
Municipalities are an accountable and democratically elected order of government and should be empowered by the provincial government to implement any tax tools deemed necessary. Therefore SUMA will lobby the provincial government so that all municipalities have the same power to implement tax tools by amending section 284 of *The Municipalities Act* to read the same as section 254 of *The Cities Act* – providing a council the power to “*establish classes and subclasses of property for the purposes of establishing tax rate.*”

Urban municipalities are responsible for setting property tax mill rates in their communities. In order to be effective when setting rates, municipal councils require a variety of tax tools. Although municipalities do have some tax tools, all urbans classed below a “city” lack the ability to create property tax subclasses.

The current local property class system allows these municipalities to set rates for only three separate classes - agricultural, residential and commercial/industrial. Although municipalities have the ability to set mill rates, efforts to adapt these rates are hampered by these three classes. The limited number of classes requires that dissimilar properties are included in the same category and assessed at the same mill rate.

The ability for all municipalities to create subclasses would be extremely beneficial. It could assist in the encouragement of economic development and will help create incentives for specific property types. It will also enable municipalities to cushion tax shifts and better set local tax policy during reassessments. The ability to create subclasses allows council to be more flexible under varying circumstances. For example, Yorkton has a business improvement district subclass which can be used to encourage increased commercial businesses in a specific area to assist in reestablishing the area.

BACKGROUND

The Province has eight property classes which are consolidated into three local property tax levels for the purpose of imposing municipal mill rates. The Province uses these 8 “subcategories” to inform municipalities of the reassessed levels and municipalities are required to report back their mill rates using these 8 categories. By allowing all municipalities the power to create subclasses, municipalities could use the already broken down 8 provincial classes as well as create others as appropriate.

The residential condominium subclass was previously available to all urbans but was rescinded with the creation of the Municipalities Act. It was assumed that there is little need for the power to use this subclass because not many municipalities used it and if there were still some councils who wanted to, they could use bylaws to achieve the same result. There was, however no evidence provided to suggest abuse of power, excessive complaints from citizens or implementation problems. Although use of bylaws (implementing a partial property tax exemption bylaw) could achieve the same result, it may also leave councils vulnerable to public perceptions of conflict of interest, especially in small communities where there is likely to be some kind of tie between the business or residential property owner and a council member.