Property Tax for Education Purposes in Saskatchewan

June 2003

Saskatoon and District Chamber of Commerce

Building the Best Business Climate in Canada

Table of Contents

1.0 Introduction

2.0 Background

- 2.1 Municipal Policy
- 2.2 Other property tax issues under the responsibility of the Provincial Government and its agencies
- 2.3 Provincial Tax Transparency
- 2.4 Provincial Government Delegation of Services to be funded by the Property Tax Roll Compared to Neighbouring Provinces

3.0 Farmland Tax Loads Comparison

4.0 Measuring the Saskatchewan Investment Lag Resulting from the Current Provincial Property Tax Policy: the Investment Comparison

5.0 Conclusions

6.0 Provincial Education Property Tax Policy - The Assessment Base of Saskatchewan

- 6.1 Funding the Change
  - 6.1.1 *The Growth Model: The Wealth Effect*
- 6.2 Wealth Creation Through Competitive Property Tax Loading Policy: An Analysis
  - 6.2.1 *The Wealth Effect*
  - 6.2.2 *The Multiplying Wealth Effect*
  - 6.2.3 *Provincial Wealth Effect*

7.0 Who Would Support Such a Move? Every Tax Payer!

- 7.1 *Tax Policy Changes Could Improve Home Ownership Affordability*

8.0 Funding Capacity

9.0 Summary

10.0 Conclusion

11.0 2002 Update

12.0 2003 Update

Submission prepared by: **October 25, 2001**
Saskatoon & District Chamber of Commerce

Property Tax for Education Purposes in Saskatchewan

1.0 Introduction

When the Saskatoon Chamber of Commerce started to investigate the impact of property tax on investment patterns in Saskatoon in 1997, we engaged two university economists, Don Gilchrist and Larry St Louis. (Copies of the study are attached hereto.) These two economists were asked to consider the effect of property taxes on investment patterns. Our Chamber had the hypothesis that property taxes impact investment patterns, but we had little hard data upon which to test this hypothesis. The question asked was therefore, "Do property taxes have an impact on investment decisions?"

2.0 Background

The key finding of the Gilchrist/St. Louis study was that, as a business community, Saskatoon had underestimated the adverse impact of uncompetitive property taxes on investment decisions.

The key finding of the Gilchrist/St. Louis study was that, as a business community, Saskatoon had underestimated the adverse impact of uncompetitive property taxes on investment decisions, and that these impacts were most directly felt by small businesses.

There have been many studies that have demonstrated that capital taxes are a major roadblock to investment (Appendix A, Appendix B). Property taxes have similar characteristics to capital taxes: they are based on fixed capital assets (land and buildings); they are income or revenue profit insensitive, and they result in a high potential for investment aversion; and, they ignore cash flow reality, which impedes small businesses most directly.

In Saskatchewan… property taxes are 700% higher than any capital tax that might apply to (non-financial institution) investment in Saskatoon.

In Saskatchewan, due to the current provincial education property tax policy, property taxes are 700% higher than any capital tax that might apply to (non-financial institution) investment in Saskatoon. The influence of property taxes on investment decisions for many potential investors is 700% greater than the current Saskatchewan capital tax policies. As the Chamber further investigated property taxation, the investigation broke property tax issues into subcomponents: municipal policy, and other issues under the responsibility of the Provincial Government.

2.1 **Municipal policy**, ie: the allocation of property tax load between various categories such as multi-residential, condos, residential, farmland, and industrial or commercial property. These categories would roughly fit into tax policy from a municipal perspective and are manifested by variable mill rate factors. (Although the provincial government has an overlay on this policy with different percentages of assessed value included for assessment purposes for different categories -- see point 2.3a).

2.2 **Other property tax issues under the responsibility of the Provincial Government and its agencies:**

2.2.1 *The accuracy of assessment*. Property owners are aware of the shortcomings in current property tax assessment processes in Saskatchewan. These shortcomings include:

a) the lack of inclusion of the income approach and a pure sales comparable approach. This results in an over dependence on depreciated replacement cost which can result in unintended, inaccurate and sometimes significant distortions to a property's assessment valuation;

b) the lack of rapid reassessment to capture changes to the market value of various properties; and,

c) barriers to appeal as they exist in Saskatchewan.

These aspects deal with the legislative framework of assessment practises in Saskatchewan. The Saskatchewan Assessment Management Agency

(SAMA) is charged by the provincial government with developing manuals deriving valuations for various properties across the province. Each individual larger city in Saskatchewan maintains a separate assessment department, which deals with valuations of property, but in accordance with manual developed by SAMA. SAMA's ability to accelerate improvements in the assessment system is constrained by the lack of Provincial Government funding and legislative resources to bring Saskatchewan's assessment to world standards.

2.3 Provincial Tax Policy Transparency

In Saskatchewan, there are three policy tools used to alter tax loads between categories of property. Some of these tools are subtle, some less so. These tools include:

a) Percentage of market value included determined by the Provincial Government. These categories are broadly defined as:

i) the business categories at 100% of value;

ii) the residential generally at 75% of value; and,

iii) the farms at 50% of value.

These provincially controlled categories distort municipally determined tax load policies.

b) Mill Rate Factors – Municipal or Tax Jurisdiction controlled (see point 1).

c) Accuracy Distortions (see point 2). The over-dependence on the depreciated replacement cost method of valuation in Saskatchewan combined with four year delays on valuation has created an opaque tax policy.

With three layers of policy, transparency and accuracy remain a distant objective of the Saskatchewan Property Tax Assessment system

With three layers of policy, transparency and accuracy unfortunately remain a distant objective of the Saskatchewan Property Tax Assessment system. These circumstances are in direct conflict with the intent of the principle of an ad velorum system, and are in direct conflict with the mandate of the Board of Directors of the Saskatchewan Assessment Management Agency (SAMA).

2.4 Provincial Government Delegation of Services to be funded by the Property Tax Roll Compared to Neighbouring Provinces.

A CFIB study in 1996 noted that Canada is the most property tax dependant nation in the world concerning those services funded by property taxes.

This paper deals with this last issue extensively. This concerns the extent of services loaded onto property tax funding sources in Saskatchewan. There are three services attached to property tax rolls. These are similar to other jurisdictions across Canada and, indeed, around the world; however, they differ substantially in the level to which property based taxation is depended upon to fund such services. A CFIB study in 1996 noted that Canada is the most property tax dependant nation in the world concerning those services funded by property taxes. The CFIB study further indicate that Saskatchewan is the most property tax dependent province in Canada. This paper focuses on just one aspect of the provincial government determination of the extent to which government education services are paid for via property taxes and offers a comparison with Alberta.

In Saskatchewan, the education property tax load is substantially but indirectly controlled at the provincial level.

As a result of provincial funding policy, those concerned with property tax levels in Saskatchewan should look directly to the provincial government policy framework.

The three services funded in Saskatchewan by property taxes include: library assessment (which is unique in its independence in Saskatchewan as many jurisdictions in Canada do not allow for separate mill rate allocation for library services), municipal or city services, and finally, education services. Also unique in Canada is Saskatchewan's extent of dependence on property taxation for education funding. In the case of Canadian jurisdictions, with the exception of Saskatchewan, the respective provincial government *directly* and materially controls the education loading for property tax purposes. In Saskatchewan, the education property tax load is substantially but indirectly controlled at the provincial level. The provincial government controls education property tax loads *indirectly* through an inverse education grant funding formula. As a result of provincial funding policy, those concerned with property tax levels in Saskatchewan should look directly to the provincial government policy framework. The provincial government also indirectly negotiates salaries for teachers as well as determining the grant levels and structure for each school district. It is in the context of provincial control, and the Provincial Canadian Constitutional responsibility for education, that a Saskatchewan local school board effectively backfills budget shortfalls with local property tax levies to provide for education services in their jurisdiction.

…Saskatchewan is the last jurisdiction in Canada to allow for full local school board budgetary control of tax load assessment on property for education services.

In Manitoba, there is a partial overriding property tax mill rate determined at the provincial level. Some local taxing authority in Manitoba is maintained by these partially locally established mill rates. Aside from Manitoba's modified approach, Saskatchewan is the last jurisdiction in Canada to allow for full local school board budgetary responsibility of the backfill tax load assessment on property for education services. Local school boards in Saskatchewan must also deal with a lower portion of education costs being paid by way of provincial government grant compared to other provinces. In Saskatchewan, the provincial government grant is determined by a formula, depending on location. A differential exists between city and rural school districts where rural school districts in Saskatchewan receive a higher per capita student grant along with an additional transportation cost offset. Cities receive a slightly lower portion of basic grant formula. Grant levels are partially offset through a provincial government calculated formula that nullifies grants in an inverse relationship to the value of overall assessment in that school district. Consequently, the grants received from the provincial government are in an inverse relationship to the scale of the assessment base in the respective jurisdiction. That is, as the assessment base rises in a school district, the provincial government grant level falls. In effect, the current provincial government formula approach penalizes economic success.

In effect, the current provincial government formula approach penalizes economic success.

In contrast, the Alberta government has established a mill rate that is applied universally across the province. Some districts, such as the Catholic School Districts in Alberta, have a constitutionally protected taxing authority entrusted to them by the Alberta Act. The Alberta Act gives the Catholic Board the right to assess taxes at the local level. However, this taxing authority is offset by the Alberta government grant formula. With the exception noted above, the School Boards in Alberta have become education policy and administrative jurisdictions, with no local taxing authority, and receive a student per capita grant from the provincial government. The Alberta per student provincial grant is much larger than the equivalent in Saskatchewan The Alberta provincial government receives property tax revenues in accordance with the provincial tax mill rate formula, but these taxes are still collected by the municipalities geographically attached to the specific school districts and then remitted to the province.

The Alberta per student provincial grant is much larger than the equivalent in Saskatchewan.

In Alberta, the effective education property tax rates for school properties, as a percentage of value in 2001 is 0.954% for commercial property and 0.654% for residential property and farmland. Comparing those effective tax rates to jurisdictions in Saskatchewan, it is evident that Saskatchewan is much more property tax dependent for education funding than is Alberta. As an illustration, the effective property tax rate in Saskatoon for commercial property for just education purposes is approximately 2.1%, compared to the Alberta effective tax rate of 0.954%. In comparison to other jurisdictions in Saskatchewan, we see similar circumstances where the effective tax rate for just education property tax purposes ranges from 1.8% in Moose Jaw, 2% in Regina and over 3% in Prince Albert. We quickly see that if education property tax levels were to be equalized to Alberta levels in terms of its load for education funding (in accordance with the constitutional responsibility of the provincial government), the effective tax rate in jurisdictions like Saskatoon could drop by 1% or more for commercial and industrial properties, and decreases in similar or larger amounts would occur in jurisdictions across Saskatchewan. This illustration also applies to residential property where in Saskatoon's case; the effective tax rate for education purposes is approximately 1.00%, which compares to the effective tax rate for education in Alberta of 0.654%. The drop in property tax rates for residents would indeed be welcome by all our citizens.

To put this in practical terms for a resident, the savings of moving towards an Alberta tax load on property taxes for education purposes would result in a decrease in taxes for a $100,000 assessed residential property of almost $300 per year. For business, the savings on a $100,000 assessed business property would amount to over $1000 per year.

…the Saskatchewan education property tax load is 227% higher than the Canadian average.

The current provincial government education property tax policy has resulted in a substantial over dependence on property taxation to fund education. This finding is well illustrated by a study released by the Canadian Taxpayers' Federation (Oct. 17, 2001) which noted that the Saskatchewan education property tax load is 227% higher than the Canadian average (Appendix C).

3.0 Farmland Tax Loads Comparison

…property tax collected for education purposes per year on farmland in Alberta totals $45 million… In Saskatchewan $135 million is collected per year for education purposes. Saskatchewan has less than a third of the student population as compared to Alberta.

Our investigation of property tax for farmland and recreational properties show results that are similar clearly show up Saskatchewan's over dependence on the property assessment base to fund education. The Department of Assessment in Alberta indicates that property tax collected for education purposes per year on farmland in Alberta totals $45 million. We compared that to Saskatchewan. In Saskatchewan $135 million is collected per year for education purposes. Saskatchewan has less than a third of the student population as compared to Alberta. These findings are buttressed by a recent Canadian Federation of Independent Business study which clearly demonstrates the uncompetitive education property tax load faced by Saskatchewan farmers.

4.0 Measuring the Saskatchewan Investment Lag Resulting from the Current Provincial Property Tax Policy: the Investment Comparison

Attaching these observations to the findings of the Gilchrist-St. Louis Study, it is apparent that commercial and industrial investment in Saskatchewan would lag that of Alberta. This hypothesis is developed because of the property tax premiums paid in Saskatchewan as a result of a higher tax load borne by property owners to fund education in Saskatchewan. This hypothesis is well tested in comparing Alberta to Saskatchewan, as both provinces were formed at the same time, with similar constitutions relating to the provincial responsibilities for education.

The adverse impact on Saskatchewan is clear and measurable. An analysis of the commercial and industrial investment in a variety of jurisdictions can be expressed as commercial and industrial assessment on a per capita basis. Per capita commercial and industrial investment in Saskatchewan dramatically under-performs commercial and industrial investment in Alberta. As an illustration point, commercial and industrial assessment value in Edmonton is approximately $12,500 per capita. In both Calgary and Red Deer, it is approximately $15,000 per capita. If we compare that to Saskatoon, the commercial and industrial assessment on a per capita basis equals $7500. In Regina (which includes the crown

…the current provincial government property tax policy may have cost Saskatchewan at least $3 billion in total commercial and industrial investment in these four cities alone.

corporations' assessment) it is approximately $10,000 per capita. In Moose Jaw it is roughly $5000 per capita, and substantially less than $5000 per capita Prince Albert. If Saskatchewan cities were to achieve the Alberta equivalent commercial and industrial assessment per capita assessment base, the current provincial government property tax policy may have cost Saskatchewan at least $3 billion in total commercial and industrial investment in these four cities alone. Extrapolating these results across the province would result in an even more dramatic number. This larger provincial number would also reflect the inherent capacity of smaller towns and cities in Saskatchewan to repopulate themselves and reverse depopulation.

In a one year period, from May 1997 to May 1998, $2.3 billion was invested in agribusiness value-added processing in the prairie provinces. Less than 18% of this investment was attracted to Saskatchewan, even though the farm land base of Saskatchewan is far larger than either Alberta or Manitoba. Because of the highly capital intensive nature of agrivalue added investments, the findings of this study clearly suggest that Saskatchewan's lack of success in attracting agrivalue investment is, to a substantial extent, related to the current provincial property tax policies, and the aversion of these kinds of investment to property taxation. This observation is further buttressed by the KPMG competitiveness study, which notes that the overall cost index in Saskatchewan is highly competitive, with the exception of property taxation levels derived from the current provincial education property tax policy.

A competitive property tax policy has the potential to generate an additional 100,000 jobs for Saskatchewan's young people.

Many economic development models indicate that every $100,000 in capital investment can yield a job. A competitive property tax policy has the potential to generate an additional 100,000 jobs for Saskatchewan's young people. This could make the future much brighter than current trends suggest.

5.0 Conclusions

a) There is no category of property taxed at a lower effective property tax rate in Saskatchewan for education property taxes relative to Alberta.

b) Property taxes significantly limits commercial and industrial investment in Saskatchewan. Consequently the job creation rate in our province will under perform to its potential because of the current provincial government property tax policy.

c) The level of Education Property Tax loads in Saskatchewan can be attributed both directly and indirectly to provincial Government property tax policy.

d) Local governments bear the tax funding consequence of provincial government policy despite the narrow tax funding mechanisms for school boards and municipalities in Saskatchewan.

e) The current provincial approach to fulfilling its constitutional responsibility for education has caused rural diversification to under perform to its potential.

f) The provincial government controls teacher salary negotiations and the narrow funding alternatives available to school districts. Provincial policy controls therefore force the current education property tax level experienced in Saskatchewan.

g) Provincial government property tax policies have downloaded to local school jurisdictions which has, in turn, resulted in dramatically diminished commercial and industrial investment and consequently constrained job creation rates in Saskatchewan.

<u>6.0 Provincial Education Property Tax Policy - The Assessment Base of Saskatchewan</u>

> A change in education property tax loads… could produce dramatic incremental revenues from commercial and industrial property taxes to fund education and municipal services in Saskatchewan.

In all jurisdictions across North America, commercial properties pay a premium to all other property classes. In Saskatoon's case the City of Saskatoon has committed to a 175% premium for commercial property and that will be achieved over the next ten years. In Alberta, the effective tax rates are 0.954% for education purposes for commercial property, versus 0.654% for residential and farmland, or a premium of less than 150%. A change in education property tax loads with the predicted growth in this property category, along with the tax premium attached to this property category, could produce dramatic incremental revenues from commercial and industrial property taxes to fund education and municipal services in Saskatchewan.

6.1 Funding the Change

6.1.1 *The Growth Model: The Wealth Effect*

> This could create an additional $50 million per year in new property taxes just in Saskatoon.

The funding requirements for the necessary changes could be accomplished through growth. Should commercial and industrial assessment grow to equal that of Red Deer on a per capita basis, the commercial assessment base in Saskatoon alone would double. This could generate an additional $50 million per year in new property taxes just in Saskatoon. With the commercial property tax premium to that of residential property, residential taxpayers would also benefit. Through new commercial and industrial investment, the residential property tax load could be even further reduced from the $300 per house previously illustrated. Incremental growth in the industrial and commercial assessment base and the attendant tax rate premium will, in effect through wealth creation, largely self fund this provincial education property tax policy change.

…the new property tax revenue generated could result in an additional $45 million per year in property tax revenue in Saskatoon alone.

The same analysis applies for property tax loads for education purposes. In Saskatoon analysis shows that $1,600,000,000 in new assessment (to achieve $15,000 per capita), with a 2.8% effective tax rate, generated approximately $50,000,000 annual revenue (not including the positive impact that would result from job creation). The new assessment growth could generate property tax revenue of $45 million per year. This incremental assessment, and the taxes attached thereto, would be enjoyed by the provincial educational property tax collector and municipal governments which must now rely largely on property tax to fund their services. In Saskatoon, the $45 million generated annually could further reduce the property tax load on residential property, and / or fund new services. This assessment base growth impact is in addition to savings the residential property tax payer would experience from moving immediately toward the Alberta education property tax load regime. Through new commercial and industrial investment, the property tax savings to the average residential property tax payer, over time, would be well in excess of the $300 initially experienced in Saskatchewan. The same analysis could apply to all Saskatchewan jurisdictions. Using the

…through new commercial and industrial investment, the savings to the average residential property tax payer would be in excess of the $300 originally indicated.

$15,000 commercial and industrial assessment per capita target, the new investment in Saskatchewan cities could represent $3,300,000,000 in new commercial and industrial investment. Using a proxy of 2.8% effective tax, rate, which is considered competitive with Alberta, these four cities alone could generate an additional $92,500,000 in annual property tax revenue through assessment and investment growth. Across the province the annual increment could exceed $200,000,000 per year (Appendix D).

Across the province the annual increment could exceed $200,000,000 per year.

6.2 Wealth Creation Through Competitive Property Tax Loading Policy: An Analysis

6.2.1 *The Wealth Effect*

The Saskatoon analysis can be applied to each of the other cities and, in fact, across the entire province. The findings are clearly demonstrated in the analysis of property using the Income Approach to valuation. To state the obvious, commercial property is sensitive to its net returns. Using an example wherein a property that generates an annual net income of $100,000, where the market indicates a capitalization rate of 10%, a commercial property generating $100,000 per year in net revenue could be worth approximately $1,000,000.

Illustration: 10% capitalization rate, $100,000 net return (after property tax),

$$\textit{Capitalization value} = \frac{\textit{net return}}{\textit{Capitalization rate \%}}$$

Current tax load	New property tax load	New net return	New value
$60,000	$40,000	$120,000	$1,200,000

If the property taxes on that property were decreased, by say $20,000, the value of the property would be increased. In this example, if net income of a property increased from $100,000 to $120,000, maintaining the indicated capitalization rate of 10%, the value of the property is $1,200,000; a wealth effect of $200,000. This would be assessed at the new, but lower rate, which in turn would generate incremental tax revenues on any example. In Saskatoon's case, with an effective tax rate of 4%, for a property valued at $1,000,000, the tax load would be $40,000. By reducing the effective tax rate and reducing taxes for that property, say by half to $20,000, the property would move, by way of valuation of income, to a value of $1,200,000 from an income perspective. This suggests that the property would now pay $24,000 in taxes ($1,200,000 x 2%). This partially offsets the drop in tax revenues immediately.

6.2.2 *The Multiplying Wealth Effect*

As a further iteration in this example, the property is owned by an entrepreneur, who fully levers their property investments on a 3-1 debt-to-equity ratio or 25% equity to 75% debt load.

In this case, the initial financing against the property would be $750,000 on a $1,000,000 (75% debt of the value) valuation. With the property moving to $1,200,000 in value, the property would then support a debt of $900,000 based on 75% debt financing of $1,200,000. This provides $150,000 in new equity for the owner to invest in the market. This equity could be used to purchase another property; in this case a $600,000 property with $150,000 being derived from the equity of the first property, and the remaining $450,000 financed through 3-to-1 debt ratio. This result is a potential incremental investment in the property in the jurisdiction of an additional $600,000.

	Old Value (pre-tax adjustment)	*New Value (after tax adjustment)*	*New investment resulting from tax policy adjustment*	*Total New Assessment Base*
	$1,000,000	$1,200,000	$600,000	$1,800,000
Financing	750,000	900,000	450,000	
Equity	250,000	300,000	150,000	

In this example, the first property increased in value from $1,000,000 to $1,200,000, and an incremental investment of $600,000 was created. The assessment base moves from $1,000,000 initially to an aggregate assessment value of $1,800,000. The taxes paid now yield $36,000 versus the original $40,000. There are obviously job opportunities in the investment resulting from this incremental investment. The previous benchmarks indicate that eight jobs could be created from the wealth effect impacting on this one property. This job creation will, in turn, expand the property tax base of the jurisdiction. This illustrates that the assessment base of the community has the potential to increase dramatically as a result of changes to education tax policy on commercial property to make it competitive.

6.2.3 *Provincial Wealth Effect*

The same analysis applies for multi-unit rental residential properties. The resulting stimulation of rental residential property construction would produce new supplies of quality rental homes and an even larger property tax base for the community, as well as construction jobs. Several examples of this became apparent following reassessment in 1994. Hotels in Saskatchewan were assessed on an "artificially low basis" (although competitive with Red Deer's effective tax rates of 2.1%), although this "low" tax rate was the result of flaws in the assessment system (see 2.2.1a). A competitive effective property tax rate for this industry caused a dramatic expansion and investment in the hotel industry across the province, and in Saskatoon. These "low valuations" in the industry attracted investment. In Saskatoon this was well illustrated where there was a 25% increase in hotel room inventory. This gain in investment in Saskatoon was partially the result of the lowered property tax rate. After the 1997 assessment, there was a surge of hotel improvements throughout Saskatoon. This incremental investment, in turn, expanded the property assessment base of Saskatoon. Until the property assessment system moves towards a more accurate valuation income approach with Saskatchewan's artificially high education property tax rates, the hotel industry will be hit hard. The hotel industry is now most directly adversely impacted from the new but flawed assessment procedures (see 2.2.1a) and because of the still comparatively high effective tax rates flowing from provincial education property tax policy. The implications of current tax loads on hotels and the hotel industry aside, this example illustrates the wealth effect. The hotel assessment base in Saskatoon was substantially increased as a result of the effective tax cut for hotels in the 1997 reassessment. In 1997, the hotel/motel assessment base equalled $46,000,000 in Saskatoon. In 2001, the assessment for hotels and motels measured $136,000,000 in Saskatoon. As a result, this assessment category grew faster than any other category of property with a growth of 295% in just four years.

In 1997, the hotel/motel assessment base equalled $46,000,000 in Saskatoon. In 2001, the assessment for hotels and motels measured $136,000,000… As a result, this assessment category grew faster than any other category of property with a growth of 295% in just four years.

Another example of the wealth effect deals with a Saskatoon commercial property that was assessed prior to 1997 such that the tax load was $52,000 per year, but sold for $50,000 at auction. In 1997, the property value could be assessed under the new assessment, if accurate, at $50,000, which would then be paying approximately $2500 (with a 5% effective tax rate) in property taxes. As a result of the adjustment, the owner determined that it made sense to invest approximately $650,000 in the property to turn it into a multi-unit rental residential property. There was a drastic increase in investment in the property which now generates approximately $35,000 in new annual property tax revenue in Saskatoon.

The tax source cost of reassessment in 1997 for this property was large, but was almost completely offset by the new investment as a result of the wealth effect. In this real world example, Saskatoon's employment base was stimulated by the new investment and the rental housing unit supply for Saskatoon was increased as a rebound in the tax revenues on the property. This is the wealth creation effect in action.

As a complimentary argument from a wealth creation perspective, if property tax cost moved to an Alberta competitive tax load level model, the result would be an increased level of investment, and the attendant benefits would be realized through increasing the overall assessment base, in addition to more jobs (earlier estimated at a possible 100,000 jobs) being created in the marketplace. This is a powerful and accurate argument at the provincial level. It is easily demonstratable in the case of commercial and industrial property. It is also particularly applicable to rural industrial development and diversification in Saskatchewan. The Province's current tax policy approach (percentage of value for farmland) that has been taken to downwardly adjusting property tax loads for education purposes on farmland. This has been achieved by way of adjusting the percentages of value included for property tax valuation for education property tax purposes.

When percentages of value are applied in rural Saskatchewan, the negative consequence on commercial and industrial is greatly magnified, as the overall service requirement for the rural municipal level and for educational services in the area is unaltered. The commercial and industrial base is small (see the Unity article in the Star Phoenix dated May 15, 1999). The property taxes are loaded onto commercial and industrial properties within that jurisdiction punish diversification success. The current percentage of value tax policy approach currently used by the Province creates a strong disincentive for commercial and industrial investment in rural Saskatchewan. The current provincial government policy causes accelerated disinvestment in rural Saskatchewan and are a disincentive for incremental commercial and industrial investment and diversification in rural areas of the province. Consequently, as the commercial and industrial assessment base erodes, farmland tax loads increase to education funding and other municipal services. Punishing commercial and industrial investment through bad property tax policy creates a vicious cycle of disinvestments and increasing tax loads on those who continue to own land and buildings. As more investors flee in property tax flight, land and building values erode, resulting in a continued devaluation of existing land and buildings, and property tax impediments to new investment.

The current percentage of value approach currently used by the Province creates a strong disincentive for commercial and industrial investment in rural Saskatchewan.

Incremental commercial and industrial investment could substantially stop or change the rural exodus and could represent tens of millions of dollars in other provincial government revenues via sales, income and other consumption taxes.

Saskatchewan's current property tax policies run counterproductive to stimulating incremental commercial and industrial investment in rural Saskatchewan. We must reverse this vicious cycle. A change in provincial education property tax policy is the policy tool to accomplish this turnaround. Incremental commercial and industrial investment could substantially stop or change the rural exodus and could represent tens of millions of dollars in other provincial government revenues via sales, income and other consumption taxes as well as thousands of jobs for Saskatchewan citizens.

7.0 Who Would Support Such a Move? Every Tax Payer!

The political attractiveness of reducing property tax loads for residents and resort owners is easy to understand. Obvious incremental benefit for farmers and for rural Saskatchewan is both economically and politically attractive. From an investment stimulation perspective, it is both economically and politically attractive to support and stimulate business investment and job creation in urban and in rural Saskatchewan. Resort properties will also embrace this policy change as these owners rarely, if ever, are consumers of education services. Resort properties do, however, bear high education property tax loads.

7.1 *Tax Policy Changes Could Improve Home Ownership Affordability*

Property taxes can be punitive to lower or fixed income earners. The property tax capacity of fixed income individuals living in their own property is limited. Fixed incomers cannot afford the education property tax loads now in place. Dependence on *ad valorum* property tax funding mechanisms for services of any description is justified by the perception that those with large property holdings have more funding capacity for municipal services or education services than those with small property holdings.

A fixed income earner who happened to own property in what becomes a popular neighbourhood or areas with increasing the value for the property will, true to an *ad valorum* system, pay a premium on their property tax irrespective of their ability to pay. Fixed income earners or pensioners are obvious examples of people hurt by the current provincial property tax policy and its over-dependence on property taxes to fund government services, and educations services in particular. Through the current education property tax policy, fixed income earners are being discouraged from remaining homeowners. Encouraging seniors to leave their homes through provincial property tax policy is counterproductive to other provincial initiatives designed to encourage these individuals to remain in their homes as long as possible.

Another example of the personal impact of the current education property tax policy is the person that chooses to invest in portable goods, such as boats and motorhomes, guaranteed investment certificates or stocks, or out of province resort property, as compared to a large home. Those who make the decision not to invest in real property in Saskatchewan and maintain their worth in a more portable fashion, will pay less taxes than those who make substantial property investments in Saskatchewan. The high tax loads in Saskatchewan cause preferential expenditures on consumer durables and real property outside of Saskatchewan compared to real property investment in Saskatchewan. A reformed property tax load policy would encourage home ownership and greater community attachment for residents.

8.0 Funding Capacity

The final aspect of this analysis deals with the funding capacity of the provincial government to deal with such reforms. Even if the wealth effect section of this paper is ignored, there are other ways to fund these changes. The Department of Education trend lines relating to the K-12 population, (including our Aboriginal population) indicates that the student population in Saskatchewan will decrease by 30,000 students in the next eight years. Given that education expenditures are approximately $5,500 per student per year in Saskatchewan, approximately $165 million in government revenues will be saved or be available for other purposes without compromising current education funding levels. In 2008, there will be a total of $165,000,000 annually no longer required for kindergarten to grade 12 education funding purposes. In this case, if the provincial government were to adopt an eight-year strategy to phase in a new education property tax policy and move towards tax loads equivalent to those of Alberta, this policy change could be funded by the $165 million in annual savings by the end of eight years (saved as a result of lower student enrolments).

The preference of this presentation is to focus on the positive and promote the potential of the wealth effect enunciated in this strategy. As the wealth effect occurs, the Saskatoon and District Chamber of Commerce contends that the amount of revenue for government will quickly result from new commercial and industrial investment. The Chamber also contends that revenues derived from this new policy initiative will grow well beyond the $165,000,000 in annual savings resulting from school depopulation. These new tax revenues derived from an expended tax base will be available to broaden funding initiatives necessary to spur much needed job creation in Saskatchewan, and simultaneously improve education services in the province.

9.0 Summary

a) Property taxes loads for educational purposes for all categories in Saskatchewan bear a much higher cost as compared to similar properties in Alberta.

b) The responsibility for this higher load rests solely within the Provincial Government's mandate and responsibility.

c) The property tax premiums on commercial and industrial property have a material adverse impact on investment patterns and job creation in Saskatchewan.

d) From a farm perspective, there is a much higher tax load (in Saskatchewan) for education purposes as compared to Alberta.

e) Residential owners will see savings firstly because of the reduced loading, and secondly because of commercial and industrial assessment growth. These changes will be of particular benefit for fixed income seniors, but everyone will benefit from the increased job creation rate that will result from the incremental commercial and industrial investment that could occur in Saskatchewan.

10.0 Conclusion

A rapid move by the Provincial Government on education funding and property tax policy could generate very positive impacts for the growth and development of Saskatchewan. The faster the implementation, the faster the benefits will be experienced in Saskatchewan.

11.0 2002 Update

Between 1965 and 2001, the commercial and industrial property tax base had not grown as a proportion of the overall taxable assessment base. However, in 2002, Saskatoon experienced an increase from $7,401.51 per capita in 2001 to $7,558.38 per capita in 2002.

This growth is estimated to have generated an additional $1 million in tax revenue for education and municipal purposes.

In 1965, Saskatoon's commercial and industrial assessment base made up 36.5% of the City of Saskatoon's total assessment base. This eroded to a low of 18.18% in 2001. The growth that was experienced is largely due to the implementation of many policies first proposed by the City's Property Tax Review Committee in its December 1997 report.

12.0 2003 Update

For the second consecutive year, the commercial and industrial assessment base in Saskatoon grew. Based on preliminary estimates, the base has grown from $7,401.51 per capita in 2001 to $7,558.38 in 2002 to $7,860.12 in 2003.

This growth is expected to generate an additional $1 million in tax revenue, in addition to the $1 million increase between 2001 and 2002.

Even with significant growth in the assessment base, Saskatoon's $7,860 per capita still lags far behind the city of Red Deer, which has a commercial and industrial assessment base of approximately $15,000 per capita.

Below is a comparison between Saskatoon and Red Deer, examining the property tax load of both residential and commercial property in each of those two cities. This comparison further illustrates the disparities that continue to exist and which subsequently impede Saskatoon's ability to attract and retain investment. Even though some progress has been made, Saskatoon still faces a significant challenge on the property tax front.

Red Deer Vs. Saskatoon

	Residential $100,000 Fair Value		Commercial $100,000 Fair Value	
	Red Deer	Saskatoon	Red Deer	Saskatoon
City	$ 545	$ 771	$ 1074	$ 1707
School	462	1085	701	2405
Library	37	93	37	206
Total	$1044	$ 1949	$ 1812	$ 4318

`	Residential $200,000 Fair Value		Commercial $200,000 Fair Value	
	Red Deer	Saskatoon	Red Deer	Saskatoon
City	$ 1090	$1542	$ 2148	$ 3414
School	923	2170	1402	4810
Library	75	186	75	412
Total	$ 2088	$ 3898	$ 3625	$ 8636

APPENDIX A

Association for the Abolition of Capital Taxes

Immediate Elimination of Capital Taxes is Essential!

2002 Pre-Budget Submission to the House of Commons Standing Committee on Finance
November 5, 2002

Association for the Abolition of Capital Taxes

The *Association for the Abolition of Capital Taxes (AACT)* is a broad group of Canadian industry associations and business organizations representing virtually every major Canadian industry sector in the economy and speaks for thousands of companies most affected by capital taxes (a list of member organizations is attached). These organizations share a major concern for the damaging effects of capital taxes on the Canadian economy. While several of the members of AACT have been actively advocating the importance of eliminating capital taxes for years, they have recently joined their efforts to emphasize the seriousness of their concerns.

Capital taxes are damaging Canada's economy. They discourage investment in plants, technology and equipment, which are essential for long-term growth and job creation. Low levels of investment have been identified as the single most important cause of low productivity in Canada, especially when compared to the United States. Despite this, Canada continues to be an anomaly amongst industrialized countries by applying a direct tax on investment.

"Capital taxes are a tax on innovation, productivity, on investment and ultimately, on jobs."
Honourable Maurizio Bevilacqua, Secretary of State for International Financial Institutions (former Chair, Standing Committee on Finance, Globe & Mail, July 5, 2001)

The business community has been making representations to the government repeatedly for some time now. The Standing Committee on Finance has recommended the elimination of capital taxes in its past two pre-budget consultation reports. Despite the growing concerns over the negative effects of capital taxes, the federal government has not taken any substantive actions to relieve Canadian companies of this impediment to their competitiveness and investment in an innovative Canada. This issue is a top priority for the business community and the government must take immediate action.

Damaging Effects are Well-Known

There is no dispute amongst academics, the business community and governments themselves that capital taxes are a bad form of tax. While the government's phased reduction in the general corporate income tax rate (for sectors other than manufacturing and mining and oil and gas industries) will make Canada's corporate taxes generally more competitive, this reduction does not address our fundamental concerns regarding the base and structure of capital taxes. Capital taxes are not simply adding to the tax burden of Canadian corporations. Capital taxes are applied to the amount of money invested in a company for the purchase of machinery and equipment and buildings required to operate the business. They are also applied to any funds raised to conduct future research and development, negatively impacting high tech companies. This makes them inequitable to the capital-intensive sectors of the economy, such as manufacturing, natural resources, and financial services.

Another bad feature of capital taxes is that they are profit insensitive. During cyclical downturns and periods of low or negative profitability, capital taxes reduce companies' ability to weather the storm. Companies may need to borrow cash just to meet tax obligations, even if they are losing money. In this respect, capital tax is a regressive form of taxation, since the amount of tax is based on the size of the entity, not on its profitability.

Capital taxes are based on accounting values. Therefore, adjustments to GAAP accounting will impact the base for capital tax and ultimately may increase the capital tax burden. This will be the result of recent changes to the accounting for rate-regulated entities as well as for hedged debt. There is no basis for penalizing corporations in situations where, for reasons of financial prudence, assets and liabilities are accounted for differently in corporate financial statements.

"I think that beyond a shadow of a doubt that capital taxes are the worst of any taxes we've got." Don Drummond, Chief Economist, TD Bank, National Post, July 5, 2001

Linkages between investment and long-term output and job growth have been well established in the economic literature. The direct application of capital taxes on investment discourages risk taking and dampens overall investment and innovation, which makes them the worst of all taxes.

In his June fiscal and economic update, the Honourable John Manley, Minister of Finance, made the statement that Canada needs to pursue policies that make us a "Northern Tiger" and that Canada needs to become a "magnet" for investment. Making progress in innovation and research and development must become the cornerstone of Canada's policy agenda in order to enhance our productivity and standard of living. While we recognize that achieving this involves a well-integrated policy framework, an essential element is the creation of a business environment that is conducive to investment. At a time when Canada is challenged with increasing its productivity and closing the standard of living gap with the United States, capital taxes are a significant investment barrier that needs to be overcome if we are to meet this challenge.

"Capital taxes are the most damaging of all taxes for longer-term growth prospects. Taxes on capital have a negative impact on economic growth since they increase the cost of capital and, thereby, deter business investment..." The Challenge: Ensuring Competitiveness and Future Economic Prosperity, Canadian Chamber of Commerce, 2002

A recent study by Ernst & Young clearly demonstrates the detrimental aspects of capital taxes. The first part of this study, which used Statistics Canada data, illustrates the detrimental aspects of the federal government's general capital tax, the large corporations tax (LCT). The attached *Tax Policy Bulletin-Spring 2002,* entitled "*Who Pays the Capital Tax?*" provides a summary of the data. The following are the key observations in the Bulletin:

- Companies in a loss position (reporting negative taxable incomes) accounted for 55% of the total LCT collections by the federal government for the 1998 taxation year. These are generally firms in a start-up phase, in high-technology sectors incurring significant R&D costs, or those subject to cyclical variations in profitability.
- The burden of capital taxes falls disproportionately on capital-intensive industries, such as manufacturing, resources and financial services. Manufacturing industries contribute 19% to total GDP, but paid 27% of the LCT. The share of the resource sector in the LCT was 12%, while it represented only 4.5% of the GDP. Financial services represent 5.5% of GDP but paid a staggering 21% of the LCT.
- The higher the productivity of an industry (measured as output-per-worker), the greater the burden of the LCT (measured as LCT revenues as a percent of GDP of a given industrial sector). Highly productive industries facing a high capital tax burden include mining, oil and gas, chemicals, financial services, and forestry products among others.

"Perversely, capital taxes act as a disincentive to productivity improvement and the implementation of new technologies." Mining Association of Canada, 2001

The penalizing effects of capital taxes on investments are analysed further in the second part of the Ernst & Young study, which focuses on the cost imposed by capital taxes to specific investments. The *Tax Policy Bulletin-Fall 2002*, entitled ***"****Capital Taxes: Penalizing*

Investment in Canada", provides a summary of the results. The following are the key findings:

- Capital taxes are levied on each dollar invested in plants, machinery, equipment and buildings and repeatedly each and every year over the entire productive life of an investment. They cumulate to a significant amount even when applied at modest rates each year. As an example, for an investment in an oil and gas pipeline, the Ontario and federal capital taxes cumulate to 4.5% of the original investment in the pipeline.

- The cumulative capital tax on an investment is equivalent to imposing an up-front excise tax on the investment at the time of its purchase. Because the federal LCT is not deductible in computing corporate taxable income, it is, in fact, equivalent to a higher excise tax. For example, the cumulative 4.5% capital tax in the pipeline example is equivalent to an upfront excise tax of 5.3% on the purchase of the pipeline.

- The longer the life of an investment, the greater the number of years on which capital tax is applied repeatedly, and so the higher is the cumulative tax burden. Thus, capital taxes are non-neutral in their application to assets with shorter and longer lives, resulting in discriminatory treatment of sectors that are both capital intensive and invest in assets with longer lives (e.g., pipelines, electrical transmission equipment, building and structures).

- The effects of capital taxes on investment and economic growth are significant. When the federal government replaced the manufacturers sales tax with the Goods and Services Tax, it estimated that the removal of the Manufacturers' Sales Tax on capital goods (estimated to be on average 4% of the cost of capital goods) would lead to an increase in GDP of about 1.4%. Given that the burden of capital tax is of a similar order of magnitude, their removal could lead to similar gains in GDP.

"Capital tax is ultimately a penalty for investing in new technology, a penalty for doing business in Canada." Canadian Manufacturers and Exporters, October 2001

A study conducted by the Federal Department of Finance, published in the OECD Economic Survey of Canada for 1996-97, indicated that every dollar of tax collected through corporate taxes (both income and capital taxes) results in a loss of $1.55 in output. We understand that the aggregate output loss in the economy inflicted by capital taxes alone is significantly larger and could be as much as seven dollars for every dollar of revenue raised, due to their negative impact on investment and innovation. This output loss is several times larger than that imposed by any of the other Canadian taxes. By comparison, the real output cost of a dollar of sales taxes was estimated at 17¢, payroll taxes at 27¢, and personal income taxes at 56¢. At this magnitude of output loss, the contribution of capital taxes to the federal treasury, net of the decrease in potential revenues associated with the output loss, is, in fact, negative. This is a tremendous cost of keeping a tax of this nature in place.

Immediate Government Action Required

The evidence is clear and indisputable. Capital taxes are damaging Canada's economy. In recognition of these detrimental effects, the provinces are taking decisive measures. Alberta has already eliminated all capital taxes. British Columbia has just completed a two-year phase out of its general capital tax. Furthermore, Quebec announced in its previous budget a phased reduction of more than 50% in its capital tax rates. Ontario promised in its 2001 budget that it would take steps towards eliminating its capital taxes.

Eliminate capital taxes, which penalize capital intensive, technology driven and highly productive industries that are the engines of Canada's economic growth. Canadian Association of Petroleum Producers, 2001 Pre-budget Submission

Although the LCT was introduced as a deficit reduction measure, the government has made no move to reduce or eliminate it, in spite of substantial improvements in the government's fiscal position during the past five years. The government refrained from providing tax reductions in the 2001 federal budget as a result of uncertain fiscal conditions and in order to address security priorities. With a federal surplus providing greater fiscal flexibility, the government needs to now focus again on making our tax system conducive to innovation and economic growth.

We believe it is time for the federal government to take decisive action. As a step towards abolishing all capital taxes, we recommend that the federal government eliminate the LCT immediately. It would send a strong positive message to the business community planning their long-term investments, which will contribute significantly to strengthened growth prospects and higher productivity. Furthermore, it would remove a serious impediment to the government's own innovation agenda, as capital taxes create a significant drag on innovation and productivity.

"This tax sends the wrong message and tends to induce the wrong behaviour on the part of investment decision makers." Harri Jansson, Past Chair, Vancouver Board of Trade, 2001.

We understand that the current revenue yield of the LCT is approximately $1.3 billion, less than 1% of total revenues. The loss in revenues from the elimination of the tax could be more than offset by the revenue gain resulting from its positive impact on the economy. If the federal government were still concerned about its immediate revenue impact, we would suggest phasing out the capital tax over a three-year period, through a scheduled reduction in the LCT rates. However, we do not recommend any phase out of the tax through staged increases in the threshold, or announced intended rate cuts with no legislated dates. Such measures would be much too narrow and limited in scope to address the concerns noted above.

Conclusion

One of the main objectives of the Standing Committee on Finance is to determine how to best assure greater levels of economic growth and prosperity. The Chair of the Committee, Sue Barnes, has indicated that in order to achieve this, it is essential that debate must take place on a number of fronts including innovation and productivity, a business environment favourable to economic growth and trade, investment in research and development and competitive taxation. We strongly believe that the elimination of capital taxes directly addresses each and every one of these priorities.

In closing, we urge the government to eliminate capital taxes as a priority to spur investment, stimulate innovation, improve our competitiveness and to ensure Canada continues its economic successes of the recent past, which will provide a stable foundation to support essential government programs well into the future.

Association for the Abolition of Capital Taxes (AACT)

Organization	**Representative**
Aerospace Industries Association of Canada	Peter Boag, Vice President, Strategic Planning
Canadian Bankers' Association	Kelly Shaughnessy, Vice President, Banking Operations
Canadian Chamber of Commerce	Mike Murphy, Senior Vice President, Policy
Canadian Chemical Producers' Association	David Goffin, Vice President, Business & Economics
Canadian Energy Pipeline Association	Bonnie Stowkowy, Vice President, Environment and Regulatory Policy
Canadian Gas Association	Dawn Stengel, Manager, Taxation, Enbridge Pipelines Inc. Chair, Taxation Committee

Canadian Institute of Public and Private Real Estate Companies	Ian Bacque, Director, Government Relations
Canadian Life and Health Insurance Association	Peggy McFarland, Director, Corporate Taxation
Canadian Manufacturers and Exporters	Jayson Myers, Vice President and Chief Economist
Canadian Petroleum Products Institute	T. Robert Clapp, Vice President
Canadian Steel Producers Association	Barry Lacombe, President
Canadian Vehicle Manufacturers' Association	Mark Nantais, President
Coalition for the Elimination of Capital Taxes	David Penney, General Director, Tax; Chair
Forest Products Association of Canada	Paul Lansbergen, Director, Taxation and Business Issues
Information Technology Association of Canada	Gaylen Duncan, President and CEO
Insurance Bureau of Canada	Paul Kovacs, Senior Vice President Policy Development & Chief Economist
Mining Association of Canada	Dan Paszkowski, Vice President, Economic Affairs
Railway Association of Canada	Sab Meffe, Director, Corporate Tax Canadian National, Chair, Taxation Committee
Toronto Board of Trade	Louise Verity, Director, Policy
Vancouver Board of Trade	Peter Legge, Chair
Winnipeg Chamber of Commerce	Dave Angus, President

APPENDIX B

Capital Taxes Kill Jobs and Investment

Canadian Manufacturers Plea for the Elimination of Capital Taxes

(Ottawa, October 31, 2001) – The House of Commons Finance Committee heard from the Coalition for the Elimination of Capital Taxes (CECT) that this form of corporate tax discourages investment and the creation of new jobs.

Appearing before the Committee on Pre-Budget Consultations today, the Coalition urged the federal government to eliminate the harmful capital tax immediately. Elimination of the tax will encourage new investment, create jobs, and remove the tax bias against capital-intensive industries.

David Penney, General Director of Taxation at General Motors of Canada, a member of the Coalition, said: "The federal government has recognized the need for business tax cuts and has made positive strides in reducing corporate income tax rates to help Canadian businesses to be more competitive. However, corporate income tax rate reductions that have occurred in the past have largely benefited the service sector. The highly capital-intensive manufacturers and resource-based industries that employ significant numbers of Canadians feel the adverse effects of capital taxes the most."

"One disturbing trend is that capital taxes are representing a much larger portion of government business tax revenues," said Satya Poddar, Director of the Tax Policy Services group at Ernst & Young LLP. "It is important that government take measure s that help business grow and invest in the future of Canadians. Capital taxes are applied regardless of the economic cycle and actually discourage investment and job creation when it is most needed. There is no better time than now to get rid of job-killing taxes."

Capital taxes are applied to the amount of money that is invested in a company to purchase land buildings or equipment to operate the business. Alberta, Ontario, and British Columbia have recognized the detrimental effects on job creation and are taking a lead role in eliminating them. It is essential that the federal government do the same.

The Coalition for the Elimination of Capital Taxes is an ad hoc group of large manufacturers and resource-based companies that, by the nature of their business, are highly capital intensive.

- 30 -

APPENDIX C

October 17, 2001

Sask School Taxes Highest in Canada

-Reliance on property taxes to fund education more than double the Canadian average-

Regina: The Canadian Taxpayers Federation (CTF) has renewed its fight for lower property taxes by releasing numbers today obtained from the provincial Department of Education through Freedom of Information that show the burden of education taxes on Saskatchewan property owners is more than twice as heavy as the rest of Canada.

"Property taxes in Saskatchewan are punitive and out of whack with the rest of the country," says Saskatchewan CTF Director Richard Truscott. "The enormity of the gap between this province and the rest of the country is just astounding."

Property taxes fund 59% of education costs in Saskatchewan, compared to the average of 26% for all provinces. The next heaviest burden is in Manitoba, where 51% of education is paid for by property taxes, while in New Brunswick, PEI, and Newfoundland education is funded entirely by the province with other tax revenues.

School taxes have increased dramatically across the province since 1985, but particularly in rural areas while farm income has plummeted. This has prompted grassroots "tax revolt" meetings across the province. Last spring the CTF presented a petition with the names of 12,500 taxpayers to Premier Calvert demanding a significant decrease in education taxes.

"The government's policies on property taxes and school funding have compounded the problems facing Saskatchewan, particularly in rural areas. There needs to be some serious changes in the next budget to how we fund schools," says Truscott.

Percentage of Education Funding Derived from Property Taxes, 2000

Saskatchewan	59.0%
Manitoba	51.0%
Ontario (1999)	43.5%
Alberta	37.5%
British Columbia	30.1%
Quebec	21.3%
Nova Scotia	16.7%
New Brunswick	0%
Newfoundland	0%
PEI	0%
Canadian average	25.9%

For further information contact:
Richard Truscott at (306) 352-1044 or 1-800-565-1911

APPENDIX D

Saskatoon at $15,000 per capita		
New Assessment to achieve $15,000 per capita	$	1,600,000,000
Effective Tax Rate		2.80%
Property Tax Revenue	$	44,800,000

Saskatchewan's Four Major Cities at $15,000 per capita		
New Assessment to achieve $15,000 per capita	$	3,300,000,000
Effective Tax Rate		2.80%
Property Tax Revenue	$	92,400,000