

ISSUE IN FOCUS



Celebrating 100 Years

SASKATCHEWAN
CHAMBER *of* COMMERCE

Property Revaluation & Tax Policy

Background:

Property taxes exact a portion of the value of the property against which they are levied. Thus, property tax is a capital tax. Capital taxes are particularly difficult for a business to manage because, unlike profit taxes, royalties, or even sales taxes, they have no relation to income or behaviour. Other things being equal, capital therefore migrates to wherever assets can best be preserved and grown. As such, property taxes have a significant impact on Saskatchewan's business success and economic growth.

Issue:

The Saskatchewan Chamber has long recommended that the province addresses the inequitable treatment of non-residential property owners (excluding agriculture), who pay more tax on a property of equal value when compared to residential property owners.

In addition, the provincial Chamber and businesses across the province would like to see much more transparency and clarity brought to the property tax system.

Recommendations:

1. Keep the following taxation principles in mind: vertical equity, horizontal equity, the user-pay principle, economic efficiency, transparency, accountability, stability, and simplicity.
2. Use Saskatchewan's Growth Plan 2020-2030 as a lens when developing tax policies.
3. Avoid developing property tax policies in isolation from existing business taxes and fees.
4. Reduce the POV discrepancy among all eight property classes with the long-

term objective of having 100% POV across the board to ensure fairness.

5. Simplify and streamline the property classification system. Consider combining the resource class with the existing commercial/industrial class and retaining the latter's lower mill rate of 6.27 under the EPT component as a possible first step.
6. Reduce the assessment cycle from the current four-years to two-years and provide additional funding to SAMA for transitional purposes.
7. Reduce the property tax gap by capping the differential in the effective rate of tax for nonresidential properties at 1.43 of residential properties for both the education property tax and the municipal property tax (non-residential properties in Saskatoon and Regina).
8. Limit the Effective Mill Rate Ratio between 0.75-2.0. Retain the phase-in tax tool for managing volatility.

History:

Adopted Policy Resolution 2008 (Assessment Methodology and Property Tax Tools)

Adopted Policy Resolution 2012 (Property Tax Assessment in Saskatchewan)

Adopted Policy Resolution 2013

Adopted Policy Resolution 2016

Letter to Ministry of Relations 2016 (2017 Property Revaluation & Tax Policy)

Letter to Ministry of Government Relations 2020 (2021 Property Revaluation & Tax Policy)