost no progress was made in lowering municipal tax gaps between 2009 and 2010 – the tax gap for 11 municipalities except Fort Qu'Appelle, Balgonie and Regina Beach stayed the same or got worse (see Table 7).

### Moosomin has highest municipal tax gap and highest commercial tax bill

In 2010 Moosomin had the largest municipal tax gap in the region of 2.61. Pilot Butte and Carlyle trailed close behind Moosomin with municipal tax gaps of 2.60 and 2.30 respectively. Moosomin also has the region's highest commercial tax bill of \$6,520 which is three times the amount of the White City commercial property tax bill of \$1,890. With Moosomin's correspondingly high mill rates and mill rate factors, these amounts are not surprising. Davidson has a municipal property tax gap of 2.09 and trails close behind Moosomin with commercial property

Table 7:

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

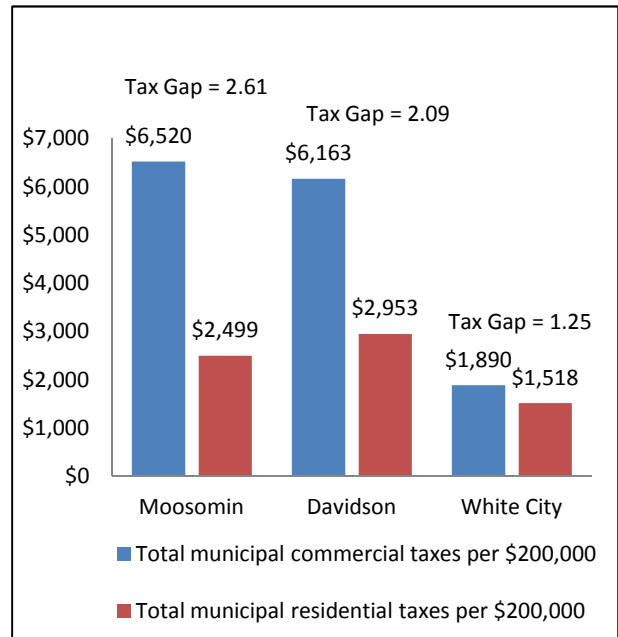
owners paying \$6,163 in municipal property taxes for a \$200,000 commercial property.

**White City has lowest municipal tax gap and lowest municipal commercial tax bill**

Nine of the fourteen municipalities have relatively low municipal tax gaps ranging from 1.25 to 1.93. This is due to many of the towns not applying mill rate factors and having identical mill rates among residential and commercial property. Despite this, there are still varied property tax bills among this group of municipalities (see Figure 10). White City not only has the lowest municipal commercial taxes in the region, but in the entire province at \$1,890 (see Appendix B).

Figure 10:

**South East: Commercial vs. residential municipal property taxes per \$200,000 of assessed value**



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

## Central West

The Central West region, which includes fifteen municipalities, is the largest of CFIB’s study. Since 2009 there has been little progress in reducing municipal tax gaps in the Central West. With the exception of Rosetown, who slightly reduced their tax gap to 2.46 from 2.51, Rosthern (1.87 to 1.85) and Langham (1.72 to 1.68) all other municipalities in this region made no progress in 2010 (see Table 8). The municipal tax gap in Wilke and Warman actually widened to 2.33 from 2.29 and 1.70 from 1.62, respectively (see Table 8). The property tax gaps in the Central West region are extremely variable among municipalities as can be seen in Figure 11.

Table 8:

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

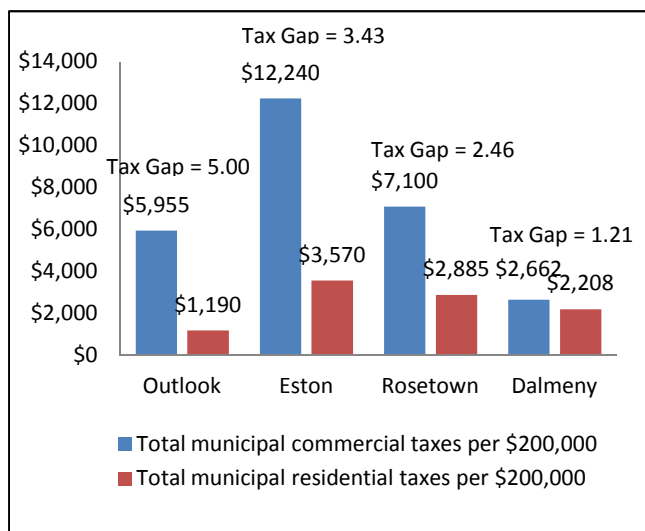
Municipality	Total municipal commercial taxes per \$200,000	Total municipal residential taxes per \$200,000	2010 Municipal Tax Gap	2009 Municipal Tax Gap	2009 to 2010
Outlook	\$5,955	\$1,190	5.00	3.33	×
Eston	\$12,240	\$3,570	3.43	3.43	=
Rosetown	\$7,100	\$2,885	2.46	2.51	✓
Macklin	\$4,000	\$1,665	2.40	2.22	×
Wilkie	\$7,157	\$3,068	2.33	2.29	×
Kerrobert	\$4,973	\$2,420	2.06	1.99	×
Kindersley	\$4,751	\$2,522	1.88	1.87	×
Rosthern	\$4,442	\$2,396	1.85	1.87	✓
Warman	\$2,578	\$1,514	1.70	1.62	×
Langham	\$2,800	\$1,670	1.68	1.72	✓
Unity	\$4,180	\$2,540	1.65	1.65	=
Biggar	\$4,000	\$2,800	1.43	1.43	=
Lanigan	\$3,725	\$2,795	1.33	1.33	=
Watrous	\$2,650	\$2,050	1.29	1.29	=
Dalmeny	\$2,662	\$2,208	1.21	1.22	✓
Average	\$4,881	\$2,353	2.11	1.98	×

× gap worsened    ✓ gap improved    = gap same

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

Figure 11:

### Central West: Commercial vs. residential municipal property taxes per \$200,000 of assessed value



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

### Outlook has highest municipal tax gap

Of this region, Outlook displayed the highest municipal tax gap with businesses paying \$5.00 in municipal taxes for every dollar paid by residents per \$200,000 of assessed property. Outlook is also home to the highest municipal tax gap in the province. Eston trailed close behind Outlook with a municipal property tax gap of 3.43.

### Eston has highest commercial municipal tax bill

Eston represents the municipality with the highest commercial municipal tax bill in the region and the second highest municipal tax bill in the province at \$12,240. Eston also has the second highest tax gap in the region of 3.43. This is a result of the sizeable mill rate applied to residential and commercial property. Wilkie had the second highest municipal property tax bill of \$7,157 per \$200,000 of assessed value, followed by Rosetown at \$7,100 (see Table 8).

### Dalmeny has the lowest tax gap and Warman has lowest commercial municipal tax bill

Dalmeny has the distinction of having the lowest tax gap in the region at 1.21. Three towns, Watrous, Lanigan and Biggar follow closely with tax gaps of 1.29, 1.33 and 1.43, respectively (see Appendix A). Commercial municipal property taxes for each of these towns are also below the regional and provincial averages. These lower municipal property tax gaps can be attributed to the absence of mill rate factors and reasonable mill rates.

### Central East

On average, business owners in the Central East region of the province pay more than double (2.37) the amount of municipal property taxes than residential property owners (see Table 9). Municipal property tax gaps in the region improved in only two municipalities with the remaining staying the same or worsening. However, despite unchanged tax gaps over that one year period, municipal taxes increased in eight of the nine towns due to municipal governments increasing their mill rates and/or mill rate factors. The region's

average municipal property tax gap, 2.37, slightly above the provincial average of 2.25, indicates commercial property owners are still paying more than their fair share. Certain municipalities are also more burdensome to commercial property owners than others.

Table 9:

#### Central 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
Kamsack	\$12,630	\$2,703	4.67	4.74	✓
Wadena	\$6,874	\$2,106	3.26	3.26	=
Wynyard	\$5,100	\$1,785	2.86	2.86	=
Esterhazy	\$7,214	\$3,345	2.16	2.16	=
Foam Lake	\$11,011	\$5,390	2.04	2.04	=
Preeceville	\$4,397	\$2,212	1.99	1.97	✗
Kelvington	\$2,320	\$1,420	1.63	1.68	✓
Canora	\$5,200	\$3,640	1.43	1.43	=
Langenburg	\$3,050	\$2,330	1.31	1.30	✗
Average	\$6,422	\$2,770	2.37	2.38	✓

✗ gap worsened    ✓ gap improved    = gap same

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

### Kamsack has highest municipal tax gap and highest commercial municipal tax bill

The greatest difference in municipal taxes paid among commercial and residential property owners was in Kamsack where the municipal tax gap was 4.67. Kamsack also has the highest commercial municipal tax bill of the region and in the province at \$12,630 per \$200,000 of assessed value. Wadena's sizable tax gap of 3.26 is also worth noting, as the second highest in the Central East Region and ninth highest in the province.

In Foam Lake, which has a relatively low municipal tax gap of 2.04, both commercial and residential property owners pay high municipal property taxes. In fact, a business owner in Foam Lake pays \$11,011 per \$200,000 of assessed value, which is double the amount paid by a resident. Only three municipalities in the Central East (Preeceville, Langenburg and Kelvington) fall below the provincial average municipal property tax bill of \$4,940.

### Kelvington has lowest commercial municipal tax bill

As can be seen in Figure 12, the Central East is yet another region with varied municipal taxation schemes and has the largest difference between the highest (Kamsack) and lowest (Kelvington) commercial municipal tax bill per \$200,000 of assessed value - \$10,310. With municipal property tax gaps set aside, commercial property owners in Kamsack are paying over five times the amount of property taxes as business owners in Kelvington per \$200,000 of assessed value.

### North

On average, businesses owners in the North pay two and a half times more municipal property taxes than residents with an average municipal tax gap of 2.58, well above the provincial average of 2.25. In 2010, Shellbrook and Tisdale were the only two municipalities to narrow their municipal property tax gap to 3.24 from 3.54 and 3.59 to 3.46 respectively. As for the rest of the region, municipal tax gaps have remained unchanged except for Nipawin who saw an increase of 0.56 point from 2.24 to 2.80 and Battleford who saw its property tax gap increase from 1.68 to 1.69 (see Table 10).

### Tisdale has highest municipal property tax gap

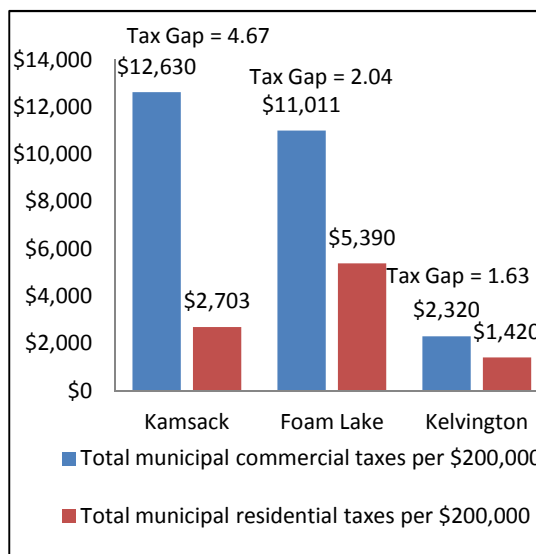
Tisdale had the highest municipal property tax gap in the region of 3.46. This is largely the result of a high commercial mill rate factor of 2.222 combined with a relatively low residential mill rate factor of 0.573. In 2010 Tisdale used different mill rates and mill rate factors than it did in 2009, but ended up with the same municipal tax gap. The end result was a slight increase in municipal property tax bills for both residential and commercial property owners. In 2010 Shellbrook had the region's second highest tax gap of 3.24, which improved from 2009's tax gap of 3.54.

### Shellbrook has highest municipal property tax bill

Although Shellbrook reduced its municipal tax gap in 2010 to 3.24, from 3.54 in 2009 they still had the highest municipal property tax bill in the region of \$9,990. A mill rate of 37, the third highest in the province, is the chief contributing factor. Carrot River also has a sizeable municipal property tax bill of \$7,920 per \$200,000 of assessed value.

Figure 12:

### Central East: Commercial vs. residential municipal property taxes per \$200,000 of assessed value



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

Table 10:

### North: 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
Tisdale	\$7,249	\$2,098	3.46	3.59	✓
Shellbrook	\$9,990	\$3,082	3.24	3.54	✓
Nipawin	\$4,812	\$1,716	2.80	2.24	✗
Carrot River	\$7,920	\$3,080	2.57	2.57	=
Hudson Bay	\$2,832	\$1,652	1.71	1.71	=
Battleford	\$3,008	\$1,776	1.69	1.68	✗
Average	\$5,969	\$2,234	2.58	2.55	✗

✗ gap worsened    ✓ gap improved    = gap same

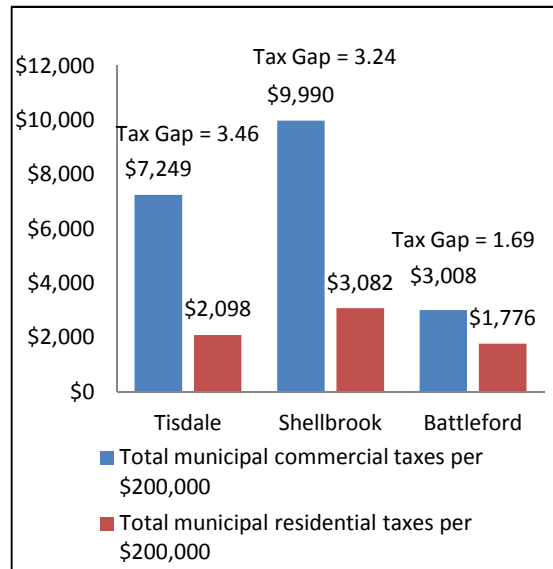
Source: CFIB calculations based on 2010 property tax data from Government of Saskatchewan, Ministry of Municipal Affairs.

**Battleford has lowest municipal property tax gap and Hudson Bay has lowest commercial municipal tax bill**

Battleford not only had the lowest municipal property tax gap in the region at 1.69, but it also had the second lowest municipal property tax bill of \$3,008. This is a result of low mill rates and the absence of mill rate factors being applied by the municipality. Hudson Bay has the distinction of the lowest municipal commercial taxes at \$2,832, well below the provincial average of \$4,940. Figure 13 displays the contrast in municipal property taxes applied by different Northern municipalities and that Battleford and Hudson Bay are the most affordable places for commercial property owners to locate.

Figure 13:

**North: Commercial vs. residential municipal property taxes per \$200,000 of assessed value**



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

## No appetite for Municipal Property Tax Hikes in 2012

Small business owners work hard to live within their means and count on their local governments to do the same. CFIB is concerned many Saskatchewan municipalities will continue on the path of unsustainable spending and introduce property tax hikes in 2012 – just as many did in 2011. Such tax hikes continue to erode the savings from the education property tax relief delivered by the Province to small business owners and their customers.

In 2011-2012 the Government of Saskatchewan committed one full point of the Provincial Sales Tax (PST) or \$216.8 million to municipalities through the Municipal Operating Grant (MOG). This is an increase of **70 per cent** from 2007-2008 levels (see Table 11).

With the province providing this long-term, sustainable and predictable revenue sharing, municipalities should use this revenue prudently and avoid property tax hikes in 2012.

### Municipal Spending

It is clear there is no appetite for property tax increases given the record-revenue-sharing Saskatchewan municipalities will receive in 2012. CFIB therefore urges municipalities to consider the following:

1. Develop and implement a plan over time to reduce the commercial-to-residential property tax gap.
2. Limit year-over-year spending growth to a maximum of inflation plus population growth and ensure the funds from the Province's Municipal Operating Grant are used prudently. Local politicians should actively seek ways to deliver cost savings in the provision of municipal services.
3. Review current programs and services with a view to identifying programs and service areas that can be eliminated, streamlined, contracted out to the private sector, or sold.
4. Introduce a plan to reduce the size and cost of the municipal civil service.
  - Introduce a plan to reduce the size of the civil service (primarily through attrition).
  - Develop a long-term strategy to narrow the wages/benefits disparity (25.3%) between public and private sector employees. It is a fiscally worthwhile goal.
5. Work towards additional revenue sharing, rather than new taxing authority.
6. Consider the introduction of a base tax for all homeowners. CFIB believes that local government services are enjoyed by all taxpayers and the costs must be shared by all taxpayers.

According to CFIB's *Wage Watch* report, the gap between municipal public sector salaries and benefits and private sector salaries and benefits is 20.9 per cent in Saskatchewan. Such cost premiums exert pressure on government expenditures and give poor value-for-money returns to taxpayers. When asked to rate their local government on their control of government wage levels, only five per cent of CFIB small business owners rated their local government as 'good'.

Related to the subject of government wage levels is the issue of public sector pensions in Canada. Public sector pension plans are amassing massive unfunded liabilities with huge implications for higher taxes on Canadian taxpayers. The widening gap between public and private sector pension plans requires fairness and sustainability to be brought to the public sector pension system.

Table 11:

### Provincial-municipal revenue sharing commitments for the past five years

Saskatchewan Municipalities	2007-08 Revenue Sharing Grant	2011-12 Revenue Sharing Estimate	Overall Increase in Revenue Sharing
Urban	\$67.4 M	\$138.7 M	
Rural	\$49.6 M	\$62.9 M	
Northern	\$10.2 M	\$15.2 M	
Total	\$127.3 M	\$216.8 M	70%

Source: Government of Saskatchewan, Ministry of Municipal Affairs.

CFIB is pleased the City of Regina took positive first steps towards pension reform by publicizing and addressing unfunded pension liabilities. Currently, the Plan is underfunded by \$238 million, and the City is in the process of creating a plan to address it. The CFIB urges all municipalities to take action on any unfunded pension liabilities.

## Education Property Taxes

For years, small business owners have raised their concerns with the high property taxes in Saskatchewan - particularly high education taxes.

Prior to 2009, individual school divisions set education property tax mill rates to fund their education systems and had the ability to apply mill rate factors to different property classes. This resulted in Saskatchewan's education system being increasingly funded by property taxes and the proportion of education funding generated from property taxes being among the highest in Canada. School divisions had the legal authority to levy property taxes by setting mill rates and applying mill rate factors which complicated the province's education property tax system and also created disparities between the amount of property taxes paid by commercial and residential property owners across the province.

CFIB is pleased the Province of Saskatchewan took important steps toward reforming education financing which began in 2009. As of April 1, 2009, the provincial government assumed the responsibility of setting province-wide education property tax mill rates for each of the three major property classes - residential, commercial, and agricultural. Residential and agricultural property classes are comprised of fixed rates while the commercial property class consists of three tiers related to assessed property value (see Table 12).

The provincially set mill rates apply to all public school divisions, but separate school divisions retain the constitutional authority to levy property taxes to fund their educational system. In effect, the education tax rate changes created a fairer and more equitable education property tax system, and resulted in education tax savings for Saskatchewan taxpayers. The amount of tax savings also increased in 2011 by \$55.6 million because of mill rate reductions<sup>16</sup>.

In conjunction with setting universal education mill rates, the provincial government also increased education funding. In 2009, the Province boosted education financing by \$241 million to fund 63 per cent of the operating costs for Pre-kindergarten to Grade 12 education<sup>17</sup>. An additional \$33 million, or 2.1 per cent, also occurred in 2010<sup>18</sup>, and in 2011, 65 per cent of the Saskatchewan's education system will be funded by the Province<sup>19</sup>.

Table 12:

### Saskatchewan education mill rates, 2009-2011

Property Class	2009	2010	2011
Agricultural	7.08	7.08	3.91
Residential	10.08	10.08	9.51
Commercial Tier 1 (< \$500,000)	12.25	12.25	12.25
Commercial Tier 2 (\$500,000 to \$5,999,999)	15.75	15.75	14.75
Commercial Tier 3 (> \$6,000,000)	18.55	18.55	18.55

Source: Government of Saskatchewan, 2011.

<sup>16</sup> Saskatchewan Provincial Budget Summary 2011-2012.

<sup>17</sup> Saskatchewan Provincial Budget Summary 2009-2010.

<sup>18</sup> Saskatchewan Provincial Budget Summary 2010-2011.

<sup>19</sup> Saskatchewan Provincial Budget Summary 2011-2012.

As always, CFIB will continue to lobby on behalf of our members to raise the thresholds and lower the commercial mill rates, just as CFIB successfully has with corporate and other forms of taxation. Raising the threshold means raising the level before which businesses have to pay higher taxes at a certain assessment level.

## Total Property Taxes (Municipal + Education) Across the Province

The total property tax bill paid by a commercial or residential property owner is the sum of the municipal property taxes levied by municipalities and education property taxes levied by the provincial government. As previously stated, Saskatchewan moved to a new form of education property taxation in 2009 where the Province sets uniform mill rates for all commercial and residential property. This results in consistent residential and commercial education tax bills of \$1,411 and \$2,450, respectively, for a property with an assessed value of \$200,000. In addition to this, there is a consistent education property tax gap of 1.74 (see Appendix F).

### Dalmeny has lowest total property tax gap and Kamsack has highest gap

In Saskatchewan, total property tax gaps ranged from a low of 1.41 in Dalmeny to a high of 3.67 in Kamsack, and the average total tax gap of the province rested at 2.03 (see Appendix C). The following comparison of commercial and residential total property tax bills across the province provides even more evidence of the inequalities Saskatchewan businesses face compared to residential property owners.

Across Saskatchewan, total property taxes on a commercial property with an assessed value of \$200,000 ranged from a low of \$4,340 in White City to \$15,08 and the provincial average total commercial property tax bill was \$7,390 (see Appendix D). In comparison, total residential property tax bills across the province ranged from \$2,203 to \$6,801 and the average residential property tax bill per \$200,000 of assessed value was \$3,633. The following section compares the total property tax gaps of Saskatchewan’s cities and towns over 1,000 by economic region. Out of the 63 municipalities examined 20 improved their total tax gap in 2010 from 2009. For an overall province-wide ranking of all municipalities (see Appendix C).

Table 13:  
**Cities: Total property tax gap ratios with municipal, education, and total taxes per \$200,000 of assessed value**

Municipality	Property Class	2010 Municipal taxes	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 Total Tax Gap	2009 - 2010
Melville	Residential	\$2,443	\$1,411	\$3,854	2.77	2.39	*
	Commercial	\$8,238	\$2,450	\$10,688			
Yorkton	Residential	\$1,623	\$1,411	\$3,034	2.72	2.84	✓
	Commercial	\$5,800	\$2,450	\$8,250			
Weyburn	Residential	\$1,581	\$1,411	\$2,992	2.65	2.62	*
	Commercial	\$5,482	\$2,450	\$7,932			
Humboldt	Residential	\$1,862	\$1,411	\$3,274	2.58	2.20	*
	Commercial	\$5,991	\$2,450	\$8,441			
Swift Current	Residential	\$792	\$1,411	\$2,203	2.57	2.54	*
	Commercial	\$3,201	\$2,450	\$5,651			
North Battleford	Residential	\$2,140	\$1,411	\$3,551	2.49	2.48	*
	Commercial	\$6,389	\$2,450	\$8,839			
Prince Albert	Residential	\$2,379	\$1,411	\$3,790	2.13	2.11	*
	Commercial	\$5,636	\$2,450	\$8,086			
Meadow Lake	Residential	\$2,205	\$1,411	\$3,616	2.08	2.15	✓
	Commercial	\$5,075	\$2,450	\$7,525			
Melfort	Residential	\$2,607	\$1,411	\$4,018	2.02	2.01	*
	Commercial	\$5,675	\$2,450	\$8,125			
Esteravan	Residential	\$1,444	\$1,411	\$2,855	2.01	2.00	*
	Commercial	\$3,277	\$2,450	\$5,727			
Moose Jaw	Residential	\$1,700	\$1,411	\$3,111	1.94	1.93	*
	Commercial	\$3,585	\$2,450	\$6,035			
Regina	Residential	\$1,763	\$1,411	\$3,174	1.86	1.86	=
	Commercial	\$3,437	\$2,450	\$5,887			
Saskatoon	Residential	\$1,467	\$1,411	\$2,879	1.75	1.77	✓
	Commercial	\$2,574	\$2,450	\$5,024			
Martensville	Residential	\$1,548	\$1,411	\$2,959	1.66	1.66	=
	Commercial	\$2,454	\$2,450	\$4,904			
Average	Residential	\$1,825	\$1,411	\$3,236	2.23	2.18	*
	Commercial	\$4,773	\$2,450	\$7,223			
* gap worsened      ✓ gap improved      = gap same							

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

## Cities<sup>20</sup>

Even when including education taxes, the commercial property owners of Saskatchewan's biggest cities are still subsidizing residential property owners by paying considerably more taxes. On average, businesses are paying 2.23 times more total property taxes than residents (see Table 13). This is an increase from the 2009 average total property tax gap of 2.18, and is a result of nine out of 14 municipalities widening their tax gap in 2010 while only three municipalities saw their total tax gaps improve.

### Melville has highest total property tax gap, Martensville the lowest

Melville tops the list as the worst offender of the region in 2010 with a total property tax gap of 2.77. However, Yorkton, Weyburn, Humboldt and Swift Current followed close behind by all having total tax gaps above 2.5. Martensville leads the region with the lowest total tax gap of 1.66 while other municipalities including Saskatoon, Regina, and Moose Jaw all had total property tax gaps below 2.00. Meanwhile, businesses in the remaining five municipalities were paying between two and two and a half times the amount of property taxes paid by residents.

### Melville has highest total commercial tax bill, Martensville the lowest

Wide variations in total tax bills also existed among Saskatchewan cities. In Melville, a commercial property owner paid \$10,688 in total property taxes per \$200,000 of assessed value while a residential property owner only paid \$3,854. The next highest total commercial tax bills belong to North Battleford, Humboldt, Yorkton, Melfort and Prince Albert which ranged from \$8,000 to \$9,000. Martensville stood on the opposite spectrum with a lower total commercial property tax bill of \$4,904, and Saskatoon with the next best at \$5,024.

## Urban Municipalities by Region

The following is a comparison of commercial to residential total property tax ratios between urban municipalities in the five economic regions of the province: South West, South East, Central West, Central East and North. The communities listed include those towns with populations of over 1,000.<sup>21</sup>

### South West

Since 2009 there has been little progress in narrowing total property tax gaps in South West Saskatchewan. In fact, three of five municipalities widened their total property tax gaps in 2010 while the remaining two towns improved their tax ratios (see Table 14). This resulted in the average total property tax gap increasing slightly from 2.03

Table 14:

### South West: Total property tax gap ratios with municipal, education, and total taxes per \$200,000 of assessed value

Municipality	Property Class	2010 Municipal taxes	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 Total Tax Gap	2009 - 2010
Shaunavon	Residential	\$1,890	\$1,411	\$3,301	2.49	2.26	*
	Commercial	\$5,780	\$2,450	\$8,230			
Maple Creek	Residential	\$2,152	\$1,411	\$3,564	2.40	2.31	*
	Commercial	\$6,090	\$2,450	\$8,540			
Gull Lake	Residential	\$2,474	\$1,411	\$3,885	2.19	2.31	✓
	Commercial	\$6,073	\$2,450	\$8,523			
Assiniboia	Residential	\$2,762	\$1,411	\$4,173	1.80	1.79	*
	Commercial	\$5,042	\$2,450	\$7,492			
Gravelbourg	Residential	\$3,146	\$1,411	\$4,557	1.44	1.46	✓
	Commercial	\$4,130	\$2,450	\$6,580			
Average	Residential	\$2,485	\$1,411	\$3,896	2.06	2.03	*
	Commercial	\$5,423	\$2,450	\$7,873			

\* gap worsened    ✓ gap improved    = gap same  
 Source: CFIB calculations based on 2010 property tax data from Government of Saskatchewan, Ministry of Municipal Affairs.

<sup>20</sup> The city of Lloydminster moved to Alberta assessment procedures starting on January 1, 2005. As a result it has been excluded from the current calculations

<sup>21</sup> Based on 2006 Statistics Canada Census

to 2.06 which is just slightly above the provincial average of 2.03 (see Appendix C).

### Shaunavon has highest total property tax gap

With only five municipalities, the South West is the smallest region of CFIB's review, but is still home to unequal taxation schemes. In 2010 Shaunavon commercial property owners paid 2.49 times the amount of total property taxes paid by residential property owners. Maple Creek and Gull Lake also had total property tax gaps above 2.00. Assiniboia and Gravelbourg had lower total tax gaps of 1.80 and 1.44, respectively, but businesses are still paying considerably more property taxes than residents.

### Gravelbourg has lowest commercial total property tax bill

All but one of the total commercial property tax bills of South West municipalities were above the provincial average of \$7,390 (see Appendix D), which contributed to the regional average of \$7,873. Gull Lake, Shaunavon, Maple Creek, and Assiniboia all had commercial total property tax bills between \$7,500 and \$8,500 per \$200,000 of assessed value. Meanwhile, residential tax bills for those four towns ranged from \$3,300 to \$4,200. Gravelbourg had the lowest commercial total property tax bill of the region of \$6,580, but still ranks 27 out of 63 municipalities on the provincial ranking of commercial total property tax bills (see Appendix D).

### South East

The South East region had the lowest average total property tax gap of all regions at 1.76 which was a slight increase from 2009 (see Table 15). This falls below the provincial average of 2.03 but inequalities still exist among the amount of total property taxes paid by businesses and residents (see Appendix C). Total property tax gaps improved only very slightly for Fort Qu'Appelle, Lumsden and White City in 2010. Regina Beach made the most progress and reduced their total tax gap from 1.66 to 1.50. Tax gaps in Oxbow, Kipling, Carlyle, Moosomin and Pilot Butte worsened. The remaining towns in the South East saw their total property tax gaps stay the same.

### Moosomin has highest total property tax gap, Grenfell lowest total tax gap

Moosomin had the highest total property tax gap in the region of 2.29 with Pilot Butte trailing close behind at 2.15. Carlyle, Davidson and Oxbow had their commercial property owners paying about double the amount of total property taxes than residents. In eleven of the fourteen South

Table 15:

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

Municipality	Property Class	2010 Municipal taxes	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 Total Tax Gap	2009 - 2010
Moosomin	Residential	\$2,499	\$1,411	\$3,910	2.29	2.28	x
	Commercial	\$6,520	\$2,450	\$8,970			
Pilot Butte	Residential	\$1,279	\$1,411	\$2,690	2.15	2.13	x
	Commercial	\$3,325	\$2,450	\$5,775			
Carlyle	Residential	\$1,637	\$1,411	\$3,048	2.04	1.97	x
	Commercial	\$3,770	\$2,450	\$6,220			
Davidson	Residential	\$2,953	\$1,411	\$4,365	1.97	1.97	=
	Commercial	\$6,163	\$2,450	\$8,613			
Oxbow	Residential	\$2,105	\$1,411	\$3,516	1.93	1.78	x
	Commercial	\$4,340	\$2,450	\$6,790			
Carnduff	Residential	\$2,334	\$1,411	\$3,746	1.85	1.85	=
	Commercial	\$4,496	\$2,450	\$6,946			
Kipling	Residential	\$1,380	\$1,411	\$2,791	1.63	1.57	x
	Commercial	\$2,100	\$2,450	\$4,550			
Fort Qu'Appelle	Residential	\$2,562	\$1,411	\$3,973	1.59	1.60	✓
	Commercial	\$3,855	\$2,450	\$6,305			
Lumsden	Residential	\$1,378	\$1,411	\$2,789	1.58	1.59	✓
	Commercial	\$1,969	\$2,450	\$4,419			
Balgonie	Residential	\$1,924	\$1,411	\$3,336	1.57	1.57	=
	Commercial	\$2,772	\$2,450	\$5,222			
Indian Head	Residential	\$2,590	\$1,411	\$4,001	1.54	1.54	=
	Commercial	\$3,700	\$2,450	\$6,150			
Regina Beach	Residential	\$1,764	\$1,411	\$3,175	1.50	1.66	✓
	Commercial	\$2,303	\$2,450	\$4,753			
White City	Residential	\$1,518	\$1,411	\$2,929	1.48	1.49	✓
	Commercial	\$1,890	\$2,450	\$4,340			
Grenfell	Residential	\$2,470	\$1,411	\$3,881	1.47	1.47	=
	Commercial	\$3,250	\$2,450	\$5,700			
Average	Residential	\$2,028	\$1,411	\$3,439	1.76	1.75	x
	Commercial	\$3,604	\$2,450	\$6,054			
x gap worsened    ✓ gap improved    = gap same							

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

East municipalities, total property tax gaps were below 2.00. The lowest gaps were in Grenfell (1.47), White City (1.48), and Regina Beach (1.50).

### Moosomin has highest total tax bill, White City the lowest total tax bill

The South East region had both high and low property tax bills in 2010. For commercial property owners, total property tax bills for an assessed value of \$200,000 ranged from \$8,970 in Moosomin to \$4,340 in White City. White City also displayed the lowest commercial total property tax bill in the province (see Appendix D). In comparison, residential property owners paid disproportionately lower amounts of a maximum of \$4,365 in Davidson and a minimum of \$2,690 in Pilot Butte.

Table 16:

### Central West: Total property tax gap ratios with municipal, education, and total taxes per \$200,000 of assessed value

Municipality	Property Class	2010 Municipal taxes	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 Total Tax Gap	2009 - 2010
Outlook	Residential	\$1,190	\$1,411	\$2,601	3.23	2.63	*
	Commercial	\$5,955	\$2,450	\$8,405			
Eston	Residential	\$3,570	\$1,411	\$4,981	2.95	2.94	*
	Commercial	\$12,240	\$2,450	\$14,690			
Rosetown	Residential	\$2,885	\$1,411	\$4,296	2.22	2.25	✓
	Commercial	\$7,100	\$2,450	\$9,550			
Wilkie	Residential	\$3,068	\$1,411	\$4,479	2.14	2.10	*
	Commercial	\$7,157	\$2,450	\$9,607			
Macklin	Residential	\$1,665	\$1,411	\$3,076	2.10	1.99	*
	Commercial	\$4,000	\$2,450	\$6,450			
Kerrobert	Residential	\$2,420	\$1,411	\$3,831	1.94	1.88	*
	Commercial	\$4,973	\$2,450	\$7,423			
Kindersley	Residential	\$2,522	\$1,411	\$3,933	1.83	1.82	*
	Commercial	\$4,751	\$2,450	\$7,201			
Rosthern	Residential	\$2,396	\$1,411	\$3,807	1.81	1.82	✓
	Commercial	\$4,442	\$2,450	\$6,892			
Warman	Residential	\$1,514	\$1,411	\$2,925	1.72	1.68	*
	Commercial	\$2,578	\$2,450	\$5,028			
Langham	Residential	\$1,670	\$1,411	\$3,081	1.70	1.73	✓
	Commercial	\$2,800	\$2,450	\$5,250			
Unity	Residential	\$2,540	\$1,411	\$3,952	1.68	1.68	=
	Commercial	\$4,180	\$2,450	\$6,630			
Biggar	Residential	\$2,800	\$1,411	\$4,211	1.53	1.54	✓
	Commercial	\$4,000	\$2,450	\$6,450			
Watrous	Residential	\$2,050	\$1,411	\$3,461	1.47	1.48	✓
	Commercial	\$2,650	\$2,450	\$5,100			
Lanigan	Residential	\$2,795	\$1,411	\$4,206	1.47	1.47	=
	Commercial	\$3,725	\$2,450	\$6,175			
Dalmeny	Residential	\$2,208	\$1,411	\$3,620	1.41	1.43	✓
	Commercial	\$2,662	\$2,450	\$5,112			
Average	Residential	\$2,353	\$1,411	\$3,764	1.95	1.90	*
	Commercial	\$4,881	\$2,450	\$7,331			

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

\* gap worsened    ✓ gap improved    = gap same

### Central West

On average, businesses among Central West municipalities are paying 1.95 times the amount of total property taxes that residents pay which is slightly higher than the tax gap of 1.90 in 2009 (see Table 16). In seven of the region's fifteen municipalities, total property tax gaps worsened. Two of the fifteen municipalities had tax gaps that stayed the same in 2010. Six municipalities in the Central West saw their tax gaps improve, but only slightly.

### Outlook has highest property tax gap, Dalmeny has lowest gap

Outlook demonstrated the worst total property tax gap of the region at 3.23 while Eston followed close behind at 2.95. Rosetown, Wilkie and Macklin had the next most unequal taxation schemes by all having total property tax gaps above 2.00. The remaining ten municipalities had total property tax gaps below 2.00 with the lowest being Dalmeny at 1.41, but costly total property tax bills still existed among these municipalities (see Table 16).

### Eston has highest total commercial property tax bill, Warman the lowest

Eston had the highest commercial total property tax bill of the region with commercial property owners paying \$14,690 in property taxes per \$200,000 of assessed value. In comparison, a residential property owner in Eston paid \$4,981 in total property taxes for a property of the same value. Additional worst offenders in the region include Wilkie, Rosetown and Outlook, all of which charge businesses over \$8,400 in total property taxes (See Table 16). What makes matters even worse is that Outlook and Eston also have some of the highest total property tax gaps

in the region and in the province. Commercial property owners in the Central West are paying property tax bills of varying magnitudes ranging from a high of \$14,690 in Eston to a low of \$5,028 in Warman. In contrast, residential property owners paid a maximum of \$4,981 in Eston and a minimum of \$2,601 in Outlook on a property with an assessed value of \$200,000.

## Central East

On average, business owners in the Central East pay more than double the amount of total property taxes that residents pay. The average total property tax gap of the region is 2.14 (see Table 17), above the provincial average of 2.03 (see Appendix C). The regional average tax gap did not change from 2009, but there were some slight changes among individual municipalities. Total property tax gaps widened in four of the nine towns while tax gaps in two of the towns remained unchanged. Three municipalities saw their tax gaps improve slightly in 2010.

### Kamsack has largest total property tax gap, Langenburg has lowest

With a total property tax gap of 3.67, Kamsack had the most unequal property tax system in not only the region but the entire province as well (see Appendix C). Wadena, Wynyard and Esterhazy had the next highest total property tax gaps at 2.65, 2.36 and 2.03, respectively. Foam Lake businesses paid nearly two times the total property taxes paid by residents, while the total property tax gaps in Preeceville, Kelvington, Canora, and Langenburg were between 1.89 and 1.47.

### Kamsack has highest total tax bill, Kelvington the lowest

In addition to having the highest total property tax gap in the province, Kamsack commercial property owners were paying \$15,080 in total property taxes per \$200,000 of assessed value, which is the highest tax bill of the region and highest in the province (see Appendix D). This combination of high total property taxes and a high total tax gap left residents paying only \$4,114 in total property taxes on a property of the same value. Foam Lake businesses pay the third highest total property tax bill in the province at \$13,461.

These exceptionally high total tax bills plus four other municipalities in the region having a total property tax bill greater than \$7,500 per \$200,000 of assessed value contribute to the Central East possessing the

Table 17:

### Central East: Total property tax gap ratios with municipal, education, and total taxes per \$200,000 of assessed value

Municipality	Property Class	2010 Municipal taxes	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 Total Tax Gap	2009 - 2010
Kamsack	Residential	\$2,703	\$1,411	\$4,114	3.67	3.70	✓
	Commercial	\$12,630	\$2,450	\$15,080			
Wadena	Residential	\$2,106	\$1,411	\$3,518	2.65	2.62	✗
	Commercial	\$6,874	\$2,450	\$9,324			
Wynyard	Residential	\$1,785	\$1,411	\$3,196	2.36	2.35	✗
	Commercial	\$5,100	\$2,450	\$7,550			
Esterhazy	Residential	\$3,345	\$1,411	\$4,756	2.03	2.02	✗
	Commercial	\$7,214	\$2,450	\$9,664			
Foam Lake	Residential	\$5,390	\$1,411	\$6,801	1.98	1.98	=
	Commercial	\$11,011	\$2,450	\$13,461			
Preeceville	Residential	\$2,212	\$1,411	\$3,623	1.89	1.87	✗
	Commercial	\$4,397	\$2,450	\$6,847			
Kelvington	Residential	\$1,420	\$1,411	\$2,831	1.68	1.71	✓
	Commercial	\$2,320	\$2,450	\$4,770			
Canora	Residential	\$3,640	\$1,411	\$5,051	1.51	1.52	✓
	Commercial	\$5,200	\$2,450	\$7,650			
Langenburg	Residential	\$2,330	\$1,411	\$3,741	1.47	1.47	=
	Commercial	\$3,050	\$2,450	\$5,500			
Average	Residential	\$2,770	\$1,411	\$4,181	2.14	2.14	=
	Commercial	\$6,422	\$2,450	\$8,872			

✗ gap worsened ✓ gap improved = gap same  
Source: CFI calculations based on 2010 property tax data from Government of Saskatchewan, Ministry of Municipal Affairs.

highest average total property tax bill of the regions at \$8,872, which is also considerably higher than the provincial average of \$7,390 (see Appendix D).

Despite the region’s inequality, Kelvington had the lowest total commercial property tax bill of the region at \$4,770 which is also the fifth lowest of the province (see Appendix D). In comparison to the high property taxes paid by commercial property owners, residential property owners in the Central East paid total property tax bills that ranged from a high of \$6,801 in Foam Lake to a low of \$2,831 in Kelvington for a property valued at \$200,000.

## North

Businesses in the North are generally paying 2.27 times the amount of total property taxes paid by residents (see Table 18), which is also higher than the provincial average total property tax gap of 2.03 (see Appendix C). This is a slight increase from 2009 levels because, with the exception of Shellbrook and Tisdale, total tax gaps among Northern municipalities have either worsened or stayed the same. Shellbrook’s total property tax gap narrowed in 2010 to 2.77 from 2.92. Tisdale narrowed their total tax gap just slightly from 2.80 in 2009 to 2.76 in 2010. However, Nipawin, Carrot River and Battleford saw their total property tax gaps widen in 2010 with the largest increase of 0.3 taking place in Nipawin. Hudson Bay made no progress in reducing its total property tax gap.

Table 18:

### North: Total property tax gap ratios with municipal, education, and total taxes per \$200,000 of assessed value

Municipality	Property Class	2010 Municipal taxes	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 Total Tax Gap	2009 - 2010
Shellbrook	Residential	\$3,082	\$1,411	\$4,493	2.77	2.92	✓
	Commercial	\$9,990	\$2,450	\$12,440			
Tisdale	Residential	\$2,098	\$1,411	\$3,509	2.76	2.80	✓
	Commercial	\$7,249	\$2,450	\$9,699			
Nipawin	Residential	\$1,716	\$1,411	\$3,127	2.32	2.02	✗
	Commercial	\$4,812	\$2,450	\$7,262			
Carrot River	Residential	\$3,080	\$1,411	\$4,491	2.31	2.30	✗
	Commercial	\$7,920	\$2,450	\$10,370			
Hudson Bay	Residential	\$1,652	\$1,411	\$3,063	1.72	1.72	=
	Commercial	\$2,832	\$2,450	\$5,282			
Battleford	Residential	\$1,776	\$1,411	\$3,187	1.71	1.70	✗
	Commercial	\$3,008	\$2,450	\$5,458			
Average	Residential	\$2,234	\$1,411	\$3,645	2.27	2.24	✗
	Commercial	\$5,969	\$2,450	\$8,419			
		✗ gap worsened	✓ gap improved	= gap same			

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

### Shellbrook has highest total property tax gap, Battleford the lowest

Shellbrook had the highest total property tax gap in the region of 2.77 with Tisdale trailing close behind at 2.76. Nipawin and Carrot River had the next widest total tax gaps which sat at 2.32 and 2.31 respectively. Hudson Bay and Battleford had the lowest total tax gaps of 1.72 and 1.71.

### Shellbrook has highest total tax bill, Hudson Bay the lowest

The North is another region with an average total property tax bill, \$8,419, above the provincial average of \$7,390 (see Appendix D). This is due to several municipalities with high commercial property tax bills such as Shellbrook at \$12,440, Carrot River at \$10,370 and Tisdale at \$9,699. The municipalities with the highest total tax bills also exacerbated things by having the highest

total property tax gaps. Commercial property owners in Hudson Bay paid the lowest total property tax bill in the region of \$5,282 per \$200,000 of assessed value. In comparison to the amounts commercial property owners pay in total property taxes, residential property owners in the North paid anywhere from \$4,493 in Shellbrook to \$3,063 in Hudson Bay in total property taxes for a property valued at \$200,000.

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## Facts and Fallacies Related to Property Tax Gaps

### Is there justification for the comparatively high taxation of businesses?

Many people believe that businesses should face higher property taxes than residents and that the tax gap is warranted. It has been argued that businesses are more reliant on municipal services than residents; therefore, higher taxes on business are justified. It is also a commonly held view that businesses should pay more because they have a greater ability to pay and are able to deduct property taxes from income taxes. However, these ideas are misconceptions and it is important to set the record straight.

#### Misconception 1 – Businesses consume more public services

Businesses, especially small ones, actually use fewer services than homeowners. For example, a study done by MMK Consulting for the City of Vancouver showed non-residential taxpayers paid 55 per cent of property-based taxes but consumed 24 per cent of local tax-supported services.<sup>22</sup> While residential properties pay \$0.56 in property taxes for every dollar of tax-supported services consumed, non-residential properties pay approximately \$2.42 in taxes for each dollar of service.

The report's analysis on the consumption of municipal services showed Vancouver residential properties consumed 73 per cent of police services (such as the work of the traffic, patrol and major crimes divisions) while businesses consumed 27 per cent of police services. It is reasonable to assume these ratios would be similar in Saskatchewan, particularly in major centers.

#### Misconception 2 – Businesses have a greater capacity to pay

A lasting, but inaccurate justification for imposing higher property taxes on businesses has been that they are better able to afford it. In reality, however, the business sector is not so easily characterized. Most Saskatchewan businesses are small businesses: 96 per cent of all Saskatchewan businesses are small businesses (fewer than 50 employees) and account for 42 per cent of total private sector employment. Many small firms operate on very tight profit margins and when high property taxes squeeze these margins further, they have fewer resources to put back in the business. As a result, firms may have to forgo opportunities for expansion and job creation. Highlighting the importance of the small-and medium-sized Enterprise (SME) sector to Saskatchewan's economy is the fact that 52 per cent of Saskatchewan workers in the private sector worked for small- and medium-sized enterprises in 2007.<sup>23</sup>

#### Misconception 3 – Businesses benefit from the tax deductibility of property taxes, therefore they can absorb higher rates

This argument presumes that all businesses are able to benefit from tax deductions. Businesses that are struggling, just breaking even, or losing money do not receive a deductibility "benefit." Even if we assume that the ability to deduct property tax expenses gives business properties an advantage, the ability to deduct property tax still does not account for the inequity between residential and business properties.

Consider a commercial property located in Swift Current worth \$200,000. The owner would have paid \$3,201 in taxes in 2010. Assuming the business earns less than \$450,000 for the year (which most small businesses do), the effective income tax rate on this amount would be 15.5 per cent.<sup>24</sup> The tax deduction

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<sup>22</sup> MMK Consulting, *Consumption of Tax-Supported Municipal Services*, January 2007

<sup>23</sup> Statistics Canada, *Employment, Earnings, and Hours*, September 2008, Catalogue no.72-002-X

<sup>24</sup> Tax rate based on the Saskatchewan small business rate of 4.5 per cent and the federal small business rate of 11 per cent in 2010.

on the \$3,201 would be \$496.15. Subtracting this from the property tax payable, the business owner is left paying \$2,704.85. An equally valued residential property in Swift Current, without access to the deduction, pays \$792 in property taxes. When the deduction is taken into account, commercial property owners are still paying 3.4 times more in property taxes than on a residential property, compared to 4.04 if the deduction is not taken into account.

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## Feedback on CFIB's approach

CFIB's property tax reports have always garnered a lot of attention from urban and rural media outlets, but also many municipal leaders throughout the province. It is evident CFIB's research has had an impact at the local level.

Following the release of CFIB's 2009 property tax report a number of Saskatchewan Mayors complimented CFIB for its research and some noted they would use it as a marketing tool to attract businesses to their community. However, some of the criticism of CFIB's report has been that there are things Cities can't control such as the assessment system and no control over school taxes. CFIB took this feedback seriously and its 2011 property tax report reviews the total municipal taxes and then the total property tax bill (municipal plus education taxes). To further strengthen the report, CFIB also included the base tax in calculating the total municipal property tax load. CFIB is therefore able to rank municipalities on their municipal property tax gap, but also the total property tax gap. We believe this approach addresses some of the concerns raised with previous reports.

Many Saskatchewan Mayors value CFIB's research:

- ▶ **The Mayor of Assiniboia complimented our research:** "With some appropriate restructuring we were able to make the necessary changes, and with the release of the current statistics from CFIB, we are proud to say that we now have the second best ratio in the South West, with only the nearby community of Gravelbourg edging us out. This is something to be proud of, and will go a long way in attracting an even greater array of businesses to our community." Assiniboia Times, March 6, 2009 - From the desk of the mayor
- ▶ **The Mayor of Weyburn said she'd use CFIB's data as a marketing tool to attract more business to Weyburn:** "Certainly, we are very pleased to see our name headlined and to be one of the most fair cities in the province tied with Saskatoon," said Weyburn Mayor Debra Button. "We will be using that as a marketing tool to attract more business to come to our community." Weyburn This Week, Feb 27, 2009 *Weyburn among the fairest tax systems in Saskatchewan*
- ▶ **Mayor of Canora took some delight in CFIB's study:** "Having a tax system which does not overburden the commercial sector is important in promoting Canora as a business centre," said Mayor Terry Dennis. He took some delight from a CFIB property tax study which, for the second time, shows Canora's commercial sector having significant property tax advantage as compared to other communities in the province's Central East Region. "Having a fair and equitable system works to both attract and retain businesses in the community." Canora Courier, Feb 25, 2009 *Canora's tax system one of most business-friendly in the province*
- ▶ **Shellbrook town council will look at taxation ratio:** "Recognizing that the commercial sector may be paying more than their fair share of the municipality's taxes, town council will be looking at the taxation ratio in the future and may further shift more of the tax burden from commercial to residential taxpayers." Shellbrook Chronicle, Feb 27, 2009 CFIB property tax report misleading

On the other side:

- ▶ **Estevan city manager dismisses CFIB's report:** "Naturally, the report is not sitting well with the City of Estevan. They try to sensationalize this... it is hardly the fault of Estevan that the huge school division impacts us." Estevan Mercury, Feb 25, 2009 *City disputes CFIB business tax report*

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## Conclusions and policy recommendations

It is clear commercial property owners pay more than their fair share of property taxes in Saskatchewan's municipalities. On average, commercial property owners pay more than two times the property taxes of their residential counterparts on equally valued property.

CFIB appreciates the education property tax relief delivered by the Province in the last several years. Small business owners were also pleased to see a long-term, sustainable and predictable revenue sharing agreement where municipalities will receive one per cent of the Provincial Sales Tax (PST) through the Municipal Operating Grant. As Saskatchewan's economy grows, so too will the revenue share to municipalities.

However, there is more work to be done to better balance the property tax system in Saskatchewan by both the Provincial and Municipal government. CFIB hopes the following suggestions will help to rectify the inequities in Saskatchewan's current property tax system:

### Provincial Government Should:

1. **Continue to finance a greater portion of education through general revenues** by raising the commercial thresholds and lowering the commercial mill rates.
2. **"Cap the Gap" – Cap the difference in the mill rate factor between residential and commercial properties.** Because the property tax gap continues to exist without much concern by municipalities, someone must step in and show leadership. The province should 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.
3. **Reject any proposal that would provide increased taxation powers to municipalities.** While we recognize the fiscal pressures Canadian municipalities face, we are opposed to them gaining authority for new sources of revenue such as municipal fuel or hotel taxes; or even a sales or income tax. In the minds of business owners, many local politicians have not been able to use the property tax system fairly, so there is little trust that they could reasonably administer any additional taxes. It must be remembered that while there are three levels of government, there is only one taxpayer.
4. **Reject calls for provincial tax increases to finance municipal infrastructure (e.g. Vehicle tax).** An additional tax is unnecessary and governments should use the existing funds more efficiently and effectively.

### Local Governments Should:

It is clear there is no appetite for property tax increases given the record revenue-sharing Saskatchewan municipalities will receive in 2012. Therefore, CFIB urges municipalities to consider and act on the following:

7. **Develop and implement a plan over time to reduce the commercial-to-residential property tax gap.**
8. **Limit year-over-year spending growth to a maximum of inflation plus population growth and ensure the funds from the Province's Municipal Operating Grant are used prudently.** Recent

spending by municipalities has exceeded levels necessary to keep pace with population and inflation growth. Local politicians should actively seek ways to deliver cost savings in the provision of municipal services.

9. **Review current programs and services with a view to identifying programs and service areas that can be eliminated, streamlined, contracted out to the private sector, or sold.**
10. **Introduce a plan to reduce the size and cost of the municipal civil service.**
  - Introduce a plan to reduce the size of the civil service (primarily through attrition).
  - Develop a long-term strategy to narrow the wages/benefits disparity (20.9%) between public and private sector employees. It is a fiscally worthwhile goal.
11. **Work towards additional revenue sharing, rather than new taxing authority.**
12. **Consider the introduction of a base tax for all homeowners.** When surveyed, 70 per cent of small business owners agreed a base tax for basic core services should be implemented for all homeowners. CFIB believes that local government services are enjoyed by all taxpayers and the costs must be shared by all taxpayers.

### Appendix A: Overall Municipal Property Tax Gap Ranking (Best to Worst) (per \$200,000 of assessed value)

Municipality	2010 Municipal Tax Gap	Rank
Dalmeny	1.21	1
White City	1.25	2
Watrous	1.29	3
Regina Beach	1.31	4
Langenburg	1.31	4
Gravelbourg	1.31	4
Grenfell	1.32	5
Lanigan	1.33	6
Indian Head	1.43	7
Lumsden	1.43	7
Biggar	1.43	7
Canora	1.43	7
Balgonie	1.44	8
Fort Qu'Appelle	1.50	9
Kipling	1.52	10
Martensville	1.59	11
Kelvington	1.63	12
Unity	1.65	13
Langham	1.68	14
Battleford	1.69	15
Warman	1.70	16
Hudson Bay	1.71	17
Saskatoon	1.75	18
Assiniboia	1.83	19
Rosthern	1.85	20
Kindersley	1.88	21
Carnduff	1.93	22
Regina	1.95	23
Preeceville	1.99	24
Foam Lake	2.04	25
Kerrobert	2.06	26
Oxbow	2.06	26

Municipality	2010 Municipal Tax Gap	Rank
Davidson	2.09	27
Moose Jaw	2.11	28
Esterhazy	2.16	29
Melfort	2.18	30
Estevan	2.27	31
Meadow Lake	2.30	32
Carlyle	2.30	32
Wilkie	2.33	33
Prince Albert	2.37	34
Macklin	2.40	35
Gull Lake	2.46	36
Rosetown	2.46	36
Carrot River	2.57	37
Pilot Butte	2.60	38
Moosomin	2.61	39
Nipawin	2.80	40
Maple Creek	2.83	41
Wynyard	2.86	42
North Battleford	2.99	43
Shaunavon	3.06	44
Humboldt	3.22	45
Shellbrook	3.24	46
Wadena	3.26	47
Melville	3.37	48
Eston	3.43	49
Tisdale	3.46	50
Weyburn	3.47	51
Yorkton	3.57	52
Swift Current	4.04	53
Kamsack	4.67	54
Outlook	5.00	55
Average	2.25	
Total		63

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

## Appendix B: Overall Municipal Commercial Property Tax Bill Ranking (Best to Worst) (per \$200,000 of assessed value)

Municipality	2010 Municipal taxes - Commercial	Rank
White City	\$1,890	1
Lumsden	\$1,969	2
Kipling	\$2,100	3
Regina Beach	\$2,303	4
Kelvington	\$2,320	5
Martensville	\$2,454	6
Saskatoon	\$2,574	7
Warman	\$2,578	8
Watrous	\$2,650	9
Dalmeny	\$2,662	10
Balgonie	\$2,772	11
Langham	\$2,800	12
Hudson Bay	\$2,832	13
Battleford	\$3,008	14
Langenburg	\$3,050	15
Swift Current	\$3,201	16
Grenfell	\$3,250	17
Estevan	\$3,277	18
Pilot Butte	\$3,325	19
Regina	\$3,437	20
Moose Jaw	\$3,585	21
Indian Head	\$3,700	22
Lanigan	\$3,725	23
Carlyle	\$3,770	24
Fort Qu'Appelle	\$3,855	25
Biggar	\$4,000	26
Macklin	\$4,000	26
Gravelbourg	\$4,130	27
Unity	\$4,180	28
Oxbow	\$4,340	29
Preeceville	\$4,397	30
Rosthern	\$4,442	31

Municipality	2010 Municipal taxes - Commercial	Rank
Carnduff	\$4,496	32
Kindersley	\$4,751	33
Nipawin	\$4,812	34
Kerrobert	\$4,973	35
Assiniboia	\$5,042	36
Meadow Lake	\$5,075	37
Wynyard	\$5,100	38
Canora	\$5,200	39
Weyburn	\$5,482	40
Prince Albert	\$5,636	41
Melfort	\$5,675	42
Shaunavon	\$5,780	43
Yorkton	\$5,800	44
Outlook	\$5,955	45
Humboldt	\$5,991	46
Gull Lake	\$6,073	47
Maple Creek	\$6,090	48
Davidson	\$6,163	49
North Battleford	\$6,389	50
Moosomin	\$6,520	51
Wadena	\$6,874	52
Rosetown	\$7,100	53
Wilkie	\$7,157	54
Esterhazy	\$7,214	55
Tisdale	\$7,249	56
Carrot River	\$7,920	57
Melville	\$8,238	58
Shellbrook	\$9,990	59
Foam Lake	\$11,011	60
Eston	\$12,240	61
Kamsack	\$12,630	62
Average	\$4,940	
Total		63

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

### Appendix C: Overall Total (Municipal + Education) Property Tax Gap Ranking (Best to Worst) (per \$200,000 of assessed value)

Municipality	2010 Total Tax Gap	Rank
Dalmeny	1.41	1
Gravelbourg	1.44	2
Lanigan	1.47	3
Grenfell	1.47	3
Langenburg	1.47	3
Watrous	1.47	3
White City	1.48	4
Regina Beach	1.50	5
Canora	1.51	6
Biggar	1.53	7
Indian Head	1.54	8
Balgonie	1.57	9
Lumsden	1.58	10
Fort Qu'Appelle	1.59	11
Kipling	1.63	12
Martensville	1.66	13
Unity	1.68	14
Kelvington	1.68	14
Langham	1.70	15
Battleford	1.71	16
Warman	1.72	17
Hudson Bay	1.72	17
Saskatoon	1.75	18
Assiniboia	1.80	19
Rosthern	1.81	20
Kindersley	1.83	21
Carnduff	1.85	22
Regina	1.86	23
Preeceville	1.89	24
Oxbow	1.93	25
Kerrobert	1.94	26
Moose Jaw	1.94	26

Municipality	2010 Total Tax Gap	Rank
Davidson	1.97	27
Foam Lake	1.98	28
Estevan	2.01	29
Melfort	2.02	30
Esterhazy	2.03	31
Carlyle	2.04	32
Meadow Lake	2.08	33
Macklin	2.10	34
Prince Albert	2.13	35
Wilkie	2.14	36
Pilot Butte	2.15	37
Gull Lake	2.19	38
Rosetown	2.22	39
Moosomin	2.29	40
Carrot River	2.31	41
Nipawin	2.32	42
Wynyard	2.36	43
Maple Creek	2.40	44
North Battleford	2.49	45
Shaunavon	2.49	45
Swift Current	2.57	46
Humboldt	2.58	47
Wadena	2.65	48
Weyburn	2.65	48
Yorkton	2.72	49
Tisdale	2.76	50
Shellbrook	2.77	51
Melville	2.77	51
Eston	2.95	52
Outlook	3.23	53
Kamsack	3.67	54
Average	2.03	
Total		63

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

### Appendix D: Overall Total Commercial Property Tax Bill Ranking (Best to Worst) (per \$200,000 of assessed value)

Municipality	2010 Total Taxes - Commercial	Rank
White City	\$4,340	1
Lumsden	\$4,419	2
Kipling	\$4,550	3
Regina Beach	\$4,753	4
Kelvington	\$4,770	5
Martensville	\$4,904	6
Saskatoon	\$5,024	7
Warman	\$5,028	8
Watrous	\$5,100	9
Dalmeny	\$5,112	10
Balgonie	\$5,222	11
Langham	\$5,250	12
Hudson Bay	\$5,282	13
Battleford	\$5,458	14
Langenburg	\$5,500	15
Swift Current	\$5,651	16
Grenfell	\$5,700	17
Estevan	\$5,727	18
Pilot Butte	\$5,775	19
Regina	\$5,887	20
Moose Jaw	\$6,035	21
Indian Head	\$6,150	22
Lanigan	\$6,175	23
Carlyle	\$6,220	24
Fort Qu'Appelle	\$6,305	25
Biggar	\$6,450	26
Macklin	\$6,450	26
Gravelbourg	\$6,580	27
Unity	\$6,630	28
Oxbow	\$6,790	29
Preeceville	\$6,847	30
Rosthern	\$6,892	31

Municipality	2010 Total Taxes - Commercial	Rank
Carnduff	\$6,946	32
Kindersley	\$7,201	33
Nipawin	\$7,262	34
Kerrobert	\$7,423	35
Assiniboia	\$7,492	36
Meadow Lake	\$7,525	37
Wynyard	\$7,550	38
Canora	\$7,650	39
Weyburn	\$7,932	40
Prince Albert	\$8,086	41
Melfort	\$8,125	42
Shaunavon	\$8,230	43
Yorkton	\$8,250	44
Outlook	\$8,405	45
Humboldt	\$8,441	46
Gull Lake	\$8,523	47
Maple Creek	\$8,540	48
Davidson	\$8,613	49
North Battleford	\$8,839	50
Moosomin	\$8,970	51
Wadena	\$9,324	52
Rosetown	\$9,550	53
Wilkie	\$9,607	54
Esterhazy	\$9,664	55
Tisdale	\$9,699	56
Carrot River	\$10,370	57
Melville	\$10,688	58
Shellbrook	\$12,440	59
Foam Lake	\$13,461	60
Eston	\$14,690	61
Kamsack	\$15,080	62
Average	\$7,390	
Total		63

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

## Appendix E: Regional Rankings (per \$200,000 of assessed value)

Region	Municipal						Municipal + Education					
	2010 Municipal Tax Gap			2010 Municipal Taxes - Commercial			2010 Total Tax Gap			2010 Total Taxes - Commercial		
	Municipality	2010 Municipal Tax Gap	Regional Rank	Municipality	2010 Municipal Taxes - Commercial	Regional Rank	Municipality	2010 Total Tax Gap	Regional Rank	Municipality	2010 Total Taxes - Commercial	Regional Rank
Cities (14)	Martensville	1.59	1	Martensville	\$2,454	1	Martensville	1.66	1	Martensville	\$4,904	1
	Saskatoon	1.75	2	Saskatoon	\$2,574	2	Saskatoon	1.75	2	Saskatoon	\$5,024	2
	Regina	1.95	3	Swift Current	\$3,201	3	Regina	1.86	3	Swift Current	\$5,651	3
	Moose Jaw	2.11	4	Estevan	\$3,277	4	Moose Jaw	1.94	4	Estevan	\$5,727	4
	Melfort	2.18	5	Regina	\$3,437	5	Estevan	2.01	5	Regina	\$5,887	5
	Estevan	2.27	6	Moose Jaw	\$3,585	6	Melfort	2.02	6	Moose Jaw	\$6,035	6
	Meadow Lake	2.30	7	Meadow Lake	\$5,075	7	Meadow Lake	2.08	7	Meadow Lake	\$7,525	7
	Prince Albert	2.37	8	Weyburn	\$5,482	8	Prince Albert	2.13	8	Weyburn	\$7,932	8
	North Battleford	2.99	9	Prince Albert	\$5,636	9	North Battleford	2.49	9	Prince Albert	\$8,086	9
	Humboldt	3.22	10	Melfort	\$5,675	10	Swift Current	2.57	10	Melfort	\$8,125	10
	Melville	3.37	11	Yorkton	\$5,800	11	Humboldt	2.58	11	Yorkton	\$8,250	11
	Weyburn	3.47	12	Humboldt	\$5,991	12	Weyburn	2.65	12	Humboldt	\$8,441	12
Yorkton	3.57	13	North Battleford	\$6,389	13	Yorkton	2.72	13	North Battleford	\$8,839	13	
Swift Current	4.04	14	Melville	\$8,238	14	Melville	2.77	14	Melville	\$10,688	14	
Average	2.66			\$4,773			2.23			\$7,223		
South West (5)	Gravelbourg	1.31	1	Gravelbourg	\$4,130	1	Gravelbourg	1.44	1	Gravelbourg	\$6,580	1
	Assiniboia	1.83	2	Assiniboia	\$5,042	2	Assiniboia	1.80	2	Assiniboia	\$7,492	2
	Gull Lake	2.46	3	Shaunavon	\$5,780	3	Gull Lake	2.19	3	Shaunavon	\$8,230	3
	Maple Creek	2.83	4	Gull Lake	\$6,073	4	Maple Creek	2.40	4	Gull Lake	\$8,523	4
	Shaunavon	3.06	5	Maple Creek	\$6,090	5	Shaunavon	2.49	5	Maple Creek	\$8,540	5
	Average	2.30			\$5,423			2.06			\$7,873	
South East (14)	White City	1.25	1	White City	\$1,890	1	Grenfell	1.47	1	White City	\$4,340	1
	Regina Beach	1.31	2	Lumsden	\$1,969	2	White City	1.48	2	Lumsden	\$4,419	2
	Grenfell	1.32	3	Kipling	\$2,100	3	Regina Beach	1.50	3	Kipling	\$4,550	3
	Indian Head	1.43	4	Regina Beach	\$2,303	4	Indian Head	1.54	4	Regina Beach	\$4,753	4
	Lumsden	1.43	4	Balgonie	\$2,772	5	Balgonie	1.57	5	Balgonie	\$5,222	5
	Balgonie	1.44	5	Grenfell	\$3,250	6	Lumsden	1.58	6	Grenfell	\$5,700	6
	Fort Qu'Appelle	1.50	6	Pilot Butte	\$3,325	7	Fort Qu'Appelle	1.59	7	Pilot Butte	\$5,775	7
	Kipling	1.52	7	Indian Head	\$3,700	8	Kipling	1.63	8	Indian Head	\$6,150	8
	Carnduff	1.93	8	Carlyle	\$3,770	9	Carnduff	1.85	9	Carlyle	\$6,220	9
	Oxbow	2.06	9	Fort Qu'Appelle	\$3,855	10	Oxbow	1.93	10	Fort Qu'Appelle	\$6,305	10
	Davidson	2.09	10	Oxbow	\$4,340	11	Davidson	1.97	11	Oxbow	\$6,790	11
	Carlyle	2.30	11	Carnduff	\$4,496	12	Carlyle	2.04	12	Carnduff	\$6,946	12
	Pilot Butte	2.60	11	Davidson	\$6,163	13	Pilot Butte	2.15	13	Davidson	\$8,613	13
Moosomin	2.61	12	Moosomin	\$6,520	14	Moosomin	2.29	14	Moosomin	\$8,970	14	
Average	1.77			\$3,604			1.76			\$6,054		

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

### Appendix E: Regional Rankings (per \$200,000 of assessed value) (continued)

Region	Municipal						Municipal + Education					
	2010 Municipal Tax Gap			2010 Municipal Taxes - Commercial			2010 Total Tax Gap			2010 Total Taxes - Commercial		
	Municipality	2010 Municipal Tax Gap	Regional Rank	Municipality	2010 Municipal Taxes - Commercial	Regional Rank	Municipality	2010 Total Tax Gap	Regional Rank	Municipality	2010 Total Taxes - Commercial	Regional Rank
Central West (15)	Dalmeny	1.21	1	Warman	\$2,578	1	Dalmeny	1.41	1	Warman	\$5,028	1
	Watrous	1.29	2	Watrous	\$2,650	2	Lanigan	1.47	2	Watrous	\$5,100	2
	Lanigan	1.33	3	Dalmeny	\$2,662	3	Watrous	1.47	2	Dalmeny	\$5,112	3
	Biggar	1.43	4	Langham	\$2,800	4	Biggar	1.53	3	Langham	\$5,250	4
	Unity	1.65	5	Lanigan	\$3,725	5	Unity	1.68	4	Lanigan	\$6,175	5
	Langham	1.68	6	Biggar	\$4,000	6	Langham	1.70	5	Biggar	\$6,450	6
	Warman	1.70	7	Macklin	\$4,000	6	Warman	1.72	6	Macklin	\$6,450	6
	Rosthern	1.85	8	Unity	\$4,180	7	Rosthern	1.81	7	Unity	\$6,630	7
	Kindersley	1.88	9	Rosthern	\$4,442	8	Kindersley	1.83	8	Rosthern	\$6,892	8
	Kerrobert	2.06	10	Kindersley	\$4,751	9	Kerrobert	1.94	9	Kindersley	\$7,201	9
	Wilkie	2.33	11	Kerrobert	\$4,973	10	Macklin	2.10	10	Kerrobert	\$7,423	10
	Macklin	2.40	12	Outlook	\$5,955	11	Wilkie	2.14	11	Outlook	\$8,405	11
	Rosetown	2.46	13	Rosetown	\$7,100	12	Rosetown	2.22	12	Rosetown	\$9,550	12
	Eston	3.43	14	Wilkie	\$7,157	13	Eston	2.95	13	Wilkie	\$9,607	13
Outlook	5.00	15	Eston	\$12,240	14	Outlook	3.23	14	Eston	\$14,690	14	
Average	2.11			\$4,881			1.95			\$7,331		
Central East (9)	Langenburg	1.31	1	Kelvington	\$2,320	1	Langenburg	1.47	1	Kelvington	\$4,770	1
	Canora	1.43	2	Langenburg	\$3,050	2	Canora	1.51	2	Langenburg	\$5,500	2
	Kelvington	1.63	3	Preeceville	\$4,397	3	Kelvington	1.68	3	Preeceville	\$6,847	3
	Preeceville	1.99	4	Wynyard	\$5,100	4	Preeceville	1.89	4	Wynyard	\$7,550	4
	Foam Lake	2.04	5	Canora	\$5,200	5	Foam Lake	1.98	5	Canora	\$7,650	5
	Esterhazy	2.16	6	Wadena	\$6,874	6	Esterhazy	2.03	6	Wadena	\$9,324	6
	Wynyard	2.86	7	Esterhazy	\$7,214	7	Wynyard	2.36	7	Esterhazy	\$9,664	7
	Wadena	3.26	8	Foam Lake	\$11,011	8	Wadena	2.65	8	Foam Lake	\$13,461	8
	Kamsack	4.67	9	Kamsack	\$12,630	9	Kamsack	3.67	9	Kamsack	\$15,080	9
Average	2.37			\$6,422			2.14			\$8,872		
North (6)	Battleford	1.69	1	Hudson Bay	\$2,832	1	Battleford	1.71	1	Hudson Bay	\$5,282	1
	Hudson Bay	1.71	2	Battleford	\$3,008	2	Hudson Bay	1.72	2	Battleford	\$5,458	2
	Carrot River	2.57	3	Nipawin	\$4,812	3	Carrot River	2.31	3	Nipawin	\$7,262	3
	Nipawin	2.80	4	Tisdale	\$7,249	4	Nipawin	2.32	4	Tisdale	\$9,699	4
	Shellbrook	3.24	5	Carrot River	\$7,920	5	Tisdale	2.76	5	Carrot River	\$10,370	5
	Tisdale	3.46	6	Shellbrook	\$9,990	6	Shellbrook	2.77	6	Shellbrook	\$12,440	6
Average	2.58			\$5,969			2.27			\$8,419		

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

### Appendix F: Total Municipal and Education Property Tax Bill (sorted by Total Gap) - Cities

City	Property Type	Provincial Percentage	2010 Municipal Mill Rate	2010 Municipal Mill Rate Factor	2010 Base Tax	2010 Municipal Taxes	2010 Municipal Tax Gap	2009 to 2010	2010 Education Mill Rate	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 to 2010
Melville	Residential	0.7	30.4000	0.4566	\$500	\$2,443	3.37	✘	10.08	\$1,411	\$3,854	2.77	✘
	Commercial	1.0	30.4000	1.2727	\$500	\$8,238			12.25	\$2,450	\$10,688		
Yorkton	Residential	0.7	23.7500	0.2190	\$895	\$1,623	3.57	✓	10.08	\$1,411	\$3,034	2.72	✓
	Commercial	1.0	23.7500	1.2000	\$100	\$5,800			12.25	\$2,450	\$8,250		
Weyburn	Residential	0.7	18.6480	0.4120	\$505	\$1,581	3.47	✘	10.08	\$1,411	\$2,992	2.65	✘
	Commercial	1.0	18.6480	1.4699	\$0	\$5,482			12.25	\$2,450	\$7,932		
Humboldt	Residential	0.7	17.8000	0.6350	\$280	\$1,862	3.22	✘	10.08	\$1,411	\$3,274	2.58	✘
	Commercial	1.0	17.8000	1.6830	\$0	\$5,991			12.25	\$2,450	\$8,441		
Swift Current	Residential	0.7	9.1620	0.3625	\$327	\$792	4.04	=	10.08	\$1,411	\$2,203	2.57	✘
	Commercial	1.0	9.1620	1.7470	\$0	\$3,201			12.25	\$2,450	\$5,651		
North Battleford	Residential	0.7	17.6300	0.5570	\$765	\$2,140	2.99	=	10.08	\$1,411	\$3,551	2.49	✘
	Commercial	1.0	17.6300	1.8120	\$0	\$6,389			12.25	\$2,450	\$8,839		
Prince Albert	Residential	0.7	20.1300	0.8440	\$0	\$2,379	2.37	✘	10.08	\$1,411	\$3,790	2.13	✘
	Commercial	1.0	20.1300	1.4000	\$0	\$5,636			12.25	\$2,450	\$8,086		
Meadow Lake	Residential	0.7	17.5000	0.9000	\$0	\$2,205	2.30	✓	10.08	\$1,411	\$3,616	2.08	✓
	Commercial	1.0	17.5000	1.4500	\$0	\$5,075			12.25	\$2,450	\$7,525		
Melfort	Residential	0.7	16.0300	0.7900	\$834	\$2,607	2.18	✘	10.08	\$1,411	\$4,018	2.02	✘
	Commercial	1.0	16.0300	1.5100	\$834	\$5,675			12.25	\$2,450	\$8,125		
Estevan	Residential	0.7	17.7000	0.5826	\$0	\$1,444	2.27	=	10.08	\$1,411	\$2,855	2.01	✘
	Commercial	1.0	17.7000	0.9258	\$0	\$3,277			12.25	\$2,450	\$5,727		
Moose Jaw	Residential	0.7	15.2740	0.7948	\$0	\$1,700	2.11	=	10.08	\$1,411	\$3,111	1.94	✘
	Commercial	1.0	15.2740	1.1734	\$0	\$3,585			12.25	\$2,450	\$6,035		
Regina	Residential	0.7	13.9797	0.9006	\$0	\$1,763	1.95	✓	10.08	\$1,411	\$3,174	1.86	=
	Commercial	1.0	13.9797	1.2295	\$0	\$3,437			12.25	\$2,450	\$5,887		
Saskatoon	Residential	0.7	11.0845	0.9456	\$0	\$1,467	1.75	✓	10.08	\$1,411	\$2,879	1.75	✓
	Commercial	1.0	11.0845	1.1612	\$0	\$2,574			12.25	\$2,450	\$5,024		
Martensville	Residential	0.7	6.2700	1.0000	\$670	\$1,548	1.59	=	10.08	\$1,411	\$2,959	1.66	=
	Commercial	1.0	6.2700	1.4229	\$670	\$2,454			12.25	\$2,450	\$4,904		

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

### Appendix F: Total Municipal and Education Property Tax Bill (sorted by Total Gap) – South West

City	Property Type	Provincial Percentage	2010 Municipal Mill Rate	2010 Municipal Mill Rate Factor	2010 Base Tax	2010 Municipal Taxes	2010 Municipal Tax Gap	2009 to 2010	2010 Education Mill Rate	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 to 2010
Shaunavon	Residential	0.7	17.0000	0.4566	\$0	\$1,890	3.06	✘	10.08	\$1,411	\$3,301	2.49	✘
	Commercial	1.0	17.0000	1.7000	\$0	\$5,780			12.25	\$2,450	\$8,230		
Maple Creek	Residential	0.7	23.7500	0.4200	\$800	\$2,152	2.83	✘	10.08	\$1,411	\$3,564	2.40	✘
	Commercial	1.0	23.0000	1.1500	\$800	\$6,090			12.25	\$2,450	\$8,540		
Gull Lake	Residential	0.7	20.0000	0.8120	\$200	\$2,474	2.46	✓	10.08	\$1,411	\$3,885	2.19	✓
	Commercial	1.0	18.6480	1.5183	\$0	\$6,073			12.25	\$2,450	\$8,523		
Assiniboia	Residential	0.7	17.8000	0.9000	\$0	\$2,762	1.83	=	10.08	\$1,411	\$4,173	1.80	✘
	Commercial	1.0	21.9200	1.1500	\$0	\$5,042			12.25	\$2,450	\$7,492		
Gravelbourg	Residential	0.7	16.4000	1.0000	\$850	\$3,146	1.31	✓	10.08	\$1,411	\$4,557	1.44	✓
	Commercial	1.0	16.4000	1.0000	\$850	\$4,130			12.25	\$2,450	\$6,580		

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

### Appendix F: Total Municipal and Education Property Tax Bill (sorted by Total Gap) – South East

City	Property Type	Provincial Percentage	2010 Municipal Mill Rate	2010 Municipal Mill Rate Factor	2010 Base Tax	2010 Municipal Taxes	2010 Municipal Tax Gap	2009 to 2010	2010 Education Mill Rate	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 to 2010
Moosomin	Residential	0.7	21.0000	0.4566	\$0	\$2,499	2.61	=	10.08	\$1,411	\$3,910	2.29	✘
	Commercial	1.0	21.0000	1.5524	\$0	\$6,520			12.25	\$2,450	\$8,970		
Pilot Butte	Residential	0.7	23.7500	0.9618	\$0	\$1,279	2.60	=	10.08	\$1,411	\$2,690	2.15	✘
	Commercial	1.0	9.5000	1.7500	\$0	\$3,325			12.25	\$2,450	\$5,775		
Carlyle	Residential	0.7	14.5000	0.5600	\$500	\$1,637	2.30	✘	10.08	\$1,411	\$3,048	2.04	✘
	Commercial	1.0	18.6480	1.3000	\$0	\$3,770			12.25	\$2,450	\$6,220		
Davidson	Residential	0.7	17.8000	0.8639	\$400	\$2,953	2.09	=	10.08	\$1,411	\$4,365	1.97	=
	Commercial	1.0	21.1111	1.3650	\$400	\$6,163			12.25	\$2,450	\$8,613		
Oxbow	Residential	0.7	12.0000	1.0000	\$425	\$2,105	2.06	✘	10.08	\$1,411	\$3,516	1.93	✘
	Commercial	1.0	12.0000	1.6000	\$500	\$4,340			12.25	\$2,450	\$6,790		
Carnduff	Residential	0.7	20.4800	0.5700	\$700	\$2,334	1.93	✘	10.08	\$1,411	\$3,746	1.85	=
	Commercial	1.0	20.4800	1.0000	\$400	\$4,496			12.25	\$2,450	\$6,946		
Kipling	Residential	0.7	2.0000	1.0000	\$1,100	\$1,380	1.52	✘	10.08	\$1,411	\$2,791	1.63	✘
	Commercial	1.0	2.0000	1.0000	\$1,700	\$2,100			12.25	\$2,450	\$4,550		
Fort Qu'Appelle	Residential	0.7	14.3700	1.0000	\$550	\$2,562	1.50	✓	10.08	\$1,411	\$3,973	1.59	✓
	Commercial	1.0	14.3700	1.1500	\$550	\$3,855			12.25	\$2,450	\$6,305		
Lumsden	Residential	0.7	9.8437	1.0000	\$0	\$1,378	1.43	=	10.08	\$1,411	\$2,789	1.58	✓
	Commercial	1.0	9.8437	1.0000	\$0	\$1,969			12.25	\$2,450	\$4,419		
Balgonie	Residential	0.7	10.2500	0.9926	\$500	\$1,924	1.44	✓	10.08	\$1,411	\$3,336	1.57	=
	Commercial	1.0	10.2500	1.1085	\$500	\$2,772			12.25	\$2,450	\$5,222		
Indian Head	Residential	0.7	18.5000	1.0000	\$0	\$2,590	1.43	=	10.08	\$1,411	\$4,001	1.54	=
	Commercial	1.0	18.5000	1.0000	\$0	\$3,700			12.25	\$2,450	\$6,150		
Regina Beach	Residential	0.7	7.6000	1.0000	\$700	\$1,764	1.31	✓	10.08	\$1,411	\$3,175	1.50	✓
	Commercial	1.0	7.6000	1.5152	\$0	\$2,303			12.25	\$2,450	\$4,753		
White City	Residential	0.7	6.2000	1.0000	\$650	\$1,518	1.25	=	10.08	\$1,411	\$2,929	1.48	✓
	Commercial	1.0	6.2000	1.0000	\$650	\$1,890			12.25	\$2,450	\$4,340		
Grenfell	Residential	0.7	13.0000	1.0000	\$650	\$2,470	1.32	=	10.08	\$1,411	\$3,881	1.47	=
	Commercial	1.0	13.0000	1.0000	\$650	\$3,250			12.25	\$2,450	\$5,700		

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

### Appendix F: Total Municipal and Education Property Tax Bill (sorted by Total Gap) – Central West

City	Property Type	Provincial Percentage	2010 Municipal Mill Rate	2010 Municipal Mill Rate Factor	2010 Base Tax	2010 Municipal Taxes	2010 Municipal Tax Gap	2009 to 2010	2010 Education Mill Rate	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 to 2010
Outlook	Residential	0.7	8.5000	0.4566	\$0	\$1,190	5.00	✖	10.08	\$1,411	\$2,601	3.23	✖
	Commercial	1.0	8.5000	3.2677	\$400	\$5,955				12.25	\$2,450		
Eston	Residential	0.7	23.7500	1.0000	\$0	\$3,570	3.43	=	10.08	\$1,411	\$4,981	2.95	✖
	Commercial	1.0	25.5000	2.4000	\$0	\$12,240				12.25	\$2,450		
Rosetown	Residential	0.7	27.0000	0.7631	\$0	\$2,885	2.46	✓	10.08	\$1,411	\$4,296	2.22	✓
	Commercial	1.0	18.6480	1.3148	\$0	\$7,100				12.25	\$2,450		
Wilkie	Residential	0.7	17.8000	0.8300	\$0	\$3,068	2.33	✖	10.08	\$1,411	\$4,479	2.14	✖
	Commercial	1.0	26.4000	1.1850	\$900	\$7,157				12.25	\$2,450		
Macklin	Residential	0.7	5.0000	0.9500	\$1,000	\$1,665	2.40	✖	10.08	\$1,411	\$3,076	2.10	✖
	Commercial	1.0	5.0000	3.0000	\$1,000	\$4,000				12.25	\$2,450		
Kerrobert	Residential	0.7	17.0000	0.7015	\$750	\$2,420	2.06	✖	10.08	\$1,411	\$3,831	1.94	✖
	Commercial	1.0	17.0000	1.1978	\$900	\$4,973				12.25	\$2,450		
Kindersley	Residential	0.7	17.2500	0.9200	\$300	\$2,522	1.88	✖	10.08	\$1,411	\$3,933	1.83	✖
	Commercial	1.0	17.2500	1.2900	\$300	\$4,751				12.25	\$2,450		
Rosthern	Residential	0.7	13.9000	1.0000	\$450	\$2,396	1.85	✓	10.08	\$1,411	\$3,807	1.81	✓
	Commercial	1.0	13.9000	1.4000	\$550	\$4,442				12.25	\$2,450		
Warman	Residential	0.7	7.6000	1.0000	\$450	\$1,514	1.70	✖	10.08	\$1,411	\$2,925	1.72	✖
	Commercial	1.0	7.6000	1.4000	\$450	\$2,578				12.25	\$2,450		
Langham	Residential	0.7	5.5000	1.0000	\$900	\$1,670	1.68	✓	10.08	\$1,411	\$3,081	1.70	✓
	Commercial	1.0	5.5000	2.3000	\$270	\$2,800				12.25	\$2,450		
Unity	Residential	0.7	19.0000	0.9550	\$0	\$2,540	1.65	=	10.08	\$1,411	\$3,952	1.68	=
	Commercial	1.0	19.0000	1.1000	\$0	\$4,180				12.25	\$2,450		
Biggar	Residential	0.7	20.0000	1.0000	\$0	\$2,800	1.43	=	10.08	\$1,411	\$4,211	1.53	✓
	Commercial	1.0	20.0000	1.0000	\$0	\$4,000				12.25	\$2,450		
Watrous	Residential	0.7	10.0000	1.0000	\$650	\$2,050	1.29	=	10.08	\$1,411	\$3,461	1.47	✓
	Commercial	1.0	10.0000	1.0000	\$650	\$2,650				12.25	\$2,450		
Lanigan	Residential	0.7	15.5000	1.0000	\$625	\$2,795	1.33	=	10.08	\$1,411	\$4,206	1.47	=
	Commercial	1.0	15.5000	1.0000	\$625	\$3,725				12.25	\$2,450		
Dalmeny	Residential	0.7	7.5600	1.0000	\$1,150	\$2,208	1.21	✓	10.08	\$1,411	\$3,620	1.41	✓
	Commercial	1.0	7.5600	1.0000	\$1,150	\$2,662				12.25	\$2,450		

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

### Appendix F: Total Municipal and Education Property Tax Bill (sorted by Total Gap) - Central East

City	Property Type	Provincial Percentage	2010 Municipal Mill Rate	2010 Municipal Mill Rate Factor	2010 Base Tax	2010 Municipal Taxes	2010 Municipal Tax Gap	2009 to 2010	2010 Education Mill Rate	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 to 2010
Kamsack	Residential	0.7	38.0000	0.4566	\$575	\$2,703	4.67	✓	10.08	\$1,411	\$4,114	3.67	✓
	Commercial	1.0	38.0000	1.5500	\$850	\$12,630			12.25	\$2,450	\$15,080		
Wadena	Residential	0.7	23.7500	0.4098	\$500	\$2,106	3.26	=	10.08	\$1,411	\$3,518	2.65	✗
	Commercial	1.0	28.0000	1.1070	\$675	\$6,874			12.25	\$2,450	\$9,324		
Wynyard	Residential	0.7	17.0000	0.7500	\$0	\$1,785	2.86	=	10.08	\$1,411	\$3,196	2.36	✗
	Commercial	1.0	18.6480	1.5000	\$0	\$5,100			12.25	\$2,450	\$7,550		
Esterhazy	Residential	0.7	17.8000	0.8300	\$600	\$3,345	2.16	=	10.08	\$1,411	\$4,756	2.03	✗
	Commercial	1.0	23.6204	1.4000	\$600	\$7,214			12.25	\$2,450	\$9,664		
Foam Lake	Residential	0.7	38.5000	1.0000	\$0	\$5,390	2.04	=	10.08	\$1,411	\$6,801	1.98	=
	Commercial	1.0	38.5000	1.4300	\$0	\$11,011			12.25	\$2,450	\$13,461		
Preeceville	Residential	0.7	11.9802	1.0000	\$535	\$2,212	1.99	✗	10.08	\$1,411	\$3,623	1.89	✗
	Commercial	1.0	11.9802	1.5000	\$803	\$4,397			12.25	\$2,450	\$6,847		
Kelvington	Residential	0.7	5.0000	1.0000	\$720	\$1,420	1.63	✓	10.08	\$1,411	\$2,831	1.68	✓
	Commercial	1.0	5.0000	1.0000	\$1,320	\$2,320			12.25	\$2,450	\$4,770		
Canora	Residential	0.7	26.0000	1.0000	\$0	\$3,640	1.43	=	10.08	\$1,411	\$5,051	1.51	✓
	Commercial	1.0	26.0000	1.0000	\$0	\$5,200			12.25	\$2,450	\$7,650		
Langenburg	Residential	0.7	12.0000	1.0000	\$650	\$2,330	1.31	✗	10.08	\$1,411	\$3,741	1.47	=
	Commercial	1.0	12.0000	1.0000	\$650	\$3,050			12.25	\$2,450	\$5,500		

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

### Appendix F: Total Municipal and Education Property Tax Bill (sorted by Total Gap) - North

City	Property Type	Provincial Percentage	2010 Municipal Mill Rate	2010 Municipal Mill Rate Factor	2010 Base Tax	2010 Municipal Taxes	2010 Municipal Tax Gap	2009 to 2010	2010 Education Mill Rate	2010 Education Taxes	2010 Total Taxes	2010 Total Tax Gap	2009 to 2010
Shellbrook	Residential	0.7	37.0000	0.4566	\$0	\$3,082	3.24	✓	10.08	\$1,411	\$4,493	2.77	✓
	Commercial	1.0	37.0000	1.3500	\$0	\$9,990			12.25	\$2,450	\$12,440		
Tisdale	Residential	0.7	23.7500	0.5730	\$983	\$2,098	3.46	✓	10.08	\$1,411	\$3,509	2.76	✓
	Commercial	1.0	13.9000	2.2220	\$1,072	\$7,249			12.25	\$2,450	\$9,699		
Nipawin	Residential	0.7	8.2800	0.7900	\$800	\$1,716	2.80	✘	10.08	\$1,411	\$3,127	2.32	✘
	Commercial	1.0	18.6480	2.0000	\$1,500	\$4,812			12.25	\$2,450	\$7,262		
Carrot River	Residential	0.7	17.8000	1.0000	\$0	\$3,080	2.57	=	10.08	\$1,411	\$4,491	2.31	✘
	Commercial	1.0	22.0000	1.8000	\$0	\$7,920			12.25	\$2,450	\$10,370		
Hudson Bay	Residential	0.7	11.8000	1.0000	\$0	\$1,652	1.71	=	10.08	\$1,411	\$3,063	1.72	=
	Commercial	1.0	11.8000	1.2000	\$0	\$2,832			12.25	\$2,450	\$5,282		
Battleford	Residential	0.7	6.7900	1.0000	\$825	\$1,776	1.69	✘	10.08	\$1,411	\$3,187	1.71	✘
	Commercial	1.0	6.7900	1.0000	\$1,650	\$3,008			12.25	\$2,450	\$5,458		

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