

PARCS UPDATE #40 JANUARY, 2014



NEW YEAR - OLD ISSUE SCHOOL TAX 2014

1. A TALE OF TWO BROTHERS

Jim Doe owns and operates a plumbing firm in Moose Jaw. He and his wife live in the city with their two children who attend school in Prairie South S.D.

Jim's brother, John Doe, owns and operates a farm near Moose Jaw. He and his wife own eleven quarters of land. They live on one of those quarters with their two children who also attend school in Prairie South SD.

This chart details how, in 2013, Jim paid more than twice as much school tax as his brother John.

Jim sees 3 reasons for the inequity:

	Assessment	% of value	Taxable Assessment	Mill Rate	Taxes Paid
Jim Doe					
Business man, Plumbing Firm	249,000	1.00	249,000	0.00 828	\$2,062
Home in Moose Jaw	277,600	0.70	194,320	0.00 503	\$977
Total school taxes paid					\$3,039
John Doe					
Business man, Farmer (10 quarters)	1,000,000	0.55	550,000	0.00 267	\$1,469
Home on the farm	No assessment				\$0
Total school taxes paid					\$1,469

1) Percentage of value on agricultural property versus other commercial property

First, Jim questions why the province has decided that the taxable assessment of agricultural property is only **55%** of the original assessment while other businesses pay tax on **100%** of their total assessment.

2) Mill rates applied to agricultural property versus other commercial property

Secondly, Jim also questions why the province has set a mill rate of **2.67 mills** for farms while other businesses pay a mill rate of **8.28 mills**. Jim believes that the agricultural sector is not paying its fair share of school taxes in Saskatchewan. (See insert chart on right.)

3) Home quarters typically pay little or no school tax

Thirdly, Jim learns that after a farm home and the 3 acres around it have been assessed, the practice is to subtract the assessment of the rest of the farm. This practice typically leaves little or no assessment on the farm home – hence **the farm home typically generates little or no school tax revenue**.

% of total Sask school taxes paid by the agricultural sector:

In 2009, **11.7%**
In 2010, **11.5%**
In 2011, **6.7 %**
In 2012, **5.1%**
In 2013, **4.6%**

Jim believes that if school tax is to be collected fairly, then every residence in the province should generate school tax.

2. A TALE OF TWO SISTERS

Joan and her husband are retired and own their home, a 1200 sq. ft. bungalow located in the Resort Village of Cochin on the lakefront at Jackfish Lake. They built their home in 1974. It is assessed at \$400,000. In 2013, they paid taxes for municipal services to the Resort Village of Cochin and they also paid \$1,400 in school tax.

Joan’s sister, Jane, and her husband are also retired and also own their own home, a similar 30-year old

	Assessment	% of Value	Taxable Assessment	Mill Rate	Taxes Paid
Joan’s cottage home	400,000	0.70	280,000	.00503	\$1,408
Jane’s cottage home	Identical home, does not generate school tax.				

1200 sq. ft. bungalow which is also located on the lakefront at Jackfish Lake. But Jane’s home is situated within the Battlefords Provincial Park. In 2013, although they paid a service levy to the park, they did not pay any school tax.

Joan feels that it is unfair that her sister and brother-in-law pay no school tax just because their residence is located in a provincial park. She realizes that the number of residences in provincial and federal parks is small (see inset), but points out the inherent inequity in the system. “If residences in regional parks can pay school tax, why not those in provincial parks,” she wonders.”

Lost revenue sources in provincial parks:	
Residences	2,162
Businesses	<u>150</u>
Total	2,312

Joan points out that if each of the residences and businesses in provincial parks paid a modest \$500 in school tax, an additional \$1.2 million would be generated.

Joan also questions why school tax is not collected on the 659 residences and 50 businesses in Prince Albert National Park but has been told that the law does not permit the province to collect property tax on federal properties. She wonders if the province should be negotiating with the federal government to collect and remit a levy in lieu of education taxes from the residences and businesses located in this national park. After all, the province has contributed big grant dollars for tourism in that park, surely park businesses and residences should, in turn, contribute to Saskatchewan education.

3. A TALE OF HOUSE-POOR RETIREES

The two couples introduced above are illustrative of a group of seniors in our province who find themselves to be “house poor”. These folks built modest homes (either in town or at the lake) and paid for them over several decades. Many of these seniors are finding it increasingly difficult to remain in their homes because the taxes on these homes are increasingly unaffordable. This is especially true in resort communities where the very large assessment increases have made school taxes increasingly unaffordable.

“Our modest bungalow was paid for and we thought that it would carry us through our retirement. We never anticipated that because of high assessments and high property taxes, our home would become too valuable for us to continue to live in.”

Other provinces are offering property tax deferral program to assist seniors to stay in their homes. PARCS has asked the province to investigate such a program for Saskatchewan.

For more information, check out “*What’s New*” on our newly updated web site: **parcs-sk.com**

4. A LETTER TO THE PREMIER ABOUT 2014 SCHOOL TAXES

Your PARCS Board of Directors met with officials from the Ministry of Government Affairs on December 20, 2013 to present the PARCS 2014 Position Statement about school taxes. Your Board of Directors have recently followed-up with a letter to the Premier.

PARCS' letter to Premier Wall makes the following recommendations:

1. **REGARDING SCHOOL TAX ON FARM HOMES** - Every residence in the province should generate school tax. The government could begin by charging ***a minimum school tax on every occupied residence, including farm homes.***
2. **REGARDING SCHOOL TAXES ON AGRICULTURAL PROPERTY** - Every business in the province should generate education tax, including farms. ***The agricultural sector needs to pay its fair share of the school tax bill.***
3. **REGARDING SCHOOL TAXES ON PROPERTY WITHIN PROVINCIAL AND FEDERAL PARKS** - Every residence and every business in the province, including those inside provincial and federal parks, should generate education tax. The government could begin by charging a ***minimum education tax on every residence and business located inside a provincial park.***

Similarly, the government should negotiate from the federal government a payment in lieu of education taxes that the federal government collects and remits on behalf of residences and businesses in Prince Albert National Parks.

4. **REGARDING SCHOOL TAX DEFERRAL PROGRAMS FOR SENIORS** - PARCS urges the province of Saskatchewan to investigate the possibility of partnering with private lending agencies to ***offer a tax deferral program*** for Saskatchewan senior home owners similar to those offered in Alberta, British Columbia and other provinces.
5. **REGARDING FUTURE INCREASES TO SCHOOL TAXES** - With the province assuming overall control over the funding of education over the past 5 years, the province has had the ability to control the portion of education that is funded through property taxes and the portion that is funded through the province's general revenues. The province's general revenues are mostly generated from income tax and sales tax, taxes based on the ability to pay and generally viewed as the fairest form of taxation. ***PARCS urges the government to fund future increases to education through the province's general revenues.***

Please Note: Last spring hundreds of PARCS members sent emails and letters to the Minister or the Premier. The result was that the government listened to the PARCS request and the percentage of dollars generated from residential properties did not increase. We know, however, that the student population in our schools increased to over 170,000 students in the fall of 2013. There can be no doubt that the increasing student numbers are exerting a strain on the school system and the province will be contemplating increases to school taxes. ***PARCS needs your voice again, to urge the province to first address the inequities in the school tax system before adding more taxes to current payees. See page 4.***

5. AN INVITATION TO ADD YOUR VOICE

1. Send an email to the premier

Step One: Go to the following web site:

<http://www.premier.gov.sk.ca/contact/>

Step Two: The following form will appear.

Fill in the blanks and add your message at the bottom

Name: *Required*

Address:

City:

Province:

Country:

Postal Code:

Telephone:

Email Address: *Required*

Subject:

Message:

Bottom of Form –

Click on SEND EMAIL.

- OR -

2. Send a letter to the premier

You may prefer to write a letter and send to by Canada Post or send it as an attachment to premier@gov.sk.ca.

Pick one or more of the positions put forward by PARCS (see previous page).
Speak to your chosen issue.

Don't forget to cc PARCS.

Time is important. January and February are the months for making budget decisions. Add your voice NOW.

Your address

January __, 2014

Honourable Brad Wall
Premier of Saskatchewan
226 Legislative Building
Regina, SK, S4S 0B3
premier@gov.sk.ca

Dear Mr. Premier,

I pay school taxes on my home in Regina and on my cottage in the Resort Village of _____. I write to you today to say that I find it totally unacceptable that most farm families pay little or no school tax on their farm home.

All Saskatchewan citizens benefit from having an educated citizenry and as such, school taxes should be applied fairly to all.

Etc. Etc.

Your signature

CC – parcs@sasktel.net