

November 1, 2021

Honourable Don McMorris  
Minister of Government Relations  
Room 306  
Legislative Building  
2405 Legislative Drive  
Regina, SK

## **Re: Modernizing Property Tax Model in Saskatchewan**

Dear Minister Don McMorris,

### **Introduction and Summary of Recommendations**

This letter has been prepared by the Greater Saskatoon Chamber of Commerce, and endorsed by Saskatchewan's provincial chamber network, which represents businesses across all industries and sectors of our economy.

The Chamber network aims to promote economic growth and prosperity by ensuring that Saskatchewan is an attractive and affordable province to do business. We commend the ongoing efforts of the Government of Saskatchewan – principally through its 2020-2030 Growth Plan – to increase investment, create jobs and expand trade and exports to foster a strong economy and healthy communities. The plan provides a clear path to success leveraging the skills and talents of Saskatchewan people, its infrastructure and industry assets, and its competitive advantages in energy, agriculture, mining and tech innovation.

To activate and accelerate the plan, and promote investment attraction and expansion in across all sectors, we believe a modern and competitive tax system will be key. In a post-COVID world where economic recovery will be the focus, competition between jurisdictions for new and expanding businesses will be fierce. Provinces with modern taxation regimes, and pro-growth regulatory environments, will ultimately win. Those continuing to employ antiquated taxation models risk being left behind.

The COVID-19 pandemic shed light on some significant challenges with Saskatchewan's current model and approach to property taxation and we believe that there are opportunities for the province to modernize the system and address its significant structural weaknesses. In so doing, Saskatchewan can bring its property tax model and policy in line with other jurisdictions and make our province one of the most desirable provinces in Canada to start, scale and grow a business.

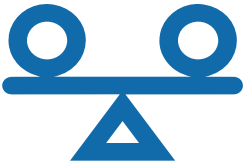
What follows are a series of policy recommendations to achieve a more transparent, predictable, fair and competitive property tax system in Saskatchewan.

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**“ Investment will flow to Saskatchewan if changes to policies achieve property tax fairness and enhanced transparency.”**

**Tim McMillan, President and CEO,  
Canadian Association of Petroleum Producers**

### **Recommendation #1 Competition and Stability**



Shift from the current 4-year assessment cycle process to a province wide 2-year assessment cycle to ensure that re-valuations and baseline data reflect more current market values. If moving to a shortened assessment cycle is not viable at this time, consider allowing larger urban centers, with assessment capabilities, the jurisdictional authority to complete reassessments on shorter cycles.

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### **Recommendation #2 Equity**

Remove the tiered classification system for different property types so that all properties are assessed based upon 100% of their value.

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### **Recommendation #3 Simplification and Transparency**

Convene a task force comprised of community stakeholders, business leaders and tax experts to begin with the end in mind, by breaking down the property tax system to enhance its simplicity and ease of use. End user understanding of the process will lead to less confusion and unnecessary appeals based upon lack of knowledge.

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## Opportunities for Growth

While most rate-payers respect the principle of paying their fair share of property tax, most owners also want to ensure that they are not paying more than is reasonable. The popular phrase, “there is only one taxpayer” oversimplifies the nuance of any tax regime where taxpayers wearing many different hats (ie. property owner, income earner, developer, investor, etc.) are subject to different tax conditions as a 2020 Property Tax discussion paper published by the City of Edmonton points out. When assessing the efficacy of property tax policy, there is a framework of sound tax policy that can be held as a standard of practice. Efficiency, equity and neutrality, ease of administration, stability and predictability, accountability, transparency and simplicity. It is through this lens that policymakers do and must apply policy changes.

The concern for equity is echoed through almost all literature on property tax. It is also included in the majority of taxation legislation in provinces. In Saskatchewan, s.165 (3) of the Cities Act, 2002 of Saskatchewan states that the “dominant and controlling factor in the assessment of property is equity”.

Saskatchewan’s four-year assessment cycle is out of synch with other provinces in Canada with only Ontario also on a four-year cycle, as indicated on the chart below.

## Provincial Property Assessment Practices<sup>2</sup>

Province	Frequency of Valuation	Base Valuation Date
British Columbia	Annually	July 1 in the year prior to reassessment.
Alberta	Annually	July 1 in the year prior to reassessment.
Saskatchewan	Every 4 Years	2 years prior to the year in which the assessment roll is produced.
Manitoba	Every 2 Years	April 1 two years prior to the assessment year.
Ontario	Every 4 Years	January 1 four years prior to the year in which the assessment is conducted.
Quebec	Every 3 Years	18 months prior to the coming to force of the assessment roll.
New Brunswick	Annually	January 1 in the year which assessment is made.
Nova Scotia	Annually	January 1 in the year prior to which the assessment is conducted.
Prince Edward Island	Annually *for ICI Sector	January 1 in the year prior to which the assessment is conducted.
Newfoundland and Labrador	Annually	January 1 the year prior to the assessment *In St. Johns it is two years prior.

<sup>2</sup> Information for this table was gathered from the respective provincial government and assessment agency websites.

Our neighbouring provinces of Manitoba and Alberta have a two- and one-year assessment cycle respectively. In a 2010 report commissioned by the Saskatchewan Chamber of Commerce, published by the Canada West Foundation, “A Tax Framework for Saskatchewan’s Continuing Prosperity” the think tank’s experts proposed moving from a four year to two-year assessment cycle as a key recommendation<sup>3</sup>. It concluded that a more frequent assessment would yield a more accurate valuation of property, which is critical to ensuring equity and a fair sharing of the tax burden. We know this to be true when the market is growing, and infrequent assessments can lead to a property tax bill that can change substantially from one year to the next when a re-assessment occurs. This is true of the recent 2021 assessment, which was based upon 2019 market data, not taking into consideration the effects of COVID-19 on the market and subsequently resulting in large increases in assessments for many areas of the province.

Saskatchewan’s Assessment Management Agency (SAMA) has been approached in the past about the possibility of shifting to a shorter assessment cycle. At the City/Commercial Advisory Committee table that they host, SAMA’s administration indicated that additional costs would be associated with the movement to a reduced time frame and there was a perceived lack of support from the rural sector and small urban centers. Given this, the Chamber is suggesting that policy makers look at the option of allowing and encouraging larger urban centers, with their own assessment capabilities, the opportunity to move to a shortened assessment cycle in their local jurisdictions and markets.

More frequent assessments will increase the predictability and stability of property tax payments and reduce what sometimes appears to be arbitrary increases. Creating more certainty and stability will not only be beneficial to current businesses and residents but will also showcase Saskatchewan to have a more competitive taxation environment on par with neighbouring jurisdictions.

To enhance parity and incentivize business growth and expansion in the province, property classes must be treated more equally. All property types are currently assessed based on differing percentages of value (POV) thereby creating horizontal inequity. These inconsistencies weaken the connection between the assessed value of properties and the actual taxes owing. The result is similarly valued agricultural properties and residential properties, for instance, are treated differently.

<sup>3</sup> Vander Ploeg, Casey and Jack Vicq. October 2010. “A Tax Framework for Saskatchewan’s Continuing Prosperity.” Canada West Foundation.

## **Simplifying the Process**

The property tax system is not accessible, comprised of intricate equations and calculations residents and business struggle to understand the process. Without a general understanding of the process, transparency in taxation is difficult to achieve.

By establishing a property taxation review committee comprised of taxation experts and key business and community stakeholders from across the province, attention can be given to increasing public awareness and transparency around the property taxation and assessment system. The key phrase “begin with the end and end user in mind” – in this case, the taxpayer – could and should be the focus of this committee.

One such initiative undertaken by this committee could be the establishment of an early notification system for ratepayers informing them of pending, substantial increases to their assessments. Such a system would indicate that a property had increased by a specified inflated amount, prompting planning and attention by the tax payer. This approach would reduce the sticker shock of unexpected massive increases, enhance transparency, and draw attention to the appeal process if the tax payer feels that there was an error in the assessment.

## **Saskatchewan’s Recovery will be Business Led**

Saskatchewan’s Growth Plan 2020-2030 outlines actionable items that will lead to a strong economy, strong communities and strong families. This plan has clear road markers for success abroad and at home. The presented recommendations could play a key role in ensuring the province has a strong and modern taxation model to support future investment and attraction. For many years, the Chamber network has advocated for property tax policy reform. The pressures of the COVID-19 pandemic and subsequent economic pressures have shone a light on the need for immediate change.

Business and industry will continue to lead Saskatchewan’s economic recovery through investments and hiring. Competition for investment will be fierce as jurisdictions across Canada are finding opportunities to attract businesses and input capital into their provinces. The time for government to address property tax reform is now.

Know that our business community stands ready to work with you to address today's challenges and ignite a new era of economic renewal and prosperity for our communities and province. We look forward to meeting with you and your officials at your earliest convenience.

Sincerely,



cc: Premier Scott Moe  
Honourable Donna Harpauer, Deputy Premier and Minister of Finance  
Honourable Jeremy Harrison, Minister of Trade and Export Development