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NEWS RELEASE

CFIB ranks best & worst property tax gaps in Central East Sask

Langenburg had lowest municipal property tax gap in 2013; Foam Lake the highest

Regina, November 12, 2014 – The Canadian Federation of Independent Business (CFIB) released its annual comparison of property tax gaps between Saskatchewan municipalities. The overall results for 2013 are mixed, with quite a bit of variance across the province. On average, commercial property owners paid 2.31 times the municipal property taxes of residential property owners.

CFIB's research report, *Wanted: Property Tax Fairness in Saskatchewan*, is the seventh in a series of reports which examine municipal and total property tax gaps for 69 municipalities with a population of 1,000 or more. For the first time, this report also includes 32 Rural Municipalities (RMs) with a population of 1,000 or more. The gap measures the ratio of commercial and residential property tax bills for properties assessed at \$200,000.

"We are concerned business owners are paying more than their fair share and continue to get the short end of the property tax stick," said Marilyn Braun-Pollon, CFIB's Vice-President, Prairie and Agri-business.

In fact, Saskatchewan commercial property owners paid \$1.14 to \$5.14 for every dollar in municipal property taxes paid by homeowners. In Central East Saskatchewan, it ranged from \$1.21 to \$5.14, with an average of \$2.76 (see Backgrounder).

***Foam Lake had the highest municipal property tax gap in Central East and province;
Langenburg the lowest in Central East***

The Bad in Central East:

- Foam Lake had the most unfair municipal tax system in the province with a municipal property tax gap of 5.14 and the highest commercial municipal property tax bill of \$11,520 per \$200,000 of assessed value

The Good in Central East:

- Langenburg boasted the lowest municipal property tax gap of 1.21 (3rd year in a row) and the lowest commercial municipal property tax bill of \$1,827

If you factor in the provincial education property taxes, commercial property owners in Central West Saskatchewan are paying on average 2.66 times the property taxes of residential property owners. What makes these unfair tax rates worse is that in addition to paying more, business owners typically receive fewer services.

"This report should be required reading for municipal leaders as they determine their 2015 operating budgets in the coming weeks and months. With municipalities analyzed in the Central East receiving a 121 per cent increase in municipal revenue sharing from 2007-2008 to 2014-15, property tax hikes should be unnecessary," added Braun-Pollon. "We worry many municipalities may hike property taxes in 2015 to fund unsustainable spending, which will further erode education property tax savings delivered in recent years."

CFIB certainly recognizes that some municipalities are making their property tax system more fair and equitable. "However, we need all municipal leaders to recognize the important contributions small business owners make to their community and commit to addressing the inequities in their municipal property tax system," concluded Braun-Pollon.

To arrange an interview with Marilyn Braun-Pollon, please call 306 757- 0000, 1 888 234- 2232, or email mssask@cfib.ca To read the full report go to CFIB's Saskatchewan website: www.cfib.ca/sk Follow us on Twitter: @cfibsk

Backgrounder: Municipal Property Tax Gaps-Central East

For a property assessed at \$200,000:

- ▶ Langenburg had the lowest municipal property tax gap, at 1.21
- ▶ Foam Lake had the highest municipal property tax gap, at 5.14
- ▶ Langenburg had the lowest commercial municipal property tax bill, at \$1,827
- ▶ Foam Lake had the highest commercial municipal property tax bill, at \$11,520

For a complete analysis of property tax data, including regional breakdowns, and methodology, please refer to the full report: "Wanted: Property Tax Fairness in Saskatchewan," CFIB, 2014. <http://cfib.ca/a6732e>

Local Government:

CFIB has made a number of recommendations to reduce the municipal property tax gap:

- ▶ Develop and implement a plan over time to reduce the commercial-to-residential property tax gap.
- ▶ Limit year-over-year operating spending growth to a maximum of inflation and population growth.
- ▶ Review current programs and services to identify areas that can be streamlined or eliminated.
- ▶ Introduce a plan to reduce the size and cost of the municipal civil service (primarily through attrition).
- ▶ If applicable, consider the introduction of a base tax for all homeowners.

Central East: 2013 Municipal property tax gaps (ranked best to worst) and municipal taxes for \$200,000 of assessed value

Municipality	2013 Municipal residential property taxes per \$200,000	2013 Municipal commercial property taxes per \$200,000	2013 Municipal property tax gap
Langenburg	\$1,514	\$1,827	1.21
Kelvington	\$1,093	\$1,840	1.68
Preeceville	\$1,828	\$3,506	1.92
Canora	\$1,845	\$4,030	2.18
Esterhazy	\$2,060	\$4,600	2.23
Wadena	\$1,658	\$4,810	2.90
Wynyard	\$1,575	\$4,875	3.10
Kamsack	\$1,600	\$7,150	4.47
Foam Lake	\$2,240	\$11,520	5.14
Average	\$1,713	\$4,906	2.76

Source: CFIB calculations based on 2013 property tax data from Government of Saskatchewan, Ministry of Government Relations.

Backgrounder: Total Property Tax Gaps-Central East

For a property assessed at \$200,000:

- ▶ Langenburg had the lowest total property tax gap, at 1.57
- ▶ Foam Lake had the highest total property tax gap, at 4.48
- ▶ Langenburg had the lowest total commercial property tax bill, at \$3,483
- ▶ Foam Lake had the highest total commercial property tax bill, at \$13,176

For a complete analysis of property tax data, including regional breakdowns, and methodology, please refer to the full report: "Wanted: Property Tax Fairness in Saskatchewan," CFIB, 2014. <http://cfib.ca/a6732e>

Provincial Government:

CFIB has made a number of recommendations to reduce the total property tax gap:

- ▶ Continue to finance a greater portion of education through general revenues by further reducing the education mill rate for commercial properties.
- ▶ Reject raising education property taxes to pay for infrastructure projects.
- ▶ Introduce a long-term strategy to phase out the use of mill rate factors.
- ▶ Reject any proposal that would provide increased taxation powers to municipalities.
- ▶ Freeze funding to municipalities (e.g. transfers from the Municipal Operating Grant) at current levels until municipalities better manage their operating spending.

Central East: 2013 Total property tax gaps (ranked best to worst) and total taxes for \$200,000 of assessed value

Municipality	2013 Total residential property taxes per \$200,000	2013 Total commercial property taxes per \$200,000	2013 Total property tax gap
Langenburg	\$2,219	\$3,483	1.57
Kelvington	\$1,797	\$3,496	1.95
Preeceville	\$2,533	\$5,162	2.04
Canora	\$2,549	\$5,686	2.23
Esterhazy	\$2,764	\$6,256	2.26
Wadena	\$2,362	\$6,466	2.74
Wynyard	\$2,279	\$6,531	2.87
Kamsack	\$2,304	\$8,806	3.82
Foam Lake	\$2,944	\$13,176	4.48
Average	\$2,417	\$6,562	2.66

Source: CFIB calculations based on 2013 property tax data from Government of Saskatchewan, Ministry of Government Relations.