IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – March 2022

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ALBERTA

Property tax hikes of 4.7% and 4.3% proposed by Red Deer city administration

Tax increases included in budget guidelines to be debated by city council on Monday

City of Red Deer administration is recommending city council boost taxes by nearly five per cent next year and by more than four per cent in 2024.

The tax hikes are among nine guidelines proposed by staff for the 2023 and 2024 budgets and will be debated by city council on Monday.

The first proposed guideline calls for a 4.7 per cent tax increase in 2023 and 4.3 per cent in 2024, based on economic projections, city finances and future spending plans.

"We know seeing these proposed increases for 2023 and 2024 can be unnerving, especially coming out of a slowed economy and with other costs rising," says interim city manager Tara Lodewyk in a statement released along with the guidelines on Friday afternoon.

"I don't like raising taxes but I also don't like the alternative of continuing to hold the line. It is not sustainable or responsible and doing so will only hurt us later with large reductions in services, assets in disrepair, higher tax increases and not being prepared for any rainy days we may experience in the future," says Lodewyk.

Guidelines must be approved by council so administration knows what it is working with as it builds the operating and capital budget proposals for the next two years. Council will consider the next operating and capital budgets in November.

Council narrowly voted to hold the line on taxes this year with a split 5-4 vote. Mayor Ken Johnston and Councillors Kraymer Barnstable, Bruce Buruma, Michael Dawe and Vesna Higham voted in favour of a zero tax increase — the second year taxes were frozen. They argued that it was a promise made to taxpayers, many of whom were still hurting because of the pandemic.

While city staff number crunchers said at the time not raising taxes was doable, they warned a tax increase of at least 3.42 per cent would be needed in 2023 unless the city opts for cutbacks and service reductions.

Coun. Lawrence Lee sees the proposed tax increases as a "good balance" considering city taxpayers could have been facing a much steeper tax hike given the financial pressures on the city, which only managed to hold off on a tax increase for another year by dipping into reserve funds.

"Actually, it's encouraging. I would have anticipated a little bit higher tax increase than they're asking for," he said, adding he thought a seven per cent tax increase might have been coming for next year.

"I'm optimistic that they've found a way to (keep recommended tax increases lower).

Lee said administration appears to be phasing in the necessary tax increase over two years and sparing property owners a "tax shock."

"I like that approach and we'll have to see if council can find any more areas where we can trim that 4.7 down just a touch. I'm not 100 per cent optimistic we'll be able to do that."

In the last budget talks, Lee unsuccessfully proposed a two per cent increase for this year, to spare much higher increases in future years.

Lodewyk said that while Alberta's economy is improving "it will take a while to realize this positive shift in our city budgets.

"In the meantime, these guidelines are about catching up and getting back on track after weathering the last two years by providing zero per cent municipal tax rate increases and using our reserves to keep us there."

Red Deer has lower non-residential taxes than comparable Alberta municipalities and residential taxes are in line with other Alberta cities, says Lodewyk.

"We have always been competitive with our other comparable municipalities and our goal is to stay competitive."

Among the challenges facing staff building coming year's budgets is rising inflation and commodity prices and the need to replenish reserves.

Other guidelines recommended include: exploring ways to boost utility dividends to $3 million in 2023 and 2024, topping up reserve funds and setting aside $750,000 in each of the next two year's to support council's Strategic Plan initiatives.

It is also recommended that city council review user fees and charges and introduce an operating contingency policy and a policy to deal with operating reserves for urgent issues.

BRITISH COLUMBIA

Prince George city council rejects property tax hike for places of worship

Permissive property tax exemptions to remain in place for churches, temples, mosques and other places of worship

City council unanimously rejected three options to reduce or limit the permissive property tax exemption the City of Prince George offers to churches, temples, mosques and other places of worship on Monday night.

Houses of worship are exempt from property taxes under provincial legislation, but land, parking lots or other property connected to those places of worship are not. The city offers a 100 per cent tax exemption to qualifying faith organizations for those taxable portions of their property, city director of finance Kris Dalio told council on Monday.

As of the 2020 tax roll, there were 50 places of worship that qualified for the city's permissive tax exemption, for a total of $270,246 in tax breaks. The single largest tax break for a faith organization was $118,805, while the 49 others were $11,428 or less.

Coun. Brian Skakun had seconded the motion in October that resulted in the report being prepared for city council, but said he heard loud and clear from the city's faith organizations that the move would cause them significant hardship.

"I wanted it to come here so we can deal with it once and for all," Skakun said. "The fear it has created that they might lose some of their tax grant… it has really been hard on them. I don't think clawing back $270,000 or almost $300,000 is worth it. These churches and places of faith do so much incredible work. I don't want to see any of these organizations see any change of their tax status."

The COVID-19 pandemic has been especially hard on faith organizations, which have been prohibited from holding in-person services for weeks and months at a time, he said.

"These churches, like everybody else, have gone through some tough, tough years," Skakun said. "The donations have severely dropped off. It's not the right move and it's not the right time."

Coun. Susan Scott, who has served as a board member of the Prince George Salvation Army community council and as the chaplain for the Prince George Fire Rescue Service, local branch of the Royal Canadian Legion and Rocky Mountain Rangers Army Cadets, said she has previously gone through the city's application process for the permissive tax exemption and it is thorough and detailed.

"A great many of the services (faith organizations provide) were the result of the church filling in the gap, picking up the slack in our society," Scott said. "(But) I also know of certain faith communities in the city that also sublet part of their property."

Coun. Kyle Sampson, who brought forward the motion in October requesting the report back to council, said his concern is the big gap between the top permissive tax exemption recipient and all the others in the city. He said the purpose of the tax exemption is to provide support to faith groups, not tax relief for real estate investments.

"…(Is) that entire property being used for community use in one way or another?" he asked. "That is a significant gap. But as long as it is meeting the criteria, I am put at ease."

However, Sampson said, his motion was never intended to take away from the many valuable services faith organizations provide in the city.

"As a long-standing social service provider in this community, I want to acknowledge all of the support I've gotten from all of the churches over the years. The food, blankets and all kinds of things for people in need – and these are from the homes of parishioners," Coun. Murry Krause said. "I don't think this is the way to get at one tax exemption that is over $100,000. If there is one outlier, that needs to be handled in a different way."

Mayor Lyn Hall said he heard from concerned faith leaders about this issue over the weekend, but equally from non-profit groups.

"This has not just isolated our church communities, it gone to the non-profit organizations who are concerned that we are going to move forward with some new plan for them as well. That concerned me, obviously," Hall said. "I would just as soon put this to rest tonight. For me… I will not support any changes to our permissive tax exemption programs."

Victoria city council debates Indigenous property tax option

Victoria city council will debate a new plan Thursday that would allow homeowners the option to pay a little extra when they receive their annual property tax, with the money going towards a reconciliation fund. As Kylie Stanton reports, supports of the move say its a meaningful step towards reconciliation.

Homeowners in Victoria could soon have the option to voluntarily add between five and 10 per cent extra to their annual property tax bill as a contribution to a reconciliation fund for local Indigenous nations, says Mayor Lisa Helps.

City council will debate the voluntary contribution plan Thursday at a committee meeting where the aim is to have the policy adopted and ready to include in property tax notices later this year, she said.

Helps said the city would collect the money and provide it to the Victoria-area Songhees and Esquimalt Nations, along with the $200,000 reconciliation grant the council has previously approved for them.

"The principle is the City of Victoria is built on the homelands of the Songhees and Esquimalt Nations and those of us who own real estate here or do business here or run the city here, we literally benefit and generate wealth from someone else's lands," Helps said in an interview.

"We will simply send out a notice when the property tax notices go out," she said. "It will be an additional notice and it will let people know some of the work that's been happening on reconciliation with the Songhees and Esquimalt Nations over the past five years."

The Songhees Nation said in a statement it appreciates the efforts of Victoria's council and residents on the reconciliation initiative.

"It is encouraging that some Victoria homeowners have expressed a desire to voluntarily contribute a part of their property taxes to Songhees Nation, as a meaningful and tangible step toward reconciliation," said Katherine Legrange, Songhees executive director. "We hope that this sets a precedent for other cities and municipalities to follow suit, and we thank Mayor Helps and council for their commitment to strengthening our relationship."

The agenda for Thursday's meeting says many non-Indigenous people in Victoria have expressed wishes to do more for reconciliation at local events and especially following the discovery of what are believed to be about 200 unmarked graves at the site of a former residential school in Kamloops, B.C.

Helps said the contributions are entirely voluntary but the money will go toward projects administered by the Songhees and Esquimalt Nations, including education, language, child care and housing.

Council would be making no recommendations of where the nations should spend the money, she said.

"The idea is to make this a permanent program," she said. "We recognize many people are stretched with inflation and coming out of the pandemic. I expect we will see pretty slow uptake in 2022, but the idea is to set up this program in perpetuity."

The city hasn't estimated how much people in Victoria might contribute to the fund, said Helps.

"I wouldn't want to put pressure on people," she said. "I want this to come from people's hearts."

The initiative appears to be the first of its kind by a local government in Canada, said the founder of Victoria-based Reciprocity Research Inc., which is developing a similar contribution initiative it plans to launch on Vancouver Island this year.

"It's something that's long overdue for there to be some kind of avenue that connects private property owners with the Indigenous communities in whose territory they live and work," said Craig Candler in an interview.

Candler, a cultural anthropologist with experience in environmental, regulatory and Indigenous rights processes, said his group is poised to introduce a Reciprocity Trusts program this year that asks private property owners to contribute what amounts to 12 per cent above their property tax bill.

He said a 12 per cent contribution would amount to about $500 for average property owners in the Victoria area.

Contributors would receive a tax receipt, said Candler, adding the group already has about 250 people in the Victoria area waiting to contribute to Reciprocity Trusts.

He said about 750 people across Canada are also prepared to contribute as more trusts are set up in other cities and communities.

"The reality is my family owns a little piece of property on Songhees and Esquimalt territory," said Candler. "We love it. It's our home. We're going to be staying here. If we're going to be staying here, then creating some way to benefit Songhees and Esquimalt — it just makes sense."

Mansion tax for top one-per-cent property owners would be fairer for the rest of us

Opinion: If Vancouver had a progressive property tax system, it could raise funds by setting higher rates on high-end properties while keeping taxes lower for the vast majority of owners

Is it fair that someone who owns a $70-million mansion is taxed at the same rate as someone who owns a $400,000 condo?

Is it fair that Walmart and Amazon pay property taxes at the same rate as small business owners struggling to survive?

Is it fair that when homeowners sell their homes, their profits — often totalling hundreds of thousands of dollars or more — are not taxed by federal, provincial or local governments?

City governments rely mostly on property taxes to pay for police, fire, sewers, streets, libraries, planning, housing and fighting climate change. But, under the city's flat tax system, it is difficult to raise sufficient funds without hurting those who own homes assessed at the lower end.

Since I have been on council, I've learned how unfair and unethical it is for an entire level of government to not have the ability to levy taxes based on residents' ability and willingness to pay.

Last year, the city provided more than $300 million in services and facilities downloaded by senior governments, such as child care, homelessness, climate change. It's what most people want the city to do — 75 per cent want the city to invest more in homelessness services, 73 per cent want more affordable housing, and 71 per cent want more invested in social policies and projects.

Some folks on council say the city should stick to funding traditional things like sewers, roads, and community centres. But what happens to our city when the province and feds refuse to invest? Do we want hundreds more homeless people sleeping on the streets? New housing that only upper-income folks can afford? Do we let rising oceans destroy our seawall and our sewer system? Shouldn't we be setting aside funds to make real reconciliation with the three nations whose land we occupy?

If Vancouver had a progressive property tax system, it could raise those funds by setting higher rates on high-end properties such as Chip Wilson's $70-million mansion while keeping taxes lower for the vast majority of owners.

Right now, both the province and federal governments levy progressive taxes. If your income is low, you pay a lower tax rate than if your income is high. B.C. recently put a progressive tax they called a "school tax" on high-end properties worth more than $3 million.

During the last municipal election, I campaigned on a promise to get a progressive property tax that COPE called a "Mansion Tax".

How would a progressive property tax work at the city level? One way of doing it would be to put an additional surtax of one per cent on the value of mansions worth more than $5 million and two per cent on those worth more than $10 million. If it had been applied in 2021, based on the city's property tax data of residential property, excluding multi-family properties, the city would have collected about $225 million from 4,806 properties. About 4,200 would have paid the extra one per cent, and 644 the extra two per cent. That would be enough to build more than 450 units of real housing for people who are homeless.

What about homeowners who have expensive houses but low incomes, maybe a pensioner who bought a house 40 years ago that has now appreciated to more than $5 million? Seniors earning less than $32,000 a year can apply for a supplemental grant from the province.

Owners 55 and older, a surviving spouse, or eligible persons with disabilities can apply to defer their property taxes. No taxes would be paid until the house is sold, or until after they die. Homeowners who financially support a dependent child can also defer their taxes at low interest rates.

A progressive property tax could be designed to include some or all property classes. It could exclude apartment buildings. People who owned several properties might pay a rate based on total values.

My motion in support of a mansion tax comes to council on April 12. If it passes, city staff would then investigate these various options and recommend more specifically how the tax should be structured.

Residents who want a fairer tax system are already organizing a campaign to urge residents to send letters and to sign up to speak.

Jean Swanson is a Vancouver city councillor.

Victoria council floats voluntary option for property owners to donate to the Songhees and Esquimalt First Nations

Do you want to decolonize your backyard? It's a question the City of Victoria may be asking its property owners for the first time.

"Subject to council's decision next week, when people get their property tax bill they'll also get an enclosure saying here's what the city is doing with reconciliation, here's the principle of reciprocity, would you like to donate 5 or 10 per cent of your property tax amount or another amount to the Songhees and Esquimalt First Nations in the spirit of reconciliation?" said Victoria Mayor Lisa Helps.

Victoria's mayor and councillors Marianne Alto, Sarah Potts, and Jeremy Loveday are pitching a new program to let Victorians make a voluntary donation to the Songhees First Nation.

Helps says when hundreds of children's bodies were discovered in unmarked graves last year in Kamloops, it was a wake-up call for many residents.

"Last summer I literally had people crying, non-Indigenous people crying in grief, asking what can I do?" said Victoria Mayor Lisa Helps.

The city is only temporarily managing the funds for the Songhees First Nation until a new company called Reciprocity Trusts gets off the ground.

“The need for something to connect private property to Indigenous communities where we live and work has been needed for a really really long time,” said Craig Candler, founder of Reciprocity Trusts.

The company hopes to act as the administrative body of trusts for a variety of First Nations across British Columbia. The South Island is their first trial project.

“Once Reciprocity Trusts is set up, dollars will go into the south island reciprocity trust,” said Candler. “It will be Indigenous-owned and controlled. Reciprocity will support with administration, and communities will be able to receive dollars to support community priorities.”

Candler says it’s a small way that Victorians could contribute to things like language revitalization, housing, education to the nations on whose territory they own land.

Reciprocity trusts say they already have 750 households wanting to participate, 250 here on the South Island.

“It is encouraging that some Victoria homeowners have expressed a desire to voluntarily contribute a part of their property taxes to Songhees Nation, as a meaningful and tangible step towards reconciliation. We hope that this sets a precedent for other cities and municipalities to follow suit,” said Katherine Lagrange, executive director with the Songhees Nation.

But why is the City of Victoria and Reciprocity Trusts mainly targeting property owners?

“Renters don’t benefit from an increase in property values,” said Candler. “There’s a recommended reciprocity payment. It’s based on about 12 per cent of the property taxes that property pays in a given year. For the average house in Victoria, it’s about 500 dollars a year.”

The motion comes forward to City Council’s vote this coming Thursday.

Victoria residents might be invited to donate to First Nations when paying taxes

Unlike property taxes that you have to pay by July 1, the contribution could be paid at any time.

Victoria residents could soon have the option of making a contribution to the Songhees and Esquimalt Nations when they pay their property taxes.

A motion going to council’s committee of the whole on Thursday suggests that beginning this year, residents be sent an extra letter in their property-tax notices offering the option of contributing an amount equal to five to 10 per cent of their taxes — or another amount — for the First Nations.

The city would collect the money and pass it on to the nations, alongside the $200,000 “reconciliation grant” council already approved from its coffers for the Songhees and Esquimalt Nations. The same amount is to be allocated annually in the draft financial plan for consideration by the next council, to be elected in October, as part of a five-year pilot project.

Victoria Mayor Lisa Helps stressed that under the current proposal, the contribution would not be a portion of property taxes but a separate, voluntary donation.

“When we send out property-tax notices we’ll send out an extra sheet that says: ‘Here’s what the city’s doing on reconciliation, here’s the principle of reciprocity, and would you voluntarily like to contribute,” Helps said. “It is really as simple as it sounds.”

Helps gave the example of a $4,400 property-tax bill for an average home generating a 10 per cent donation totalling $440.

Unlike property taxes that you have to pay by July 1, the contribution could be paid at any time.

“As the money continues to come in through the year, it can be transferred to the nations on a quarterly basis.”

Helps said if the plan is approved, Victoria would be the first municipality in B.C., and likely in Canada, to take such a step.

Simple and cost-neutral, “it’s something that every city across the province and across the country could very easily do to get money into the hands of nations,” she said.

Helps said the contributions would directly help First Nations on whose land the city was built and continues to grow, providing money for education, language revitalization and housing.

“It’s really exciting,” she said, calling the contribution plan reconciliation in action. “We’ve had hundreds of people come to various events — Orange Shirt Day, reconciliation dialogues — and everyone leaves wanting to do something.”

Reconciliation, Helps said, is based on understanding what happened to Indigenous people in the past — in both the city and the country — “and then understanding what actions we can take to do the repair work necessary and put Indigenous people on a good foot going forward for the future, so that they can have the same prosperity that the rest of us enjoy.”

For many people, news that started coming out last spring about children's bodies buried outside the former Kamloops Indian Residential School galvanized their desire to help, she said.

"We can't buy our way to reconciliation, but for people who did have a big wake-up call last [spring], this is part of reconciliation in a meaningful way."

Songhees Nation executive director Katherine Legrange said it's encouraging that some Victoria homeowners have expressed a desire to voluntarily contribute "as a meaningful and tangible step towards reconciliation."

"We hope that this sets a precedent for other cities and municipalities to follow suit."

The non-profit group Reciprocity Trusts has also been working on the concept around the south Island and has received commitments from more than 250 households to make voluntary contributions once a system is in place.

Helps' voluntary-contribution proposal is backed by councillors Marianne Alto, Sarah Potts and Jeremy Loveday.

Property tax hikes of 4.7% and 4.3% proposed by Red Deer city administration

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Crown land renters facing astronomical increases as B.C. property values soar

People living on Crown land are not protected by the province's annual allowable rent increase cap

Most renters can rest assured that British Columbia's skyrocketing property values won't render their home unaffordable overnight, with the province capping rent increases at 1.5 per cent in 2022.

But that's not the case for Alice Savage, Claude Potvin and their two children.

The family has lived on a Crown residential lease property in the Paradise Valley near Squamish for close to a decade, paying the government annual rent at the set rate of five per cent of the assessed land value.

The problem is the province's rent cap does not apply to Crown land rent; Crown lands refer to land owned by the federal or provincial governments. So this year when their property soared 180 per cent in assessed value, it instantly triggered a 180 per cent rent hike.

In real dollars, that means the couple's rent has gone from $9,590 in 2021 to $26,932 in 2022.

"We're a tenant of the government ... and it's scary," said Savage. "Compared to the 1.5 per cent increase allowed for the rest of the population of B.C., this is absurd [and] unacceptable."

Savage and Potvin would like to see a system that makes Crown rent increases incremental and predictable.

Private members bill

So would West Vancouver–Sea to Sky MLA Jordan Sturdy, who has introduced a private members bill proposing that Crown land be treated like every other rental property in B.C.

"If limits are placed on landlords around the province in terms of the rents ... then I don't understand why the province doesn't hold itself to the same standard," said Sturdy.

"The simple approach to resolving this and providing certainty to people who in some cases have lived on these properties for many, many years ... is that residential rents cannot be increased beyond the [Consumer Price Index]," he said.

Sturdy said he knows of 20 Squamish Valley residents who are struggling with Crown rent increases.

"They entered the circumstances, I hope, eyes wide open," he said. "But I don't think anyone anticipated that land values would increase so much, that B.C. Assessment would value the land like they have and ultimately affect the ability for people to stay in their homes."

The same issues are playing out at tiny North Lake near Egmont on the Sunshine Coast. There, property values roughly doubled last year, threatening to force out longtime, elderly residents who moved to the rural community for its affordability.

"What that means is some people on fixed incomes are looking at a doubling of their rent. And some, of course, are going to have difficulty affording that," said Rick Craig, president of the North Lake Residents Association.

Lease renewal backlog

Making matters worse, said Craig, is that a number of residents have been without a valid lease for two or three years because the renewals are stuck in a government backlog.

"So the problem is that if somebody can't afford to pay a 100 per cent rent increase, they can't even sell the property because they don't have the lease, right? So they're kind of stuck between a rock and a hard place. And government is saying it might take another year or two for them to get these particular leases," he said.

Many North Lake residents have appealed their B.C. Assessment. For his part, Craig questions why Crown land is being assessed according to market value.

"I can't rent the place out. I can't cut trees on the property. I don't have the freedom to do what I could if I owned the land. And yet, at the same time, government charges rent as if it was freehold land," said Craig.

One year ago when the issue was brought up in the B.C. Legislative Assembly, Forestry, Lands and Resources Minister Katrine Conroy said her ministry was looking into it.

BC's property tax increases: What has been the impact of the 2018 changes?

Four years ago, the 2018 BC Budget introduced a number of new taxes in support of an affordable housing agenda. The taxes, along with new spending measures and renter protections, were part of the government's Homes for BC 30-point housing plan and included:

- Higher provincial property taxes (Additional School Tax) for homes assessed at more than $3 million.
- New 5% top rate above $3 million for the Property Transfer Tax.
- Increased foreign buyers' tax (Additional Property Transfer Tax) from 15% to 20%.
- A new Speculation and Vacancy Tax of 2% of assessed value for foreign owners and "satellite families" (who derive most of their income outside of Canada and pay little Canadian income taxes) and 0.5% for Canadians with vacant properties.

These 2018 tax increases have been very popular, with support in the 72 to 75% range. But have they been effective? The short answer is that the new taxes aimed at high-end properties and non-resident or foreign homeowners were largely successful on their own terms, but were too limited in scope to halt the recent real estate frenzy fuelled by low interest rates. From our vantage point in early 2022, with home prices even further out of reach, there is clearly more to be done.

This post reviews the impacts and revenues from each of the new taxes. A separate post looks at the need for more ambition in the BC government's measures to build new affordable housing. Speculation and Vacancy Tax revenues and some of the increased Property Transfer Tax go into a Housing Priority Initiatives Special Account to be used to fund new affordable housing in the government's plan.

A closer look at the new taxes

Table 1 summarizes the revenues the new taxes have raised: $1.6 billion in total since 2018/19, up to the current fiscal year. Note that this includes the full value of the foreign buyers' tax, introduced in August 2016, not just the 2018 onward increase. These taxes are not just a revenue story, of course, as they have been aimed at changing behaviour (reducing the number of foreign buyers or more housing being rented out).

In the context of property taxation in BC overall, the new taxes are quite small compared to all public revenues generated from property-related taxation overall, which totalled $22.9

billion over the same time period. And compared to the $1.9 trillion increase in total property values in British Columbia since 2004, these measures are a veritable drop in the bucket.

Table 1: Property tax revenues ($millions)

2018 tax measures	2018/19	2019/20	2020/21	2021/22	Total
New provincial property tax brackets (Additional School Tax)	—	192	144	151	487
New top Property Transfer Tax rate	94	55	82	118	349
Increase in foreign buyers' tax (Additional Property Transfer Tax)	181	132	101	105	519
New Speculation and Vacancy Tax		88	80	80	248
Total new tax measures	**275**	**467**	**407**	**454**	**1,603**
Total property transfer tax revenue	1,795	1,572	2,077	3,000	8,444
Total BC property tax (School Tax) revenue	3,446	3,460	3,183	3,553	13,642
Total of all property-related revenues	**5,422**	**5,252**	**5,441**	**6,738**	**22,853**
New taxes as share of total	5.1%	8.9%	7.5%	6.7%	

Notes: Additional Property Transfer Tax includes the full value of the tax, introduced in August 2016, not just the 2018 onward increase. Total property tax revenue is a gross amount and includes the almost $900 million spent every year on the Home Owner Grant.

Source: Estimates Notes, Ministry of Finance, May 28, 2021.

New provincial property tax brackets (Additional School Tax)

BC's provincial property tax is known as the "School Tax," reflecting its origins in funding the K-12 education system. This is no longer the case today as BC's property tax goes into general revenues and decisions about school funding are made independently. Total revenue from the School Tax is also much less than the province spends on schools.

The School Tax rate is re-calculated each year so that the dollar amount of tax paid per home typically rises only by the rate of inflation, not the percentage increase in assessed value. If a home went up in value by 20% the increase in School Tax may only be 2% or whatever is the rate of inflation. This is different from Income Tax or Provincial Sales Tax, which have fixed rates so that tax revenues grow with the economy.

The 2018 BC Budget introduced an Additional School Tax for high-end properties, with rates of 0.2% of assessed value between $3 and $4 million, and 0.4% on assessed value over $4 million (starting in 2019). For example, a home assessed at $5 million would pay $2,000 in the first tier and $4,000 in the second for a total property tax increase of $6,000.

In 2021, there were 27,475 properties in BC that paid the Additional School Tax, representing the top 1.4% most highly valued properties in the province, the vast majority of which (84%) are in Metro Vancouver. Ministry of Finance data show that 35% of revenues came from 968 properties worth more than $10 million, paying an average of $778.

Increased top rate for Property Transfer Tax

The Property Transfer Tax (PTT) is paid by the buyer when a property is sold. The PTT was already a progressive tax, with rates of 1% (up to $200,000 value), 2% ($200,000 to $2 million) and 3% (over $2 million). The 2018 budget added a new top rate of 5% on the value above $3 million.

The Ministry of Finance reports that the extra 2% on value above $3 million raised $94 million in 2018/19, fell to $55 million in 2019/20 then jumped to $82 million in 2020/21. The latter increase is notable in light of COVID, which flattened the market for most of that fiscal year. These revenues are in line with the Ministry of Finance's estimate in early 2018 that the new tier would raise $81 million per year.

These amounts are very small in comparison to overall PTT revenue, which reached $2.1 billion in 2020/21 and is estimated to hit a record $3.2 billion in 2021/22. In 2020/21 some 1,841 properties paid the additional top rate on PTT, about 1% of the 184,567 properties that paid PTT.

The PTT does not appear to be an impediment to real estate purchases in BC as it is very small for the vast majority of transactions. And in the context of double-digit annual increases in property values, it is easily forgotten. While the tax may have shifted some investor behaviour towards lower-priced properties, recently there has been a renewed boom in high-end real estate.

Much higher rates could be applied on such purchases and used more strategically to address other dimensions of home price surges. For example, Singapore has property transfer taxes with different rates aimed at restricting certain types of buying. No tax is paid when buying a first residential property, but the tax is 17% for a second and 25% for third and subsequent properties. In addition, corporate entities must pay 35% tax and foreigners 30%.

Increased foreign buyers' tax

In August 2016, the previous Liberal BC government stepped in to cool the Metro Vancouver housing market with a 15% foreign buyers' tax (called the Additional Property Transfer Tax or APTT). The impetus for the tax was a large share of transactions from non-residents in 2016 before the tax was announced. In June and July 2016, just prior to the implementation of the foreign buyer tax in August, foreign purchases were 17% of transactions and 23% of transaction value.

Foreign purchases dropped into the low single digits in the aftermath of the tax to 2.6% of transactions in 2017. The 2018 BC Budget, under a new NDP government, increased the foreign buyers' tax to 20% and expanded its scope beyond Metro Vancouver to include the Fraser Valley, the Capital and Nanaimo Regional Districts on Vancouver Island and the Central Okanagan Regional District. Since then, the share of foreign purchases has fallen further to 2.5% in 2018, 2.0% in 2019 and 1.3% in 2020. In the rest of the province the foreign share fell from 2.4% in 2017 to 1.4% of transactions in 2020. Not all of the drop is necessarily due to the foreign buyers' tax, with increased scrutiny of capital outflows by Chinese regulators starting in 2017 and COVID shadowing the 2020 numbers.

Up to the end of the 2020/21 fiscal year, the foreign buyers' tax had raised $759 million (including the portion attributable to the previous government). Despite the higher rate and broader geographic coverage, annual revenues from the tax fell from a high of $230 million in 2017/18 to $101 million in 2020/21. In 2018, the Ministry of Finance estimated that the higher rate would raise an additional $40 million per year. It is hard to tell from the data available how much of the downwards movement in revenues was offset by the higher rate.

Even with the higher rate, it is clear that there are still many foreign buyers willing to buy Vancouver and BC real estate. The foreign buyers' tax has both significantly reduced foreign purchases while raising revenues for those that do go ahead—a win-win. A broader look at the influence of foreign capital on BC real estate would also need to consider purchases made through proxies, corporations or trusts, as well as linkages to organized crime, money laundering and BC casinos.

Speculation and Vacancy Tax

The Speculation and Vacancy Tax (SVT) was implemented in 2019 with rates of 0.5% of assessed value for Canadian citizens and permanent residents and 2% for foreign owners and satellite families. In the City of Vancouver there is an additional 3% municipal Empty Homes Tax.

The primary intent of the SVT was to create an incentive for empty properties to be put into the rental market. A secondary driver of the SVT was to ensure "satellite families"–where little income tax is paid in Canada due to substantial income earned outside the country–pay a minimum of taxes in BC to contribute to public expenditures on services and infrastructure.

Even with the higher rate, it is clear that there are still many foreign buyers willing to buy Vancouver and BC real estate.

The SVT only applies to 0.1% of properties, and raised $80 million in 2020/21. Most of this amount ($51 million in 2020/21) came from foreign owners and satellite families, who pay the higher 2% rate (amount payable can be reduced due to credits from declared income tax paid in Canada). The SVT costs about $10 million per year to administer.

There is evidence that the SVT has been successful at getting empty properties into the rental market. CMHC data point to 11,118 condo units added to the rental market in 2019 and another 7,137 in 2020 in Metro Vancouver. About 5,000 of these were conversions of existing condos to rental and the remainder new condos being rented. In 2021, there was a smaller 2,550 increase in rented condos but these were almost all new condos as opposed to conversions. The year 2020 was characterized by diminished demand from students and temporary residents during COVID, so these factors must be considered alongside tax changes.

In terms of reforms of this new tax, it's unclear why empty properties owned by Canadians should be taxed at a much lower rate than foreign owners. The tax rate could also be raised substantially. And SFU economist Rhys Kesselman notes a key loophole that provides a "tenancy exemption" from the SVT when renting only part of a home, such as a suite or laneway house while keeping the main house empty.

The housing market continues to surge

To the extent that the problem was excessive real estate purchases made by foreign buyers who leave high-end properties sitting empty for speculative purposes, these tax policy changes have helped lower demand while raising revenues that can be used towards a pro-housing agenda. External capital (whether foreign or domestic) driving up prices beyond the reach of locals should continue to be on BC's radar going forward.

But the current housing market frenzy is more broad-based than foreign owners, and stems more from low interest rates and purchases of investment properties by Canadians driving demand in the context of a chronic housing shortage. This points to the limitations of policy action to date and the need for other tax changes to cool the market and improve fairness in property taxation.

A policy of ultra-low interest rates starting in 2020 was a deliberate response by the Bank of Canada to the COVID pandemic. This has allowed for much larger mortgages and has been accompanied by a surge of investor purchases (including people moving up but not selling their previous home). As of early 2022, increases in assessments have spread far beyond the main urban areas of BC with price growth of 20-40% across the province. The Bank of Canada is likely to continue to raise interest rates during 2022 and 2023, and the financial markets are already pricing in an increase in long-term interest rates.

The current housing market frenzy is more broad-based than foreign owners.

A large bump in borrowing costs could have adverse impacts on over-leveraged households, while increasing the risks associated with an economic downturn or job loss. An alternative to the blunt instrument of overall rate increases could be more targeted measures for purchases of secondary and other investment properties, as noted for Singapore above.

Only a small share of the vast revenues from overall property-related taxation are recycled back into housing affordability. Much greater public investment in building dedicated affordable non-market housing, providing public land and enabling lower borrowing costs for non-market operators and developers is needed now more than ever.

MANITIBA

New property valuation board slated for Manitoba

Manitoba is moving to establish a single property valuation board to deal with property tax assessment appeals, compensation for land expropriation and applications for surface rights. Currently, three different bodies deal with these issues.

As set out in proposed legislation, which was introduced in the provincial legislative assembly last week, the new board would assume oversight of property tax assessment appeals from the Municipal Board. It would also take over the functions of the Land Value Appraisal Commission, which determines landowners' compensation for expropriated properties and government acquisitions, and the Surface Rights Board, which adjudicates disputes between holders of minerals rights and the owners of land where mineral claims are situated. Both of the latter entities are to be dismantled.

"The Real Property Valuation Board Act will create a single window for stakeholders seeking resolution of land value disputes," said Reg Helwer, Manitoba's Minister of Labour, Consumer Protection and Government Services, as he tabled the enabling Bill 24. "This action will improve board services to Manitobans and create a simplified, fair, transparent and streamlined process for the public to interact with government on matters related to land value."

As proposed, the provincial Cabinet will appoint a minimum of five board members for staggered three-year terms, and will also designate a chair and at least one vice-chair. Board members will have access to support staff and technical advisors, and will be eligible to serve up to four consecutive terms. The Manitoba government will establish the remuneration rate.

“In appointing board members, regard is to be had to the range of expertise and experience required for the board to carry out its responsibilities effectively, Bill 24 states. “The rules of procedure may be different for different types of applications or appeals within the board’s mandate.”

NEW BRUNSWICK

Proposed property tax reductions and rent cap aim to help property owners, tenants

As part of the provincial government’s provincewide approach to improving affordable housing, legislation was introduced today to help offset increasing property assessments and rising rents for property owners and renters.

Under the proposed legislation, provincial property tax rates would be lowered over the next three years, starting with the 2022 taxation year. If approved, these changes would result in a 50 per cent reduction in the provincial property tax rate for non-owner-occupied residential properties and a 15 per cent reduction for non-residential properties and other residential properties.

“Our government has heard from individuals and the business community that there is a need to address the high tax burden in New Brunswick and the cost pressures they face,” said Finance and Treasury Board Minister Ernie Steeves. “We are pleased to reduce provincial property tax rates on New Brunswickers now that we are in a more stable financial position.”

These measures would reduce property tax revenue by an estimated $45 million in 2022–2023 and a total of $112 million by 2024-25.

Property tax notices to be issued on April 1 will reflect the lower property tax rates for 2022.

Rent cap introduced

To support tenants and ensure they benefit from the proposed property tax measures, the government also introduced legislation to temporarily cap rent increases and require landlords to provide an acceptable reason to end a tenancy.

“We have heard the tenants’ concerns and are putting in place more measures to help ease the pressures they are facing,” said Service New Brunswick Minister Mary Wilson. “The changes we are introducing to temporarily cap rent increases and strengthen regulations for ending tenancies will further help tenants facing rising rents, increased costs and low vacancy rates.”

As part of the proposed changes, rent increases would be capped for one year – retroactive to Jan. 1, 2022, until Dec. 31, 2022 – at 3.8 per cent, which is the annual increase in the New Brunswick consumer price index for 2021. Previous rent increases set below this amount would not change.

Tenants who received a rent increase that took effect on or after Jan. 1, 2022, who continue to live in the unit, could deduct the amount owing for overpayment on their next month’s rent and begin paying the new reduced amount equivalent to the 3.8 per cent increase in April. No action would be required from the landlord to start this process.

Landlords would have to reimburse rent overpayments to tenants who had already moved out of a unit. Tenants would be advised to contact the landlord to have the reimbursement issued.

Tenants who do not receive a reimbursement from the landlord would be advised to immediately contact the Residential Tenancies Tribunal.

Once the proposed rent cap is removed, tenants would continue to be protected by measures introduced late last year, including the Residential Tenancies Tribunal having authority to review and deny unreasonable rent increases.

Proposed amendments to the *Residential Tenancies Act*, if approved, would extend to all tenants the current protections for long-term tenants related to terminating tenancies. As such, a tenancy could only be terminated for one of the following legislated reasons:

- a relative will become an occupant of the unit
- extensive renovations will be undertaken requiring the unit be vacant
- an employment contract has ended
- the unit will be used for reasons other than a residential premise

Another amendment to the *Residential Tenancies Act* would include a penalty for landlords failing to comply with these changes. Further, tenants facing losses due to a tenancy being ended without just cause would be able to apply for compensation from the landlord.

"We must ensure that the decisions we make will achieve their intended purpose of improving affordable housing for tenants, not only today, but also for future generations," said Wilson. "The effectiveness of these measures, along with the protections implemented in December, will be monitored and reassessed later this year."

The Residential Tenancies Tribunal helps resolve conflicts between landlords and tenants while upholding and enforcing the *Residential Tenancies Act*.

NOVA SCOTIA

Nova Scotia to introduce tax measures targeting non-resident property owners

Scarcity of lower-cost housing has emerged as an issue in the province

The Nova Scotia Progressive Conservative government's first budget includes tax measures aimed at about 27,000 non-resident property owners.

Two measures introduced in Tuesday's budget are projected to raise $81 million to help make housing more available in the province by taxing cottage owners and others who live outside the province.

Effective April 1, a transfer tax of 5% of the property's value will be levied on non-residents of the province who buy a property and do not move to the province within six months of the closing date.

In addition, property taxes of $2 per $100 of assessed value of residential properties owned by non-residents will be levied. The tax won't apply to buildings with more than three units or those rented to Nova Scotians year round.

A growing scarcity of lower-cost housing has emerged as an issue in the province, as lower-income Nova Scotians have struggled to afford rising rents, and the province's population topped one million people. The budget allocates $15 million for affordable housing programs and $2.7 million for new rent supplements.

The Progressive Conservative government is forecasting a $506.2-million deficit in its first budget as it focuses on a campaign pledge to spend heavily on the province's ailing health system.

The $13.2-billion budget for 2022-23 tabled on Tuesday contains $5.7 billion for health care, an increase of $413.4 million compared to last year's spending.

Finance Minister Allan MacMaster said in his budget address that it's an economic plan "for all the people and their families who waited for a doctor, a surgery, a nursing home room, a place to live."

It also contains the largest projected deficit since 2013-14. The red ink is just beginning, with the government estimating another $418-million deficit coming in 2023-24, and further deficits in the following two years.

MacMaster echoed a theme the Premier Tim Houston frequently emphasized during the summer election campaign, saying in his speech that the province can no longer solve its health-care problems by "tinkering at the margins."

The increased spending for health includes $22.9 million to continue delivery of Covid-19 vaccines and $17.5 million to perform an additional 2,500 surgeries.

Long-term care is also getting millions to help increase staffing levels, including $66.3 million to boost the wages of continuing care assistants.

"In the case of continuing care assistants, we've given a 23% [wage] increase, which will effectively mean a $9,000-a-year raise . . . . We hope the free training and increased wages will attract more people," the finance minister told reporters Tuesday.

The funding for retaining and attracting staff is aimed at reaching a new standard of at least 4.1 hours of one-on-one care for every long-term care resident.

In addition, over 40% of the province's record-setting $1.6-billion capital budget announced last Wednesday is being directed at health spending, with a major portion going to hospital redevelopment projects in Halifax and Sydney.

The initiatives for mental health were smaller-ticket items, such as $3.4 million being added to expand virtual care services.

There is no increase for the income assistance rate in the budget, despite rising prices for food and other necessities.

The government is encouraging people under 30 to take up the skilled trades, with a commitment to provide personal income tax refunds for the first $50,000 earned by these workers. The program begins this year, and it's anticipated to cost about $80 million in lost tax revenues in 2023-24.

The budget notes that the Russia-Ukraine conflict could pose "wide and significant" risks for its projections of economic growth of 2.1% this year and 1.6% in 2023.

ONTARIO

Ontario Cracking Down on Foreign Real-Estate Speculation with the Most Comprehensive Non-Resident Speculation Tax in Canada

Government Increasing Non-Resident Speculation Tax to 20 Per Cent and Expanding it Provincewide

As part of its commitment to tackle Ontario's housing crisis by prioritizing Ontario families and homebuyers, the government is increasing the Non-Resident Speculation Tax rate to 20 per cent, closing loopholes to fight tax avoidance and expanding the tax to apply provincewide effective March 30, 2022.

The changes made to establish the tax as the most comprehensive in Canada were announced as the government prepares to unveil the next components of its housing supply action plan designed to build more homes in Ontario.

Currently, the Non-Resident Speculation Tax rate is 15 per cent and only applies to homes purchased in the Greater Golden Horseshoe Region by foreign nationals, foreign corporations and taxable trustees. Increasing the tax rate to 20 per cent and expanding the tax to apply provincewide will strengthen efforts to deter non-resident investors from speculating on Ontario's housing market and help make home ownership more attainable for Ontario residents.

The Government of Ontario is eliminating loopholes to support Ontarians who are trying to buy their first home by focusing NRST relief eligibility to only newcomers who commit to laying down roots in the province long-term.

Rebates for new permanent residents of Canada and related exemptions will be available to eligible newcomers to ensure Ontario continues to be welcoming to new Canadians. This includes an opportunity for foreign nationals studying and working in Ontario who become permanent residents of Canada to apply for the rebate.

"Young families, seniors and workers are desperate for housing that meets their needs. But a lack of supply and rising costs have put the dream of home ownership out of reach for too many families in the province," said Peter Bethlenfalvy, Minister of Finance. "That is why our government is adopting the most comprehensive Non-Resident Speculation Tax in the country. Our government is working to increase supply and help keep costs low for Ontario families and homebuyers, not foreign speculators looking to turn a quick profit."

Ontario is also working with municipalities that are looking to establish a Vacant Home Tax, which is another tool to increase the supply of housing. The authority for municipalities to implement such taxes exists in the Municipal Act. The City of Toronto has introduced a Vacant Home tax, and a number of other municipalities, including Ottawa, are also preparing to implement similar taxes. The Province will also establish a working group with municipal representatives to facilitate the sharing of information and best practices.

As well, Ontario will consult on potential measures to address concerns related to land speculation. For example, Ontario will explore ways to discourage construction slowdowns that may be artificially driving up prices of new homes for Ontario families through land speculation.

"Our government is taking action to bring home ownership within reach for more hardworking Ontario families, and I look forward to sharing our plan in the near future," said Steve Clark, Minister of Municipal Affairs and Housing. "There is no silver bullet to solving the housing crisis. Addressing the housing supply crisis is a long-term strategy that requires long-term commitment and coordination with our partners and between all levels of government."

Building on the feedback received through the Ontario-Municipal Housing Summit and Rural Housing Roundtable, Ontario will continue to work with all levels of government to tackle the countrywide housing supply issues. The Province continues to call on the federal government to introduce further measures that will complement Ontario's approach and address foreign speculation in Canada's real estate market.

Quick Facts

- The Non-Resident Speculation Tax is currently a 15 per cent tax applied to the price of homes purchased in the Greater Golden Horseshoe Region by foreign nationals (individuals who are not citizens or permanent residents of Canada), foreign corporations or taxable trustees. Effective for binding agreements of purchase and sale entered on or after March 30, 2022, the tax will increase to 20 per cent and apply to homes purchased by foreign nationals, foreign corporations or taxable trustees anywhere in Ontario.

- Also, for binding agreements of purchase and sale entered into on or after March 30, 2022, rebates will no longer be available to international students and foreign nationals working in Ontario.
- Rebates remain available for foreign nationals who become permanent residents of Canada within four years after the tax became payable. Exemptions also remain available for nominees under the Ontario Immigrant Nominee Program, protected persons (refugees), and spouses of individuals not subject to the Non-Resident Speculation Tax, if eligibility criteria are met.
- See the Non-Resident Speculation Tax webpage for further information, including transitional rules.

QUEBEC

Increases in fixed costs and property values are reason for higher commercial taxes in Lachute

The Lachute Mayor Bernard Bigras-Denis understands some commercial property owners are facing significant increases on their property tax bills. The mayor says everything possible was done to ensure the tax increase was minimized while developing the 2022 budget, but some factors could not be avoided.

Commercial taxes have increased by 8.9 per cent in Lachute. The actual tax rate for non-residential buildings decreased by 0.45 per cent from 2021 to 2022. However, Bigras-Denis says fixed costs for other municipal services, and the new property valuation roll are the main contributors to the rate increase’s property owners are facing.

According to the 2022 budget, the annual rate per property for municipal water service has increased from $210 in 2021 to $221 in 2022. The garbage collection rate was $90 per property in 2021. For 2022, it has increased to $131 per property. Bigras-Denis said the garbage collection rate increased due to a new collection contract.

Due to a new property valuation roll, the value of commercial properties in Lachute increased by $16,655,000 from 2021 to 2022. Budget documents state there are 131 commercial properties in Lachute. An increase in valuation on a property will result in more taxes owing.

The overall valuation of commercial properties in Lachute was $115,532,000 in 2021 and is $132,187,000 as of 2022. In Québec, the valuation roll is updated every three years.

SASKATCHEWAN

Fifteen people successfully appealed property re-valuations in 2021 due to confirmed errors

The board of revision (BOR) provided a report to the March 28 regular city council meeting about its hearings and other adjustments involving last year's assessment roll.

Moose Jaw's board of revision received 154 appeals from property owners last year because of re-valuations in the 2021 tax assessment roll, with 15 appeals eventually allowed because of confirmed errors.

Moose Jaw's 2021 assessment roll was completed and opened for inspection on May 19, 2021, giving property owners until July 19, 2021 to file appeals. Meanwhile, the 2021 supplementary assessment notices were mailed to affected property owners on Nov. 29, 2021, giving them until Dec. 29, 2021 to appeal.

The board heard the 2021 regular roll appeals between Sept. 22 and Dec. 16, 2021.

The board of revision (BOR) provided a report to the March 28 regular city council meeting about its hearings and other adjustments involving last year's assessment roll. Council then voted unanimously to receive and file the report.

The board of revision (BOR) is an independent, quasi-judicial tribunal whose function is to hear assessment appeals and determine if an error has been made in property valuation for assessment purposes, a council report explained. The BOR is the first step in the appeal process, while the Saskatchewan Municipal Board is the next step if either the municipality or property owner disagrees with the initial decision.

The Saskatchewan Court of Appeal would be the final level of appeal.

The Saskatchewan Assessment Management Agency (SAMA) reassesses Saskatchewan properties via a re-valuation every four years, resulting in an influx of appeals at the start of the re-valuation period, the council report continued.

The BOR received 154 regular appeals because of the re-valuation, with 19 appeals withdrawn before the hearing stage and six dismissed for lack of grounds.

Of the remaining 129 appeals, 39 were resolved amicably between properties owners and city or SAMA. Of the outstanding 90 appeals, 69 were allowed because an error was found, and 21 were dismissed since no error was found, the report said.

Of the 69 appeals allowed, 15 were allowed based on SAMA recommendations, which admitted to assessment errors at the hearings.

As of March 11, four commercial decisions have been sent to the Saskatchewan Municipal Board for further appeal.

The total change to the roll from regular appeals resulted in a decrease in property assessments of $30,841,710 compared to more than $40 million in 2017, the last re-valuation year, the council report said.

Meanwhile, the BOR did not receive any appeals for the 2021 supplemental roll.

Coun. Heather Eby was concerned about the decrease in assessment values of some properties, pointing out one decreased from $10 million to $6 million and another declined from $275,000 to $75,000.

“I started circling (them all) and then quit because it was ridiculous,” she said.

“I certainly do not claim to understand the process, but $10 million to $6 million … ? (There’s) got to be a better way,” Eby added. “We’ve had the info and presentation from SAMA and it made sense when they were talking about it. And I see these and think, I don’t know.”

The next regular council meeting is Monday, April 11.

'It represents your values': Sask. education spending concerning for organizations, official opposition

Saskatchewan's government says it will spend $3.8 billion on education in 2022-2023, an increase of $47.2 million, or 1.3 per cent from the previous year.

How much money Saskatchewan's government isn't spending on education is a concern to both the official opposition and organizations representing educators in the province.

The province's budget, tabled on Wednesday, showed the budget for the upcoming fiscal year was $3.8 billion, an increase of $47.2 million, or 1.3 per cent from the previous year.

Saskatchewan Teachers' Federation president Patrick Maze was disappointed in the small increase.

"You hear it often that budgets are a reflection of the values of organization, and it's not just numbers on a page, it represents your values," he said in the Saskatchewan Legislative Building's rotunda on Wednesday after the budget was announced.

"Unfortunately it seems that government is really relying on extracting some from education in order to make ends meet."

Maze said the fact education wasn't seeing much of an increase in the provincial budget was frustrating given the fact the budget wasn't balanced — the province still forecasted a deficit by the end of the fiscal year.

Maze said he would have preferred to see a slightly higher deficit if it meant setting up Saskatchewan's students for success in the future.

Maze and the Teachers' Federation weren't alone in their frustrations with the small budget increase.

The provincial budget noted the 27 school divisions in Saskatchewan will see a $29.4 million operating increase in the 2022-2023 school year.

Minister of Education Dustin Duncan though wasn't too concerned by inflation within the school divisions and the impact it could have.

Duncan said he understands the concerns raised by some regarding inflation, but overall the province's education sector costs "weren't really driven by inflation."

"The things that are affected by inflation are relatively minor," he said on Wednesday.

"If you look at the fact that our major cost is our teacher salaries and that's fully funded at two per cent, so that really isn't affected by inflation. Some of our other cost drivers within the education sector aren't really driven by inflation."

School boards, NDP also raise concerns

In a written statement the Saskatchewan School Boards Association said the increase doesn't go far enough to cover the cost of operating expenses for school divisions.

The association's statement said boards already worked to find efficiencies in buildings, transportation and office procedures but said when operational funding increases don't cover inflation, the dollars won't be there to invest in services and supports for students in Saskatchewan.

"School boards may have difficult decisions to make, once again," association president Shawn Davidson said.

Though the association was concerned about the overall budget, it said it acknowledged the provincial government dedicated some funds to new schools in Saskatchewan.

The 2022 - 2023 budget included $95.2 million to build 15 new schools and renovate five schools in Regina, Saskatoon, Moose Jaw, Lloydminster, Yorkton, Lanigan, Carrot River, La Loche, North Battleford and Wilcox.

Saskatchewan's Opposition Leader Ryan Meili, finance critic Trent Wotherspoon both highlighted the province's lack of spending on education in their address to the media on Wednesday, as did education critic Matt Love.

Meili said the provincial government intended to increase Education Property Tax mill rates roughly 2.6 per cent in the coming fiscal year, despite only increasing the education budget by 1.3 per cent.

Love echoed sentiments shared by the Saskatchewan School Board Association and said the increase wouldn't go far enough to cover the operating costs of the education system this year.

'Why am I living here?': Prince Albert resident fights high taxes on new home

An East Hill home owner says his City of Prince Albert property taxes increased by 25 per cent in 2021 with no improvements to his house, so he’s filed an appeal.

“It was a shock I mean. When you see an increase of 25 percent and 51, 52 percent in six months it really makes you wonder, why am I living here?” said Dave Fischl.

The city did not increase taxes in 2021 however a revaluation took place in all properties in accordance with the Saskatchewan Assessment Management Agency.

Fischl addressed Prince Albert City Council with his concerns and says he’s back by the majority of the people in his neighbourhood.

“We have a house built in 2011. It’s basically the same as most houses in our area and those are ones that got hit the hardest,” said Fischl.

He says his property tax went from $5,790 to $7,258 a tax increase of 25.35 percent. He’s had his home re-assessed but the city hasn’t disclosed his assessment value.

In a news release on Thursday, The City of Prince Albert said some home owners saw a 30 per cent increase in 2021 after a revaluation of city properties.

The city says middle valued homes in Prince Albert dropped in value, causing fewer properties to carry a larger portion of the tax load.

"At that particular time, values were quite high and as a result the properties were valued higher, some went up a lot," said Ward 4 City Councillor Don Cody about the increase in 2021.

Fischl estimates over 200 properties could be facing similar tax bills after the revaluation. He's asking the city to consider changes to their property taxation calculation process.

On Monday, Prince Albert city council will consider a report from administration and pass the annual Property Tax Bylaw.

Administration recommends a 1.8 per cent mill rate increase for 2022 along with a $40 base tax for residential properties, $20 base tax per apartment in multi-residential properties and a tiered base tax for commercial properties. This combination of tax tools including the mill rate and base tax will raise to $1.8 million.

"The mill rate that you have on your property of 1.8 per cent and then there's a flat tax of $40 and so that level the playing field a little bit more," said Cody.

The proposed increase to the minimum base tax from $672 to $772 which ensures all properties pay at least this amount to contribute to funding city services, such as the police, fire department, arenas, field house, theatre and library.

"There are certain services that everyone gets whether you have a big house and small house or an empty lot," said Cody.

He says with the proposed changes, those with recently build homes will be some abatement in their 2022 taxes.

Mill rate adjustments for Saskatchewan EPT

Saskatchewan's commercial ratepayers will see a 1.6 per cent increase in the education portion of their property taxes this year, but the newly released provincial budget couches some associated mill rate adjustments as an improvement in the overall fairness of the levy. For 2022, the commercial/industrial mill rate will be set at 6.86 — up from 6.75 last year. However, the spread has been tightened between the highest and lowest mill rates applied to Saskatchewan's four property tax classes.

Province-wide, Saskatchewan will collect an extra 1.8 per cent in education property taxes (EPT) attributable to the new mill rates. Factoring in new assessment, the budget projects 2.6 per cent revenue growth to bump total EPT collectibles to about $804 million.

The upward adjustment in the residential mill rate — which rises to 4.54 from 4.46 — aligns closely with the provincial average, equating to a 1.79 per cent increase. The mill rate for agriculture property will climb 4.4 per cent, from 1.36 to 1.42, while resource properties are slated for a 0.9 per cent increase, with the mill rate bumped up from 9.79 to 9.88.

Last year, EPT fell about $4.1 million short of the forecast, with approximately $780.7 million collected versus the $784.8 million foreseen in the budget. In contrast, the budget document reports an unanticipated $13.3 million gain due to "higher-than-expected actual sales" of Crown land during 2021-22.